SUNGARD DATA SYSTEMS INC
Form 10-Q
August 06, 2010

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 June 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 o No þ

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 June 30, 2010:

SunGard Capital Corp.	255,385,421 shares of Class A common stock and 28,376,090 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	**June 30, 2010**
Assets		
Current:		
Cash and cash equivalents	$ 664	**$ 729**
Trade receivables, less allowance for doubtful accounts of $49 and $58	955	**842**
Earned but unbilled receivables	181	**182**
Prepaid expenses and other current assets	189	**165**
Clearing broker assets	332	**283**
Deferred income taxes	22	**22**
Total current assets	2,343	**2,223**
Property and equipment, less accumulated depreciation of $936 and $1,020	925	**888**
Software products, less accumulated amortization of $1,091 and $1,183	1,020	**897**
Customer base, less accumulated amortization of $954 and $1,056	2,294	**2,151**
Other intangible assets, less accumulated amortization of $24 and $21	195	**176**
Trade name, less accumulated amortization of $10 and $5	1,025	**1,023**
Goodwill	6,178	**6,076**
Total Assets	$ 13,980	**$ 13,434**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 54**
Accounts payable	72	**55**
Accrued compensation and benefits	319	**238**
Accrued interest expense	146	**143**
Other accrued expenses	412	**380**
Clearing broker liabilities	294	**251**
Deferred revenue	1,040	**981**
Total current liabilities	2,347	**2,102**
Long-term debt	8,251	**8,220**
Deferred income taxes	1,318	**1,246**
Total liabilities	11,916	**11,568**
Commitments and contingencies		

Noncontrolling interest in preferred stock of SCCII subject to a put option		51		**55**
Class L common stock subject to a put option		88		**90**
Class A common stock subject to a put option		11		**11**
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 $4,440 million; 50,000,000 shares authorized, 28,613,930 and 28,644,360 shares issued				
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 257,529,758 and 257,803,713 shares issued				
Capital in excess of par value		2,678		**2,690**
Treasury stock, 248,414 and 268,270 shares of Class L common stock; and 2,239,549 and 2,418,292 shares of Class A common stock		(27)		**(29)**
Accumulated deficit		(2,209)		**(2,380)**
Accumulated other comprehensive income		(121)		**(257)**
Total SunGard Capital Corp. stockholders equity		321		**24**
Noncontrolling interest in preferred stock of SCCII		1,593		**1,686**
Total equity		1,914		**1,710**
Total Liabilities and Equity	$	13,980	**$**	**13,434**

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 June 30, 2009	Three Months Ended June 30, **2010**	Six Months Ended June 30, 2009	Six Months Ended June 30, **2010**
Revenue:				
Services	$ 1,242	**$ 1,141**	$ 2,489	**$ 2,278**
License and resale fees	79	**119**	143	**203**
Total products and services	1,321	**1,260**	2,632	**2,481**
Reimbursed expenses	48	**38**	72	**66**
	1,369	**1,298**	2,704	**2,547**
Costs and expenses:				
Cost of sales and direct operating	684	**592**	1,370	**1,196**
Sales, marketing and administration	263	**286**	532	**561**
Product development	85	**93**	172	**189**
Depreciation and amortization	72	**72**	141	**147**
Amortization of acquisition-related intangible assets	130	**122**	254	**245**
Merger costs and other	1	**7**	1	**9**
	1,235	**1,172**	2,470	**2,347**
Income from operations	134	**126**	234	**200**
Interest income		**1**	1	**1**
Interest expense and amortization of deferred financing fees	(155)	**(160)**	(306)	**(319)**
Other income	14	**14**	21	**14**
Loss before income taxes	(7)	**(19)**	(50)	**(104)**
Benefit from (provision for) income taxes		**(2)**	9	**29**
Net loss	(7)	**(21)**	(41)	**(75)**
Income attributable to the noncontrolling interest (including $(1) million, $(3) million, $- and $3 million in temporary equity)	(44)	**(49)**	(86)	**(96)**
Net loss attributable to SunGard Capital Corp.	$ (51)	**$ (70)**	$ (127)	**$ (171)**

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

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

	Six months ended June 30, 2009	**2010**
Cash flow from operations:		
Net loss	$ (41)	**$ (75)**
Reconciliation of net loss to cash flow from operations:		
Depreciation and amortization	395	**392**
Deferred income tax benefit	(51)	**(59)**
Stock compensation expense	14	**17**
Amortization of deferred financing costs and debt discount	20	**22**
Other noncash items	(21)	**(13)**
Accounts receivable and other current assets	(17)	**142**
Accounts payable and accrued expenses	(141)	**(124)**
Clearing broker assets and liabilities, net	(3)	**6**
Deferred revenue	8	**(62)**
Cash flow from operations	163	**246**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(12)	**(13)**
Cash paid for property and equipment and software	(167)	**(148)**
Other investing activities	3	**8**
Cash used in investment activities	(176)	**(153)**
Financing activities:		
Cash received from issuance of common stock		**1**
Cash received from borrowings, net of fees	268	**29**
Cash used to repay debt	(724)	**(35)**
Cash used to purchase treasury stock	(1)	**(3)**
Other financing activities	(2)	**(1)**
Cash used in financing activities	(459)	**(9)**
Effect of exchange rate changes on cash	5	**(19)**
Increase (decrease) in cash and cash equivalents	(467)	**65**
Beginning cash and cash equivalents	975	**664**
Ending cash and cash equivalents	$ 508	**$ 729**

Supplemental information:				
Acquired businesses:				
Property and equipment	$		**$**	**2**
Software products		8		**3**
Customer base		4		**10**
Goodwill		4		**2**
Other tangible and intangible assets				**3**
Deferred income taxes		(1)		**(2)**
Purchase price obligations and debt assumed		(1)		**(1)**
Net current liabilities assumed		(2)		**(4)**
Cash paid for acquired businesses, net of cash acquired of $1 and $2, respectively	$	12	**$**	**13**

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	**June 30, 2010**
Assets		
Current:		
Cash and cash equivalents	$ 664	**$ 729**
Trade receivables, less allowance for doubtful accounts of $49 and $58	955	**842**
Earned but unbilled receivables	181	**182**
Prepaid expenses and other current assets	189	**165**
Clearing broker assets	332	**283**
Deferred income taxes	22	**22**
Total current assets	2,343	**2,223**
Property and equipment, less accumulated depreciation of $936 and $1,020	925	**888**
Software products, less accumulated amortization of $1,091 and $1,183	1,020	**897**
Customer base, less accumulated amortization of $954 and $1,056	2,294	**2,151**
Other intangible assets, less accumulated amortization of $24 and $21	195	**176**
Trade name, less accumulated amortization of $10 and $5	1,025	**1,023**
Goodwill	6,178	**6,076**
Total Assets	$ 13,980	**$ 13,434**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 54**
Accounts payable	72	**55**
Accrued compensation and benefits	319	**238**
Accrued interest expense	146	**143**
Other accrued expenses	412	**380**
Clearing broker liabilities	294	**251**
Deferred revenue	1,040	**981**
Total current liabilities	2,347	**2,102**
Long-term debt	8,251	**8,220**
Deferred income taxes	1,318	**1,246**
Total liabilities	11,916	**11,568**
Commitments and contingencies		

Preferred stock subject to a put option		38		**39**
Stockholders equity:				
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,627 million and $1,723 million; 14,999,000 shares authorized, 9,904,863 and 9,915,398 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		**3,737**
Treasury stock, 86,008 and 92,883 shares		(10)		**(11)**
Accumulated deficit		(1,567)		**(1,642)**
Accumulated other comprehensive income		(121)		**(257)**
Total stockholders equity		2,026		**1,827**
Total Liabilities and Stockholders Equity	$	13,980	**$**	**13,434**

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 June 30, 2009	Three Months Ended June 30, **2010**	Six Months Ended June 30, 2009	Six Months Ended June 30, **2010**
Revenue:				
Services	$ 1,242	**$ 1,141**	$ 2,489	**$ 2,278**
License and resale fees	79	**119**	143	**203**
Total products and services	1,321	**1,260**	2,632	**2,481**
Reimbursed expenses	48	**38**	72	**66**
	1,369	**1,298**	2,704	**2,547**
Costs and expenses:				
Cost of sales and direct operating	684	**592**	1,370	**1,196**
Sales, marketing and administration	263	**286**	532	**561**
Product development	85	**93**	172	**189**
Depreciation and amortization	72	**72**	141	**147**
Amortization of acquisition-related intangible assets	130	**122**	254	**245**
Merger costs and other	1	**7**	1	**9**
	1,235	**1,172**	2,470	**2,347**
Income from operations	134	**126**	234	**200**
Interest income		**1**	1	**1**
Interest expense and amortization of deferred financing fees	(155)	**(160)**	(306)	**(319)**
Other income	14	**14**	21	**14**
Loss before income taxes	(7)	**(19)**	(50)	**(104)**
Benefit from (provision for) income taxes		**(2)**	9	**29**
Net loss	$ (7)	**$ (21)**	$ (41)	**$ (75)**

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Consolidated Statements of Cash Flows
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	Six months ended June 30, 2009	**2010**
Cash flow from operations:		
Net loss	$ (41)	**$ (75)**
Reconciliation of net loss to cash flow from operations:		
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Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(12)	**(13)**
Cash paid for property and equipment and software	(167)	**(148)**
Other investing activities	3	**8**
Cash used in investment activities	(176)	**(153)**
Financing activities:		
Cash received from borrowings, net of fees	268	**29**
Cash used to repay debt	(724)	**(35)**
Cash used to purchase treasury stock		**(1)**
Other financing activities	(3)	**(2)**
Cash used in financing activities	(459)	**(9)**
Effect of exchange rate changes on cash	5	**(19)**
Increase (decrease) in cash and cash equivalents	(467)	**65**
Beginning cash and cash equivalents	975	**664**
Ending cash and cash equivalents	$ 508	**$ 729**

Supplemental information:		
Acquired businesses:		
Property and equipment	$	**$ 2**
Software products	8	**3**
Customer base	4	**10**
Goodwill	4	**2**
Other tangible and intangible assets		**3**
Deferred income taxes	(1)	**(2)**
Purchase price obligations and debt assumed	(1)	**(1)**
Net current liabilities assumed	(2)	**(4)**
Cash paid for acquired businesses, net of cash acquired of $1 and $2, respectively	$ 12	**$ 13**

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

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SunGard Data Systems Inc.
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(Unaudited)

	December 31, 2009	**June 30, 2010**
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Current:		
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Goodwill	6,178	**6,076**
Total Assets	$ 13,980	**$ 13,434**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 54**
Accounts payable	72	**55**
Accrued compensation and benefits	319	**238**
Accrued interest expense	146	**143**
Other accrued expenses	413	**382**
Clearing broker liabilities	294	**251**
Deferred revenue	1,040	**981**
Total current liabilities	2,348	**2,104**
Long-term debt	8,251	**8,220**
Deferred income taxes	1,314	**1,241**
Total liabilities	11,913	**11,565**
Commitments and contingencies		
Stockholder s equity:		

Common stock, par value $.01 per share; 100 shares authorized, issued and oustanding				
Capital in excess of par value		3,755		**3,768**
Accumulated deficit		(1,567)		**(1,642)**
Accumulated other comprehensive income		(121)		**(257)**
Total stockholder s equity		2,067		**1,869**
Total Liabilities and Stockholder s Equity	$	13,980	**$**	**13,434**

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Merger costs and other	1	**7**	1	**9**
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Interest expense and amortization of deferred financing fees	(155)	**(160)**	(306)	**(319)**
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Beginning cash and cash equivalents	975	**664**
Ending cash and cash equivalents	$ 508	**$ 729**

Supplemental information:

Acquired businesses:				
Property and equipment	$		**$**	**2**
Software products		8		**3**
Customer base		4		**10**
Goodwill		4		**2**
Other tangible and intangible assets				**3**
Deferred income taxes		(1)		**(2)**
Purchase price obligations and debt assumed		(1)		**(1)**
Net current liabilities assumed		(2)		**(4)**
Cash paid for acquired businesses, net of cash acquired of $1 and $2, respectively	$	12	**$**	**13**

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 Standard 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 new guidance is effective for fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of this revenue guidance, but does not expect the guidance to have a material impact on the consolidated financial statements.

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2. Goodwill:

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

	Cost					Accumulated Impairment			
	FS	**HE**	**PS**	**AS**	**Subtotal**	**PS**	**AS**	**Subtotal**	**Total**
Balance at December 31, 2009	$ 3,457	$ 950	$ 814	$ 2,211	$ 7,432	$ (128)	$ (1,126)	$ (1,254)	$ 6,178
2010 acquisitions	2			1	3				3
Adjustments related to the Transaction and prior year acquisitions	(1)			(1)	(2)				(2)
Effect of foreign currency translation	(77)		(11)	(15)	(103)				(103)
Balance at June 30, 2010	$ 3,381	$ 950	$ 803	$ 2,196	$ 7,330	$ (128)	$ (1,126)	$ (1,254)	$ 6,076

3. Clearing Broker Assets and Liabilities:

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

	December 31, 2009	**June 30, 2010**
Segregated customer cash and treasury bills	$ 153	**$ 38**
Securities owned	40	**109**
Securities borrowed	116	**112**
Receivables from customers and other	23	**24**
Clearing broker assets	$ 332	**$ 283**
Payables to customers	$ 163	**$ 57**
Securities loaned	95	**93**
Customer securities sold short, not yet purchased	9	**4**
Payable to brokers and dealers	27	**97**
Clearing broker liabilities	$ 294	**$ 251**

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. 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	February 2011	750	3.17%	3-Month
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 $65 million as of December 31, 2009 and June 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 six month periods ended June 30, 2009 and 2010 (in millions):

	Three months ended June 30,		Six months ended June 30,		
	2009	**2010**	2009	**2010**	**Classification**
Gain recognized in Accumulated Other Comprehensive Loss (OCI)	$ 16	**$ 1**	$ 12	**$ 3**	OCI
Loss reclassified from accumulated OCI into income	(19)	**(18)**	(34)	**(40)**	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 $61 million from OCI into earnings related to the Company s interest rate swaps based on the borrowing rates at June 30, 2010.

5. Fair Value Measurements:

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

	Fair Value Measures Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents money market funds	$ 285	$	$	$ 285
Clearing broker assets treasury bills	30			30
Clearing broker assets securities owned	109			109
	$ 424	$	$	$ 424
Liabilities				
Clearing broker liabilities customer securities sold short, not yet purchased	$ 4	$	$	$ 4
Interest rate swap agreements and other		65		65
	$ 4	$ 65	$	$ 69

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

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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.

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 June 30, 2010 (in millions):

	December 31, 2009		June 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 4,967	$ 4,815	**$ 4,933**	**$ 4,725**
Fixed rate debt	3,348	3,507	**3,341**	**3,422**

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 June 30,		Six Months Ended June 30,	
	2009	**2010**	2009	**2010**
Net loss	$ (7)	**$ (21)**	$ (41)	**$ (75)**
Foreign currency translation gains (losses)	147	**(78)**	60	**(139)**
Unrealized gains on derivative instruments	16	**1**	12	**3**
Comprehensive income (loss)	$ 156	**$ (98)**	$ 31	**$ (211)**

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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)			(171)	(171)	3	93	96
Foreign currency translation			(139)	(139)			
Net unrealized gain on derivative instruments			3	3			
Comprehensive income (loss)			(307)	(307)	3	93	96
Stock compensation expense			17	17			
Termination of put options due to employee terminations and other	(2)			(2)	(1)	1	
Purchase of treasury stock			(1)	(1)		(1)	(1)
Transfer intrinsic value of vested restricted stock units	4		(6)	(2)	2		2
Balance at June 30, 2010	$ 90	$ 11	$ 24	$ 125	$ 55	$ 1,686	$ 1,741

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)			(127)	(127)		86	86
Foreign currency translation			60	60			
Net unrealized gain on derivative instruments			12	12			
			(55)	(55)		86	86

Comprehensive income (loss)							
Stock compensation expense			14	14			
Termination of put options due to employee terminations and other	(32)	(3)	39	4	(11)	7	(4)
Purchase of treasury stock			(1)	(1)			
Transfer intrinsic value of vested restricted stock units	5	1	(4)	2	(2)		(2)
Balance at June 30, 2009	$ 84	$ 10	$ 1,451	$ 1,545	$ 47	$ 1,504	$ 1,551

During June 2010, the Company amended the terms of unvested performance awards granted 2007 and thereafter by reducing performance targets for 2011 though 2014 to each year s consolidated EBITA 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 June 30, 2009	Three Months Ended June 30, **2010**	Six Months Ended June 30, 2009	Six Months Ended June 30, **2010**
Revenue:				
Financial systems	$ 766	**$ 703**	$ 1,508	**$ 1,362**
Higher education	132	**131**	264	**251**
Public sector	95	**99**	186	**200**
Software & processing solutions	993	**933**	1,958	**1,813**
Availability services	376	**365**	746	**734**
	$ 1,369	**$ 1,298**	$ 2,704	**$ 2,547**
Depreciation and amortization:				
Financial systems	$ 19	**$ 20**	$ 38	**$ 39**
Higher education	4	**3**	7	**6**
Public sector	2	**2**	4	**5**
Software & processing solutions	25	**25**	49	**50**
Availability services	47	**47**	92	**97**
	$ 72	**$ 72**	$ 141	**$ 147**
Income (loss) from operations:				
Financial systems	$ 138	**$ 147**	$ 257	**$ 261**
Higher education	35	**31**	62	**62**
Public sector	19	**19**	36	**36**
Software & processing solutions	192	**197**	355	**359**
Availability services	99	**84**	188	**154**
Corporate and other items (1)	(156)	**(148)**	(308)	**(304)**
Merger and other costs	(1)	**(7)**	(1)	**(9)**
	$ 134	**$ 126**	$ 234	**$ 200**
Cash paid for property and equipment and software:				
Financial systems	$ 18	**$ 21**	$ 44	**$ 41**
Higher education	2	**2**	4	**4**
Public sector	4	**3**	6	**5**
Software & processing solutions	24	**26**	54	**50**
Availability services	64	**46**	113	**97**

Corporate administration								**1**
	$	88	**$**	**72**	$	167	**$**	**148**

(1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $130 million and $122 million for the three month periods ended June 30, 2009 and 2010, respectively, and $254 million and $245 million for the six month periods ended June 30, 2009 and 2010, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2010**	2009	**2010**
Amortization of acquisition-related intangible assets:				
Financial systems	$ 70	**$ 62**	$ 136	**$ 126**
Higher education	9	**9**	17	**17**
Public sector	7	**8**	15	**17**
Software & processing solutions	86	**79**	168	**160**
Availability services	44	**43**	85	**85**
Corporate administration			1	
	$ 130	**$ 122**	$ 254	**$ 245**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2010**	2009	**2010**
Trading Systems	$ 230	**$ 128**	$ 451	**$ 234**
Wealth Management	97	**95**	194	**187**
Brokerage & Clearance	71	**80**	142	**158**
Capital Markets	66	**87**	129	**155**
Global Trading	59	**63**	113	**131**
Institutional Asset Management	48	**50**	98	**98**
Corporations	45	**48**	89	**97**
Banks	37	**42**	69	**81**
All other	113	**110**	223	**221**
Total Financial Systems	$ 766	**$ 703**	$ 1,508	**$ 1,362**

9. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $2 million and $3 million of management fees in sales, marketing and administration expenses during the three months ended June 30, 2009 and 2010, respectively. In each of the six month periods ended June 30, 2009 and 2010, the Company recorded $7 million of management fees in sales, marketing and administration expenses. At December 31, 2009 and June 30, 2010, $4 million and $3 million, respectively, 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 June 30, 2010, and for the three- and six-month periods ended June 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
June 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 226	$ (7)	$ 510	$	$ 729
Intercompany balances	(6,954)	6,148	806		
Trade receivables, net	4	707	313		1,024
Prepaid expenses, taxes and other current assets	2,102	88	423	(2,143)	470
Total current assets	(4,622)	6,936	2,052	(2,143)	2,223
Property and equipment, net		595	293		888
Intangible assets, net	145	3,557	545		4,247
Intercompany balances	954	(691)	(263)		
Goodwill		4,896	1,180		6,076
Investment in subsidiaries	13,406	2,430		(15,836)	
Total Assets	$ 9,883	$ 17,723	$ 3,807	$ (17,979)	$ 13,434
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 45	$ 4	$ 5	$	$ 54
Accounts payable and other current liabilities	262	2,991	940	(2,143)	2,050
Total current liabilities	307	2,995	945	(2,143)	2,104
Long-term debt	7,666	3	551		8,220
Intercompany debt	90	143	(38)	(195)	
Deferred income taxes	(49)	1,176	114		1,241
Total liabilities	8,014	4,317	1,572	(2,338)	11,565
Total stockholder s equity	1,869	13,406	2,235	(15,641)	1,869
Total Liabilities and Stockholder s Equity	$ 9,883	$ 17,723	$ 3,807	$ (17,979)	$ 13,434

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

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 856	$ 537	$ (24)	$ 1,369
Costs and expenses:					
Cost of sales and direct operating		365	343	(24)	684
Sales, marketing and administration	22	143	98		263
Product development		37	48		85
Depreciation and amortization		54	18		72
Amortization of acquisition-related intangible assets		103	27		130
Merger costs	1				1
	23	702	534	(24)	1,235
Income (loss) from operations	(23)	154	3		134
Net interest income (expense)	(127)	34	(62)		(155)
Other income (expense)	89	(28)	15	(62)	14
Income (loss) before income taxes	(61)	160	(44)	(62)	(7)
Benefit from (provision for) income taxes	54	(71)	17		
Net income (loss)	$ (7)	$ 89	$ (27)	$ (62)	$ (7)

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Supplemental Condensed Consolidating Schedule of Operations
Three Months Ended June 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 908	$ 433	$ (43)	$ 1,298
Costs and expenses:					
Cost of sales and direct operating		385	250	(43)	592
Sales, marketing and administration	22	155	109		286
Product development		11	82		93
Depreciation and amortization		51	21		72
Amortization of acquisition-related intangible assets	1	101	20		122
Merger and other costs		1	6		7
	23	704	488	(43)	1,172
Income (loss) from operations	(23)	204	(55)		126
Net interest income (expense)	(148)	(67)	56		(159)
Other income (expense)	92	11	14	(103)	14
Income (loss) before income taxes	(79)	148	15	(103)	(19)
Benefit from (provision for) income taxes	58	(56)	(4)		(2)
Net income (loss)	$ (21)	$ 92	$ 11	$ (103)	$ (21)

Supplemental Condensed Consolidating Schedule of Operations
Six Months Ended June 30, 2009

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 1,690	$ 1,059	$ (45)	$ 2,704
Costs and expenses:					
Cost of sales and direct operating		737	678	(45)	1,370
Sales, marketing and administration	45	297	190		532
Product development		82	90		172

Depreciation and amortization		106	35		141
Amortization of acquisition-related intangible assets	1	203	50		254
Merger costs	1				1
	47	1,425	1,043	(45)	2,470
Income (loss) from operations	(47)	265	16		234
Net interest income (expense)	(270)	23	(58)		(305)
Other income (expense)	164	(11)	21	(153)	21
Income (loss) before income taxes	(153)	277	(21)	(153)	(50)
Benefit from (provision for) income taxes	112	(113)	10		9
Net income (loss)	$ (41)	$ 164	$ (11)	$ (153)	$ (41)

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Supplemental Condensed Consolidating Schedule of Operations
Six Months Ended June 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 1,782	$ 841	$ (76)	$ 2,547
Costs and expenses:					
Cost of sales and direct operating		771	501	(76)	1,196
Sales, marketing and administration	50	293	218		561
Product development		56	133		189
Depreciation and amortization		105	42		147
Amortization of acquisition-related intangible assets	1	202	42		245
Merger and other costs		1	8		9
	51	1,428	944	(76)	2,347
Income (loss) from operations	(51)	354	(103)		200
Net interest income (expense)	(295)	(123)	100		(318)
Other income (expense)	152	8	14	(160)	14
Income (loss) before income taxes	(194)	239	11	(160)	(104)
Benefit from (provision for) income taxes	119	(87)	(3)		29
Net income (loss)	$ (75)	$ 152	$ 8	$ (160)	$ (75)

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Supplemental Condensed Consolidating Schedule of Cash Flows
Six Months Ended June 30, 2009

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flow From Operations					
Net income (loss)	$ (41)	$ 164	$ (11)	$ (153)	$ (41)
Non cash adjustments	(127)	271	59	153	356
Changes in operating assets and liabilities	(254)	(228)	330		(152)
Cash flow provided by (used in) operations	(422)	207	378		163
Investment Activities					
Intercompany transactions	664	(85)	(579)		
Cash paid for businesses acquired by the Company, net of cash acquired		(12)			(12)
Cash paid for property and equipment and software		(122)	(45)		(167)
Other investing activities		2	1		3
Cash provided by (used in) investment activities	664	(217)	(623)		(176)
Financing Activities					
Net borrowings (repayments) of long-term debt	(746)	(5)	295		(456)
Other financing activities	(3)				(3)
Cash provided by (used in) financing activities	(749)	(5)	295		(459)
Effect of exchange rate changes on cash			5		5
Increase (decrease) in cash and cash equivalents	(507)	(15)	55		(467)
Beginning cash and cash equivalents	511	16	448		975
Ending cash and cash equivalents	$ 4	$ 1	$ 503	$	$ 508

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Supplemental Condensed Consolidating Schedule of Cash Flows
Six Months Ended June 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flow From Operations					
Net income (loss)	$ (75)	$ 152	$ 8	$ (160)	$ (75)
Non cash adjustments	(110)	244	64	160	358
Changes in operating assets and liabilities	(95)	92	(33)		(36)
Cash flow provided by (used in) operations	(280)	488	39		247
Investment Activities					
Intercompany transactions	407	(381)	(26)		
Cash paid for businesses acquired by the Company, net of cash acquired			(13)		(13)
Cash paid for property and equipment and software		(113)	(35)		(148)
Other investing activities		10	(2)		8
Cash provided by (used in) investment activities	407	(484)	(76)		(153)
Financing Activities					
Net borrowings (repayments) of long-term debt	(23)	(2)	19		(6)
Other financing activities	(4)				(4)
Cash provided by (used in) financing activities	(27)	(2)	19		(10)
Effect of exchange rate changes on cash			(19)		(19)
Increase (decrease) in cash and cash equivalents	100	2	(37)		65
Beginning cash and cash equivalents	126	(9)	547		664
Ending cash and cash equivalents	$ 226	$ (7)	$ 510	$	$ 729

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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.

	Three Months Ended June 30,		Three Months Ended June 30,		Percent Increase (Decrease)	Six Months Ended June 30,		Six Months Ended June 30,		Percent Increase (Decrease)
(in millions)	2009	% of revenue	2010	% of revenue	2010 vs. 2009	2009	% of revenue	2010	% of revenue	2010 vs. 2009
Revenue										
Financial systems (FS)	$ 766	56%	$ 703	54%	(8)%	$ 1,508	56%	$ 1,362	53%	(10)%
Higher education (HE)	132	10%	131	10%	(1)%	264	10%	251	10%	(5)%
Public sector (PS)	95	7%	99	8%	4%	186	7%	200	8%	8%
Software & processing solutions	993	73%	933	72%	(6)%	1,958	72%	1,813	71%	(7)%
Availability services (AS)	376	27%	365	28%	(3)%	746	28%	734	29%	(2)%
	$ 1,369	100%	$ 1,298	100%	(5)%	$ 2,704	100%	$ 2,547	100%	(6)%
Costs and Expenses										
Cost of sales and direct operating	$ 684	50%	$ 592	46%	(13)%	$ 1,370	51%	$ 1,196	47%	(13)%
Sales, marketing and administration	263	19%	286	22%	9%	532	20%	561	22%	5%
Product development	85	6%	93	7%	9%	172	6%	189	7%	10%
Depreciation and amortization	72	5%	72	6%	%	141	5%	147	6%	4%
Amortization of acquisition-related intangible assets	130	9%	122	9%	(6)%	254	9%	245	10%	(4)%
Merger and other costs	1	%	7	1%	600%	1	%	9	%	800%
	$ 1,235	90%	$ 1,172	90%	(5)%	$ 2,470	91%	$ 2,347	92%	(5)%
Income from Operations										
Financial systems [(1)]	$ 138	18%	$ 147	21%	7%	$ 257	17%	$ 261	19%	2%
Higher education [(1)]	35	27%	31	24%	(11)%	62	23%	62	25%	%
Public sector [(1)]	19	20%	19	19%	%	36	19%	36	18%	%
Software & processing solutions [(1)]	192	19%	197	21%	3%	355	18%	359	20%	1%
Availability services [(1)]	99	26%	84	23%	(15)%	188	25%	154	21%	(18)%
Corporate administration	(14)	(1)%	(12)	(1)%	(14)%	(27)	(1)%	(29)	(1)%	7%
	(130)	(9)%	(122)	(9)%	(6)%	(254)	(9)%	(245)	(10)%	(4)%

Amortization of acquisition-related intangible assets										
Stock Compensation expense	(7)	(1)%	(9)	(1)%	29%	(14)	(1)%	(17)	(1)%	21%
Merger and other costs and other items [2]	(6)	%	(12)	(1)%	100%	(14)	(1)%	(22)	(1)%	57%
	$ 134	10%	$ 126	10%	(6)%	$ 234	9%	$ 200	8%	(15)%

(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 and other, 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 June 30, 2009	% of revenue	Three Months Ended June 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009	Six Months Ended June 30, 2009	% of revenue	Six Months Ended June 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009
Financial Systems										
Services	$ 687	50%	$ 600	46%	(13)%	$ 1,385	51%	$ 1,193	47%	(14)%
License and resale fees	37	3%	71	5%	92%	63	2%	115	5%	83%
Total products and services	724	53%	671	52%	(7)%	1,448	54%	1,308	51%	(10)%
Reimbursed expenses	42	3%	32	2%	(24)%	60	2%	54	2%	(10)%
	$ 766	56%	$ 703	54%	(8)%	$ 1,508	56%	$ 1,362	53%	(10)%
Higher Education										
Services	$ 115	8%	$ 106	8%	(8)%	$ 229	8%	$ 209	8%	(9)%
License and resale fees	16	1%	24	2%	50%	32	1%	39	2%	22%
Total products and services	131	10%	130	10%	(1)%	261	10%	248	10%	(5)%
Reimbursed expenses	1	%	1	%	%	3	0%	3	%	%
	$ 132	10%	$ 131	10%	(1)%	$ 264	10%	$ 251	10%	(5)%
Public Sector										
Services	$ 69	5%	$ 74	6%	7%	$ 138	5%	$ 150	6%	9%
License and resale fees	25	2%	24	2%	(4)%	46	2%	48	2%	4%
Total products and services	94	7%	98	8%	4%	184	7%	198	8%	8%

Reimbursed expenses	1	%	1	%	%	2	%	2	%	%
	$ 95	7%	$ 99	8%	4%	$ 186	7%	$ 200	8%	8%
Software & Processing Solutions										
Services	$ 871	64%	$ 780	60%	(10)%	$ 1,752	65%	$ 1,552	61%	(11)%
License and resale fees	78	6%	119	9%	53%	141	5%	202	8%	43%
Total products and services	949	69%	899	69%	(5)%	1,893	70%	1,754	69%	(7)%
Reimbursed expenses	44	3%	34	3%	(23)%	65	2%	59	2%	(9)%
	$ 993	73%	$ 933	72%	(6)%	$ 1,958	72%	$ 1,813	71%	(7)%
Availability Services										
Services	$ 371	27%	$ 361	28%	(3)%	$ 737	27%	$ 726	29%	(1)%
License and resale fees	1	%		%	(100)%	2	%	1	%	(50)%
Total products and services	372	27%	361	28%	(3)%	739	27%	727	29%	(2)%
Reimbursed expenses	4	%	4	%	%	7	%	7	%	%
	$ 376	27%	$ 365	28%	(3)%	$ 746	28%	$ 734	29%	(2)%
Total Revenue										
Services	$ 1,242	91%	$ 1,141	88%	(8)%	$ 2,489	92%	$ 2,278	89%	(8)%
License and resale fees	79	6%	119	9%	51%	143	5%	203	8%	42%
Total products and services	1,321	96%	1,260	97%	(5)%	2,632	97%	2,481	97%	(6)%
Reimbursed expenses	48	4%	38	3%	(21)%	72	3%	66	3%	(8)%
	$ 1,369	100%	$ 1,298	100%	(5)%	$ 2,704	100%	$ 2,547	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 and 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 both including and 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 six-month periods ended June 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 June 30,			Six months ended June 30,		
	2009	**2010**	% change	2009	**2010**	% change
Revenue						
Total	$ 1,369	**$ 1,298**	(5)%	$ 2,704	**$ 2,547**	(6)%
Less broker/dealer business	177	**64**		350	**118**	
Total excluding broker/dealer business	$ 1,192	**$ 1,234**	4%	$ 2,354	**$ 2,429**	3%
Financial Systems	$ 766	**$ 703**	(8)%	$ 1,508	**$ 1,362**	(10)%
Less broker/dealer business	177	**64**		350	**118**	
Financial Systems excluding broker/dealer business	$ 589	**$ 639**	8%	$ 1,158	**$ 1,244**	7%
Income from operations						
Total	$ 134	**$ 126**	(6)%	$ 234	**$ 200**	(15)%
Less broker/dealer business	13	**(8)**		25	**(13)**	
Total excluding broker/dealer business	$ 121	**$ 134**	11%	$ 209	**$ 213**	2%
Financial Systems	$ 138	**$ 147**	7%	$ 257	**$ 261**	2%
Less broker/dealer business	13	**(8)**		25	**(13)**	
	$ 125	**$ 155**	24%	$ 232	**$ 274**	18%

Financial Systems
excluding broker/dealer
business

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

Income from Operations:

Our total operating margin was 10% for each of the three months ended June 30, 2010 and 2009. As discussed below, improved margins in FS were offset by lower margins in AS.

Financial Systems:

The FS operating margin was 21% and 18% for the three months ended June 30, 2010 and 2009, respectively. The operating margin improvement is primarily due to a $33 million increase in software license fees partially resulting from recognition of $13 million of license fee backlog that existed at December 31, 2009, offset in part by the impact of currency exchange rates.

Higher Education:

The HE operating margin was 24% and 27% for the three months ended June 30, 2010 and 2009, respectively. The operating margin decrease was primarily due to lower margins in managed services and professional services, partially offset by a $5 million increase in license fees.

Public Sector:

The PS operating margin was 19% and 20% for the three months ended June 30, 2010 and 2009, respectively. The operating margin decrease was due primarily to a $3 million decrease in license fees and an increase in lower-margin revenue in our UK operation.

Availability Services:

The AS operating margin was 23% and 26% for the three months ended June 30, 2010 and 2009, respectively. The lower margin was driven by the lower mix of higher margin recovery services revenue and an absolute decline in recovery services margin due to decreased revenue on a high fixed cost base, partially offset by improving margin in managed services. Recovery services typically use shared resources while managed services use dedicated resources.

Revenue:

Total revenue decreased $71 million or 5% for the three months ended June 30, 2010 compared to the second quarter of 2009. Organic revenue decreased 4% in the second quarter of 2010 compared to the prior year period, primarily because of a $113 million decline in the broker/dealer s revenue, partially offset by an increase in license fees. 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 $63 million or 8% in the second quarter of 2010 from the prior year period. Organic revenue decreased 7% in the quarter. Excluding the broker/dealer business, organic revenue increased 10%. Professional services revenue increased $12 million or 10%. Revenue from license and resale fees included software license revenue of $66 million, an increase of $33 million compared to the same quarter in 2009, reflecting the recognition in 2010 of $13 million that was in backlog at December 31, 2009.

Higher Education:

HE revenue decreased $1 million or 1% for the three months ended June 30, 2010 compared to the corresponding period in 2009. HE services revenue decreased $9 million, primarily due to decreases in professional services and managed services revenue, partially offset by increased revenue associated with a customer user conference held in the second quarter of 2010 that was held in the first quarter of 2009. Revenue from license and resale fees included software license revenue of $10 million in the three months ended June 30, 2010, an increase of $5 million from the prior year period.

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Public Sector:

PS revenue increased $4 million or 4% for the three months ended June 30, 2010 compared to the corresponding period in 2009. Organic revenue increased 5%. Revenue from license and resale fees included software license revenue of $4 million and $7 million in the three months ended June 30, 2010 and 2009, respectively.

Availability Services:

AS revenue decreased $11 million or 3% in the second quarter of 2010 from the prior year period. Organic revenue decreased 3% in the quarter. In North America, revenue decreased 3% overall and 4% organically, where decreases in recovery services and professional services revenue exceeded growth in managed services. Revenue in Europe decreased 1%, but grew 2% organically.

Costs and Expenses:

Cost of sales and direct operating expenses as a percentage of total revenue was 46% and 50% in the three-month periods ended June 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 FS consultant expenses and costs associated with the HE customer user conference held in the second quarter of 2010.

Sales, marketing and administration expenses as a percentage of total revenue was 22% and 19% in the three-month periods ended June 30, 2010 and 2009, respectively. Increases in sales, marketing and administration expenses were primarily due to increases in FS and AS employment-related expense and professional services expenses and the impact of the lower volumes of the broker/dealer reducing total revenue, partially offset by reduced benefit-related expenses.

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 June 30, 2010 and 2009, product development costs were 10% and 8% of revenue from software and processing solutions, respectively.

Amortization of acquisition-related intangible assets as a percentage of total revenue was 9% in each of the three months ended June 30, 2010 and 2009. The $8 million decrease is primarily due to a cumulative adjustment in the second quarter of 2009 related to the finalization of the purchase price allocation of our acquisition of GL TRADE.

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

Interest expense was $160 million and $155 million for the three months ended June 30, 2010 and 2009, respectively. The increase in interest expense was due to interest rate increases mainly due to amending the term loan in 2009, partially offset by reduced borrowings under our revolving credit facility.

Other income was $14 million for each of the three months ended June 30, 2010 and 2009, primarily a result of foreign currency transaction gains related to our Euro denominated term loan.

The effective income tax rates for the three months ended June 30, 2010 and 2009 were a provision of 11% and 0%, respectively. The rate in the second quarter of 2010 reflects the different mix of taxable income in various jurisdictions as well as our ability to fully utilize foreign tax credits.

Accreted dividends on SCCII s cumulative preferred stock were $49 million and $44 million for the three months ended June 30, 2010 and 2009, respectively. No dividends have been declared by SCCII.

Six Months Ended June 30, 2010 Compared To Six Months Ended June 30, 2009

Income from Operations:

Our total operating margin was 8% for the six months ended June 30, 2010, compared to 9% for the six months ended June 30, 2009 primarily due to the decline in the AS operating margin, partially offset by the improvement in FS and HE margins.

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Financial Systems:
The FS operating margin was 19% and 17 % for the six months ended June 30, 2010 and 2009, respectively. The operating margin improvement was primarily due to a $52 million increase in software license fees primarily resulting from recognition of $28 million of license fee backlog that existed at December 31, 2009, partially offset by the impact of currency exchange rates.
Higher Education:
The HE operating margin was 25% and 23% for the six months ended June 30, 2010 and 2009, respectively. The operating margin improvement was primarily due to a $6 million increase in license fees.
Public Sector:
The PS operating margin was 18% and 19% for the six months ended June 30, 2010 and 2009, respectively. The operating margin decline was due primarily to a $6 million decrease in license fees and increased lower-margin revenue in our UK operation.
Availability Services:
The AS operating margin was 21% and 25% for the six months ended June 30, 2010 and 2009, respectively. The lower margin was driven by the lower mix of higher margin recovery services revenue and an absolute decline in recovery services margin due to decreased revenue on a high fixed cost base and increased employee-related cost, and an absolute decline in managed services margin mainly due to facility expansions which increased the fixed cost base in advance of anticipated revenue growth and increased employee-related cost. Recovery services typically use shared resources while managed services use dedicated resources.

Revenue:

Total revenue decreased $157 million or 6% for the six months ended June 30, 2010 compared to the first half of 2009. Organic revenue decreased 6% in the first half of 2010 compared to the prior year period, primarily because of a $232 million decline in the broker/dealer s revenue, partially offset by the increases in license fees, software rental revenue and resale fee revenue.
Financial Systems:
FS revenue decreased $146 million or 10% in the first half of 2010 from the prior year period. Organic revenue decreased 10% in the period. Excluding the broker/dealer business, organic revenue was up 7%. Professional services revenue increased $17 million or 7%. Revenue from license and resale fees included software license revenue of $106 million, an increase of $52 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 $13 million or 5% for the six months ended June 30, 2010 compared to the corresponding period in 2009 due to a decrease in organic revenue. HE services revenue decreased $20 million, primarily due to decreases in managed services and professional services, partially offset by an increase in software support revenue. Revenue from license and resale fees included software license revenue of $15 million in the six months ended June 30, 2010, an increase of $5 million from the prior year period.

Public Sector:
PS revenue increased $14 million or 8% for the six months ended June 30, 2010 compared to the corresponding period in 2009. Organic revenue increased 5%. Revenue from license and resale fees included software license revenue of $6 million and $12 million in the six months ended June 30, 2010 and 2009, respectively.
Availability Services:
AS revenue decreased $12 million in the first half of 2010 from the prior year period. Organic revenue decreased 3% in the period. In North America, revenue decreased 3% overall and 4% organically, where decreases in recovery services and professional services revenue exceeded growth in managed services. Revenue in Europe increased 5%, but grew 2% organically.
Costs and Expenses:
Cost of sales and direct operating expenses as a percentage of total revenue was 47% and 51% in the six-month periods ended June 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 FS consultant expenses, AS and FS employment-related expenses and AS equipment and facilities costs, 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 six-month periods ended June 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, stock compensation and corporate advertising expenses and the impact of the lower volumes of the broker/dealer reducing total revenue, partially offset by reduced FS facilities costs and HE and PS employment-related expenses.
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 six months ended June 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 six-month periods ended June 30, 2010 and 2009, respectively, primarily due to capital expenditures supporting AS.
Amortization of acquisition-related intangible assets as a percentage of total revenue was 10% and 9% in the six months ended June 30, 2010 and 2009, respectively. The $9 million decrease is primarily due to a cumulative adjustment in the second quarter of 2009 related to the finalization of the purchase price allocation of our acquisition of GL TRADE.
Merger and other costs are costs incurred for the shutdown of the professional trading portion of the broker/dealer business. We expect to incur up to an additional $2 to $4 million related to this shutdown during the remainder of 2010.
Interest expense was $319 million and $306 million for the six months ended June 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.
Other income was $14 million and $21 million for the three months ended March 31, 2010 and 2009, respectively. The decrease is primarily attributable to an $8 million decrease in foreign currency transaction gains related to our Euro denominated term loan.
The effective income tax rates for the six months ended June 30, 2010 and 2009 were a benefit of 28% and 18%, respectively. The rate in the first half of 2010 reflects the different mix of taxable income in various jurisdictions as well as our ability to fully utilize foreign tax credits. The rate in the first half of 2009 reflects limitations on our ability to utilize certain foreign tax credits.
Accreted dividends on SCCII s cumulative preferred stock were $96 million and $86 million for the six months ended June 30, 2010 and 2009, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

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Liquidity and Capital Resources:

At June 30, 2010, cash and equivalents were $729 million, an increase of $65 million from December 31, 2009. Cash flow provided by operations was $246 million in the six months ended June 30, 2010 compared to $163 million in the six months ended June 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 $153 million in the six months ended June 30, 2010, comprised of cash paid for property and equipment and other assets and one business acquired in each of our FS and AS segments. Net cash used in investing activities was $176 million in the six months ended June 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 $9 million for the six months ended June 30, 2010, primarily related to quarterly principal payments on the term loans, mostly offset by increased borrowings under our receivables facility. Net cash used in financing activities was $459 million for the six months ended June 30, 2009, primarily related to repayment at maturity of the $250 million senior secured notes and repayment of $425 million of borrowings under the revolving credit facility, partially offset by cash received from the new receivables facility (net of associated fees).

At June 30, 2010, no amount was outstanding under the revolving credit facility and $275 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.

At June 30, 2010, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses could total $26 million, all of which could be due in the next 12 months, but we only expect to pay $0.4 million. We also have outstanding letters of credit and bid bonds that total approximately $45 million.

At June 30, 2010, we have outstanding $8.27 billion in aggregate indebtedness, with additional borrowing capacity of $796 million under the revolving credit facility (after giving effect to outstanding letters of credit).

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.

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.

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Adjusted EBITDA is calculated as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,		Last Twelve Months June 30,
	2009	2010	2009	2010	2010
Net loss	$ (7)	$ (21)	$ (41)	$ (75)	$ (1,152)
Interest expense, net	155	159	305	318	643
Provision for (benefit from) income taxes		2	(9)	(29)	(93)
Depreciation and amortization	202	194	395	392	828
Goodwill impairment charge					1,126
EBITDA	350	334	650	606	1,352
Purchase accounting adjustments (a)	3	2	8	6	16
Non-cash charges (b)	7	13	17	21	40
Restructuring and other charges (c)	6	16	17	25	50
Pro forma expense savings related to acquisitions (d)	1		2		1
Other (e)	(11)	(11)	(10)	(8)	7
Adjusted EBITDA senior secured credit facilities, senior notes due 2013 and 2015 and senior subordinated notes due 2015	$ 356	$ 354	$ 684	$ 650	$ 1,466

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

(b) Non-cash charges include stock-based compensation and loss on the sale of assets.

(c) Restructuring and other charges include debt refinancing costs, severance and related payroll taxes, reserves to consolidate certain facilities, settlements with former owners of acquired companies and certain other expenses associated with acquisitions made by the Company.

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

(e) Other includes foreign currency transaction gains or losses related to debt denominated in other than the functional currency, management fees paid to the Sponsors and franchise and similar taxes reported in operating expenses, partially offset by certain charges relating to the receivables facility.

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The covenant requirements and actual ratios for the twelve months ended June 30, 2010 are as follows. All covenants are in compliance.

	Covenant Requirements	Actual Ratios
Senior secured credit facilities [(1)]		
Minimum Adjusted EBITDA to consolidated interest expense ratio	1.70x	2.51x
Maximum total debt to Adjusted EBITDA	6.25x	5.00x
Senior notes due 2013 and 2015 and senior subordinated notes due 2015 [(2)]		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	2.50x

(1) The senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.70x for the four-quarter period ended December 31, 2009 and increasing over time to 1.80x by the end of 2010 and to 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain non-cash or non-recurring interest expense and the elimination of

interest expense and fees associated with SunGard s receivables facility. Beginning with the four-quarter period ending December 31, 2009, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 6.25x and decreasing over time to 5.75x by the end of 2011 and to 4.75x by the end of 2013. Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on our balance sheet in excess of $50 million. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If our lenders failed to waive any such default, our repayment obligations under the senior secured credit facilities could be accelerated, which would also constitute a default under our indentures.

(2) SunGard s ability to incur additional debt and make certain restricted payments under our indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of $5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of

June 30, 2010, we had $4.66 billion outstanding under the term loan facilities and available commitments of $796 million under the revolving credit facility), to acquire persons engaged in a similar business that become restricted subsidiaries and to make other investments equal to 6% of our consolidated assets. Fixed charges is defined in the indentures governing the Senior Notes due 2013 and 2015 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the receivables facility.

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Certain Risks and Uncertainties

Certain of the matters we discuss in this Report on Form 10-Q may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, s approximately, intends, plans, estimates, or anticipates or similar expressions which concern our strategy, plans intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Some of the factors that we believe could affect our results include: our high degree of leverage; general economic and market conditions; the condition of the financial services industry, including the effect of any further consolidation among financial services firms; the integration of acquired businesses, the performance of acquired businesses, and the prospects for future acquisitions; the effect of war, terrorism, natural disasters or other catastrophic events; the effect of disruptions to our systems and infrastructure; the timing and magnitude of software sales; the timing and scope of technological advances; customers taking their information availability solutions in-house; the trend in information availability toward solutions utilizing more dedicated resources; the market and credit risks associated with clearing broker operations; the ability to retain and attract customers and key personnel; risks relating to the foreign countries where we transact business; the ability to obtain patent protection and avoid patent-related liabilities in the context of a rapidly developing legal framework for software and business-method patents; and a material weakness in our internal controls. The factors described in this paragraph and other factors that may affect our business or future financial results are discussed in our filings with the Securities and Exchange Commission, including this Form 10-Q. We assume no obligation to update any written or oral forward-looking statement made by us or on our behalf as a result of new information, future events or other factors.

Item 3. Quantitative and Qualitative Disclosures about Market Risk:

We do not use derivative financial instruments for trading or speculative purposes.

At June 30, 2010, we had total debt of $8.27 billion, including $4.93 billion of variable rate debt. We have entered into interest rate swap agreements which fix the interest rates for $3.25 billion of our variable rate debt. Swap agreements that expire in February 2011 with a notional value of $800 million effectively fix our interest rates at 5.00%. Swap agreements expiring in February 2011 with a notional value of $750 million effectively fix our interest rates at 3.17%. Swap agreements expiring in February 2012 with a notional value of $1.2 billion effectively fix our interest rates at 1.78%. Swap agreements expiring in May 2013 with a notional value of $500 million effectively fix our interest rates at 1.99%. Our remaining variable rate debt of $1.68 billion is subject to changes in underlying interest rates, and, accordingly, our interest payments will fluctuate. During the period when all of our interest rate swap agreements are effective, a 1% change in interest rates would result in a change in interest of approximately $17 million per year. Upon the expiration of each interest rate swap agreement in February 2011, February 2012 and May 2013, a 1% change in interest rates would result in a change in interest of approximately $32 million, $44 million and $49 million per year, respectively.

Item 4T. Controls and Procedures:

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Report were effective.

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Part II Other Information:

Item 1. Legal Proceedings: None.

Item 1A. Risk Factors: There have been no material changes to SCC s, SCCII s or SunGard s Risk Factors as previously disclosed in their Form 10-K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds: None.

Item 3. Defaults Upon Senior Securities: None.

Item 4. (Removed and Reserved)

Item 5. Other Information:

(a) None.

(b) None.

Item 6. Exhibits:

Number	Document
10.1	Employment Agreement between Andrew Stern and SunGard Data Systems Inc., SunGard Capital Corp. and SunGard Capital Corp. II, effective as of June 1, 2010 and forms of initial equity awards granted to Andrew Stern on June 21, 2010 included as Exhibits A and B.
10.2	Forms of June 25, 2010 Amendment to the Performance-Based Equity Award Agreements.
10.3	Forms of May 2010 Performance-Based Restricted Stock Unit Award Agreements.
10.4	Forms of May 2010 Time-Based Restricted Stock Unit Award Agreements.
10.5	Forms of May 2010 Performance-Based Class A Stock Option Award Agreements.
10.6	Forms of May 2010 Time-Based Class A Stock Option Award Agreements.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert F. Woods, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Robert F. Woods, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	SUNGARD CAPITAL CORP. **SUNGARD CAPITAL CORP. II**
Dated: August 5, 2010	By: /s/ Robert F. Woods Robert F. Woods Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	SUNGARD DATA SYSTEMS INC.
Dated: August 5, 2010	By: /s/ Robert F. Woods Robert F. Woods Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)

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Exhibit Index

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