SUNGARD DATA SYSTEMS INC
Form 10-Q
May 10, 2013

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2013

OR

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

Commission file numbers:

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

SunGard® Capital Corp.

SunGard® Capital Corp. II

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

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

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Registrants telephone number, including area code)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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

The number of shares of the registrants common stock outstanding as of March 31, 2013:

SunGard Capital Corp.	256,357,639 shares of Class A common stock and 28,484,182 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 Quarterly Report on Form 10-Q (Report) 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 SCCII are collectively referred to as the Parent Companies . Unless the context indicates otherwise, any reference in this report to the Company, we, us and our refer to the Parent Companies together with their direct and indirect subsidiaries, including SunGard. Each registrant hereto is filing on its own behalf all of the information contained in this 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.

ITEM 1. FINANCIAL STATEMENTS

SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2012	**March 31, 2013**
Assets		
Current:		
Cash and cash equivalents	$ 546	**$ 537**
Trade receivables, less allowance for doubtful accounts of $30 and $29	781	**648**
Earned but unbilled receivables	119	**117**
Prepaid expenses and other current assets	230	**257**
Total current assets	1,676	**1,559**
Property and equipment, less accumulated depreciation of $1,509 and $1,569	874	**835**
Software products, less accumulated amortization of $1,649 and $1,688	411	**381**
Customer base, less accumulated amortization of $1,481 and $1,526	1,367	**1,305**
Other intangible assets, less accumulated amortization of $27 and $12	132	**138**
Trade name	1,019	**1,019**
Goodwill	4,539	**4,505**
Total Assets	$ 10,018	**$ 9,742**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 63	**$ 441**
Accounts payable	32	**25**
Accrued compensation and benefits	297	**224**
Accrued interest expense	41	**84**
Other accrued expenses	238	**207**
Deferred revenue	836	**842**
Total current liabilities	1,507	**1,823**
Long-term debt	6,599	**6,121**
Deferred and other income taxes	1,127	**1,096**
Other long-term liabilities	95	**96**
Total liabilities	9,328	**9,136**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	26	**30**
Class L common stock subject to a put option	45	**49**
Class A common stock subject to a put option	5	**5**
Stockholders equity:		
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $6,154 million and $6,357 million; 50,000,000 shares authorized, 29,027,610 and 29,052,971 shares issued		
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 261,251,822 and 261,480,074 shares issued		

Capital in excess of par value	2,483	**2,484**
Treasury stock, 541,886 and 568,789 shares of Class L common stock; and 4,880,305 and 5,122,434 shares of Class A common stock	(50)	**(52)**
Accumulated deficit	(3,391)	**(3,463)**
Accumulated other comprehensive income (loss)	(3)	**(47)**
Total SunGard Capital Corp. stockholders equity (deficit)	(961)	**(1,078)**
Noncontrolling interest in preferred stock of SCCII	1,575	**1,600**
Total equity	614	**522**
Total Liabilities and Equity	$ 10,018	**$ 9,742**

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

SunGard Capital Corp.

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended March 31, 2012	**2013**
Revenue:		
Services	$ 974	**$ 949**
License and resale fees	31	**33**
Total products and services	1,005	**982**
Reimbursed expenses	19	**13**
Total revenue	1,024	**995**
Costs and expenses:		
Cost of sales and direct operating (excluding depreciation)	453	**437**
Sales, marketing and administration	253	**242**
Product development and maintenance	94	**100**
Depreciation and amortization	71	**73**
Amortization of acquisition-related intangible assets	101	**87**
Total costs and expenses	972	**939**
Operating income (loss)	52	**56**
Interest expense and amortization of deferred financing fees	(122)	**(108)**
Loss on extinguishment of debt	(15)	**(5)**
Other income (expense)	2	**1**
Income (loss) from continuing operations before income taxes	(83)	**(56)**
Benefit from (provision for) income taxes	7	**9**
Income (loss) from continuing operations	(76)	**(47)**
Income (loss) from discontinued operations, net of tax	311	
Net income (loss)	235	**(47)**
Income attributable to the noncontrolling interest (including $ million and $ million in temporary equity)	(62)	**(25)**
Net income (loss) attributable to SunGard Capital Corp.	173	**(72)**
Other Comprehensive income (loss):		
Foreign currency translation, net	33	**(46)**
Unrealized gain (loss) on derivative instruments, net of tax	3	**2**
Other Comprehensive income (loss), net of tax	36	**(44)**
Comprehensive income (loss)	271	**(91)**
Comprehensive income (loss) attributable to the noncontrolling interest	(62)	**(25)**
Comprehensive income (loss) attributable to SunGard Capital Corp.	$ 209	**$ (116)**

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

SunGard Capital Corp.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Three Months Ended March 31, 2012	**2013**
Cash flow from operations:		
Net income (loss)	$ 235	**$ (47)**
Income (loss) from discontinued operations	311	
Income (loss) from continuing operations	(76)	**(47)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:		
Depreciation and amortization	172	**160**
Deferred income tax provision (benefit)	34	**(31)**
Stock compensation expense	11	**11**
Amortization of deferred financing costs and debt discount	12	**16**
Loss on extinguishment of debt	15	**5**
Other noncash items	(2)	
Accounts receivable and other current assets	82	**102**
Accounts payable and accrued expenses	(179)	**(59)**
Deferred revenue	1	**21**
Cash flow from (used in) continuing operations	70	**178**
Cash flow from (used in) discontinued operations	5	
Cash flow from (used in) operations	75	**178**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(6)	**(1)**
Cash paid for property and equipment and software	(60)	**(46)**
Other investing activities	3	**1**
Cash provided by (used in) continuing operations	(63)	**(46)**
Cash provided by (used in) discontinued operations	1,740	
Cash provided by (used in) investment activities	1,677	**(46)**
Financing activities:		
Cash received from borrowings, net of fees	(19)	**2,174**
Cash used to repay debt	(1,225)	**(2,302)**
Cash used to purchase treasury stock	(3)	**(3)**
Other financing activities	(7)	**(2)**
Cash provided by (used in) continuing operations	(1,254)	**(133)**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(1,254)	**(133)**
Effect of exchange rate changes on cash	7	**(8)**
Increase (decrease) in cash and cash equivalents	505	**(9)**

Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $6; 2013, $-		873		**546**
Ending cash and cash equivalents includes cash of discontinued operations: 2012, $-; 2013, $-	$	1,378	**$**	**537**
Supplemental information:				
Interest paid	$	101	**$**	**49**
Income taxes paid, net of refunds of $3 million and $1 million, respectively	$	19	**$**	**29**

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

SunGard Capital Corp. II

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2012	**March 31, 2013**
Assets		
Current:		
Cash and cash equivalents	$ 546	**$ 537**
Trade receivables, less allowance for doubtful accounts of $30 and $29	781	**648**
Earned but unbilled receivables	119	**117**
Prepaid expenses and other current assets	230	**256**
Total current assets	1,676	**1,558**
Property and equipment, less accumulated depreciation of $1,509 and $1,569	874	**835**
Software products, less accumulated amortization of $1,649 and $1,688	411	**381**
Customer base, less accumulated amortization of $1,481 and $1,526	1,367	**1,305**
Other intangible assets, less accumulated amortization of $27 and $12	132	**138**
Trade name	1,019	**1,019**
Goodwill	4,539	**4,505**
Total Assets	$ 10,018	**$ 9,741**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 63	**$ 441**
Accounts payable	32	**25**
Accrued compensation and benefits	297	**224**
Accrued interest expense	41	**84**
Other accrued expenses	235	**206**
Deferred revenue	836	**842**
Total current liabilities	1,504	**1,822**
Long-term debt	6,599	**6,121**
Deferred and other income taxes	1,127	**1,095**
Other long-term liabilities	76	**77**
Total liabilities	9,306	**9,115**
Commitments and contingencies		
Preferred stock subject to a put option	24	**27**
Stockholders equity:		
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,581 million and $1,605 million; 14,999,000 shares authorized, 10,048,018 and 10,056,798 issued		
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and oustanding		
Capital in excess of par value	3,492	**3,495**
Treasury stock, 187,576 and 196,889 shares	(30)	**(31)**
Accumulated deficit	(2,771)	**(2,818)**
Accumulated other comprehensive income (loss)	(3)	**(47)**

Total stockholders equity	688	**599**
Total Liabilities and Stockholders Equity	$ 10,018	**$ 9,741**

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

SunGard Capital Corp. II

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended March 31, 2012	**2013**
Revenue:		
Services	$ 974	**$ 949**
License and resale fees	31	**33**
Total products and services	1,005	**982**
Reimbursed expenses	19	**13**
Total revenue	1,024	**995**
Costs and expenses:		
Cost of sales and direct operating (excluding depreciation)	453	**437**
Sales, marketing and administration	253	**242**
Product development and maintenance	94	**100**
Depreciation and amortization	71	**73**
Amortization of acquisition-related intangible assets	101	**87**
Total costs and expenses	972	**939**
Operating income (loss)	52	**56**
Interest expense and amortization of deferred financing fees	(122)	**(108)**
Loss on extinguishment of debt	(15)	**(5)**
Other income (expense)	2	**1**
Income (loss) from continuing operations before income taxes	(83)	**(56)**
Benefit from (provision for) income taxes	7	**9**
Income (loss) from continuing operations	(76)	**(47)**
Income (loss) from discontinued operations, net of tax	311	
Net income (loss)	235	**(47)**
Other Comprehensive income (loss):		
Foreign currency translation, net	33	**(46)**
Unrealized gain (loss) on derivative instruments, net of tax	3	**2**
Comprehensive income (loss)	$ 271	**$ (91)**

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

SunGard Capital Corp. II

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Three Months Ended March 31, 2012	**2013**
Cash flow from operations:		
Net income (loss)	$ 235	**$ (47)**
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Other noncash items	(2)	
Accounts receivable and other current assets	82	**102**
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Deferred revenue	1	**21**
Cash flow from (used in) continuing operations	70	**179**
Cash flow from (used in) discontinued operations	5	
Cash flow from (used in) operations	75	**179**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(6)	**(1)**
Cash paid for property and equipment and software	(60)	**(46)**
Other investing activities	3	**1**
Cash provided by (used in) continuing operations	(63)	**(46)**
Cash provided by (used in) discontinued operations	1,740	
Cash used in investment activities	1,677	**(46)**
Financing activities:		
Cash received from borrowings, net of fees	(19)	**2,174**
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Cash used to purchase treasury stock	(1)	**(1)**
Other financing activities	(9)	**(5)**
Cash provided by (used in) continuing operations	(1,254)	**(134)**
Cash provided by (used in) discontinued operations		
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Effect of exchange rate changes on cash	7	**(8)**
Increase (decrease) in cash and cash equivalents	505	**(9)**

Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $6; 2013, $-		873		**546**
Ending cash and cash equivalents includes cash of discontinued operations: 2012, $-; 2013, $-	$	1,378	**$**	**537**
Supplemental information:				
Interest paid	$	101	**$**	**49**
Income taxes paid, net of refunds of $3 million and $1 million, respectively	$	19	**$**	**29**

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

SunGard Data Systems Inc.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2012	**March 31, 2013**
Assets		
Current:		
Cash and cash equivalents	$ 546	**$ 537**
Trade receivables, less allowance for doubtful accounts of $30 and $29	781	**648**
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Other intangible assets, less accumulated amortization of $27 and $12	132	**138**
Trade name	1,019	**1,019**
Goodwill	4,539	**4,505**
Total Assets	$ 10,018	**$ 9,738**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 63	**$ 441**
Accounts payable	32	**25**
Accrued compensation and benefits	297	**224**
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Deferred revenue	836	**842**
Total current liabilities	1,507	**1,822**
Long-term debt	6,599	**6,121**
Deferred and other income taxes	1,120	**1,087**
Other long-term liabilities	76	**77**
Total liabilities	9,302	**9,107**
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	3,490	**3,496**
Accumulated deficit	(2,771)	**(2,818)**
Accumulated other comprehensive income (loss)	(3)	**(47)**
Total stockholder s equity	716	**631**
Total Liabilities and Stockholder s Equity	$ 10,018	**$ 9,738**

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

SunGard Data Systems Inc.

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended March 31, 2012	**2013**
Revenue:		
Services	$ 974	**$ 949**
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Comprehensive income (loss)	$ 271	**$ (91)**

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

SunGard Data Systems Inc.

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(In millions)

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Cash provided by (used in) discontinued operations	1,740	
Cash used in investment activities	1,677	**(46)**
Financing activities:		
Cash received from borrowings, net of fees	(19)	**2,174**
Cash used to repay debt	(1,225)	**(2,302)**
Other financing activities	(10)	**(6)**
Cash provided by (used in) continuing operations	(1,254)	**(134)**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(1,254)	**(134)**
Effect of exchange rate changes on cash	7	**(8)**
Increase (decrease) in cash and cash equivalents	505	**(9)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $6; 2013, $-	873	**546**

Ending cash and cash equivalents includes cash of discontinued operations: 2012, $-; 2013, $-	$	1,378	**$**	**537**
Supplemental information:				
Interest paid	$	101	**$**	**49**
Income taxes paid, net of refunds of $3 million and $1 million, respectively	$	19	**$**	**29**

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

SUNGARD CAPITAL CORP.

SUNGARD CAPITAL CORP. II

SUNGARD DATA SYSTEMS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation:

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

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp. (SCC). All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company. The Holding Companies have no other operations beyond those of their ownership of SunGard.

SunGard is one of the world s leading software and technology services companies and has three segments: Financial Systems (FS), Availability Services (AS) and Public Sector & Education (PS&E), which is comprised of the Company s Public Sector business and K-12 Education business. 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, 2012. 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, 2013.

As discussed in Note 2 and Note 12, the presentation of certain prior year amounts has been revised to conform to the current year presentation.

Recent Accounting Pronouncements

On July 27, 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2012-02, *Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. The Update simplifies the guidance for testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill. Examples of intangible assets subject to the guidance include indefinite-lived trademarks, licenses, and distribution rights. The amendment allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is more likely than not that the asset is impaired. Under former guidance, an organization was required to test an indefinite-lived intangible asset for impairment on at least an annual basis by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeded its fair value, an impairment loss was recognized in an amount equal to the difference. The amendments in this Update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company has not yet adopted this Update and has used the former, more extensive testing during its 2012 impairment tests. The Company intends to evaluate the Update as it performs its 2013 impairment review in the third quarter.

2. Expense Classification:

During a review of spending by functional area, the Company identified a misclassification of certain expenses in 2010, 2011 and 2012. The misclassification stems from the treatment of certain offshore resources by functional area. It resulted in an understatement of product development and maintenance expense with an offsetting overstatement within cost of sales and direct operating expense and sales, marketing and administration expense. There was no impact on total reported expenses for any period and therefore no impact on operating or net income.

Accordingly, for the three months ended March 31, 2012, product development and maintenance expense has been revised from $86 million to $94 million, cost of sales and direct operating has been revised from $458 million to $453 million, and sales, marketing and administration has been revised from $256 million to $253 million. For 2010, product development and maintenance expense has been revised from $350 million to $391 million, cost of sales and direct operating has been revised from $1,895 million to $1,877 million, and sales, marketing and administration has been revised from $1,057 million to $1,034 million. For 2011, product development and maintenance expense has been revised from $393 million to $426 million, cost of sales and direct operating has been revised from $1,848 million to $1,822 million, and sales, marketing and administration has been revised from $1,108 million to $1,101 million. For 2012, product development and maintenance expense has been revised from $353 million to $393 million, cost of sales and direct operating has been revised from $1,740 million to $1,735 million, and sales, marketing and administration has been revised from $1,039 million to $1,004 million. In future filings, any comparative period presentation will be revised when those periods are presented. The misclassifications were not material to the consolidated financial statements.

3. Discontinued Operations:

In January 2012, the Company sold its Higher Education (HE) business and used the net cash proceeds (as defined in its senior secured credit agreement) of $1,222 million, which is the gross transaction value of $1,775 million less applicable taxes and fees, to repay a pro-rata portion of its outstanding term loans. In July 2012, the Company sold its FS subsidiary SunGard Global Services France for gross proceeds of 14 million. The results for discontinued operations have been represented for the three months ended March 31, 2012 to show the impact of these sales.

The results for the discontinued operations for the three months ended March 31, 2012 and 2013 were as follows (in millions):

	Three Months Ended	
	March 31, 2012	**March 31, 2013**
Revenue	$ 37	**$**
Operating income (loss)	(3)	
Gain on sale of business	563	
Income (loss) before income taxes	560	
Benefit from (provision for) income taxes	(249)	
Income (loss) from discontinued operations	$ 311	**$**

In the first quarter of 2012, the Company recorded a $563 million pre-tax gain on the sale of the HE business.

4. Goodwill and Intangibles:

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

	Cost				Accumulated Impairment			
	FS	AS	PS&E	Subtotal	AS	PS&E	Subtotal	Total
Balance at December 31, 2012	$ 3,516	$ 2,243	$ 544	$ 6,303	$ (1,547)	$ (217)	$ (1,764)	$ 4,539
Effect of foreign currency translation	(21)	(12)		(33)				(33)
Other	(1)			(1)				(1)
Balance at March 31, 2013	$ 3,494	$ 2,231	$ 544	$ 6,269	$ (1,547)	$ (217)	$ (1,764)	$ 4,505

Based on amounts recorded at March 31, 2013, total expected amortization of all acquisition-related intangible assets in each of the years ended December 31 follows (in millions):

2013	$ 340
2014	290
2015	234
2016	214
2017	207

5. Accumulated Other Comprehensive Income:

The following table summarizes the unrealized gains (losses) on derivative instruments including the impact of components reclassified into net income from accumulated other comprehensive income for the three months ended March 31, 2012 and 2013 (in millions):

	Three Months Ended March 31,		Affected Line Item in the Statement of Comprehensive Income
Other Comprehensive Income Components	2012	2013	for Components Reclassified from OCI
Unrealized gain (loss) on cash flow hedges and other	$	$ 1	
Less: gain (loss) on cash flow hedges reclassified into income			
Interest rate contracts	4	3	Interest expense and amortization of deferred financing fees
Currency forward contracts		(1)	Cost of sales and direct operating
Total reclassified into income	4	2	
Less: income tax benefit (expense)	(1)	(1)	
Unrealized gain (loss) on derivative instruments, net of tax	$ 3	$ 2	

The following table provides a rollforward of the components of accumulated other comprehensive loss, net of tax, through March 31, 2013 as follows (in millions):

	Gains and Losses on Cash Flow Hedges	Currency Translation	Accumulated Other Comprehensive

						Income
Balance at December 31, 2012	$	1	$	(4)	$	(3)
Other comprehensive income before reclassifications		1		(46)		(45)
Amounts reclassified from accumulated other comprehensive income net of tax		1				1
Net current-period other comprehensive income		2		(46)		(44)
Balance at March 31, 2013	$	3	$	(50)	$	(47)

6. Debt and Derivatives:

On January 2, 2013, SunGard repaid a $50 million revolving Credit Advance borrowed under its secured accounts receivable facility.

On March 8, 2013, SunGard amended and restated its senior secured credit agreement (Credit Agreement) to, among other things, (i) issue an additional term loan of $2,200 million (tranche E) maturing on March 8, 2020, the proceeds of which were used to (a) repay in full the $1,719 million tranche B term loan and (b) repay $481 million of the tranche C term loan; (ii) replace the $880 million of revolving commitments with $850 million of new revolving commitments, which will mature on March 8, 2018; and (iii) modify certain covenants and other provisions in order to, among other things (x) modify (and in the case of the term loan facility, remove) the financial maintenance covenants included therein and (y) permit the Company to direct the net cash proceeds of permitted dispositions otherwise requiring a pro rata prepayment of term loans to the prepayment of specific tranches of term loans at the Company s sole discretion. The interest rate on tranche E is LIBOR plus 3% with a 1% LIBOR floor, which at March 31, 2013 was 4.00%. SunGard is required to repay installments in quarterly principal amounts of 0.25% of its funded tranche E principal amount through the maturity date, at which time the remaining aggregate principal balance is due. Tranche E and the new revolving commitments are subject to certain springing maturities which are described in the Credit Agreement. As a result of this transaction, the Company incurred a loss on the extinguishment of debt of approximately $5 million.

On March 28, 2013, SunGard voluntarily prepaid $50 million of its tranche A term loan. The related loss on the extinguishment of debt was not material to the Company s operations, financial position or cash flows.

Debt consisted of the following (in millions):

	December 31, 2012	March 31, 2013
Senior Secured Credit Facilities:		
Secured revolving credit facility	$	$
Tranche A, effective interest rate of 1.96% and 1.95%	207	**157**
Tranche B, effective interest rate of 4.35%	1,719	
Tranche C, effective interest rate of 4.17% and 4.41%	908	**427**
Tranche D, effective interest rate of 4.50% and 4.50%	720	**718**
Tranche E, effective interest rate of 4.00%		**2,200**
Total Senior Secured Credit Facilities	3,554	**3,502**
Senior Secured Notes due 2014 at 4.875%, net of discount of $4 and $3	246	**247**
Senior Notes due 2018 at 7.375%	900	**900**
Senior Notes due 2020 at 7.625%	700	**700**
Senior Subordinated Notes due 2019 at 6.625%	1,000	**1,000**
Secured accounts receivable facility, at 3.71% and 3.70%	250	**200**
Other, primarily foreign bank debt and capital lease obligations	12	**13**
Total debt	6,662	**6,562**
Short-term borrowings and current portion of long-term debt	(63)	**(441)**
Long-term debt	$ 6,599	**$ 6,121**

SunGard 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 Credit Agreement. Each swap agreement 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. At March 31, 2013, one-month LIBOR was 0.20%. The net receipt or payment from the interest rate swap agreements is included in interest expense. As a result of amending the Credit Agreement and issuing tranche E in March 2013, SunGard settled $500 million of interest rate swaps in March 2013 that were due to mature in May 2013. The interest rates in the table above reflect the impact of the swaps. A summary of the Company s interest rate swaps at March 31, 2013 follows (in millions):

Inception	Maturity	Notional Amount	Interest rate paid	Interest rate

		(in millions)		received (LIBOR)
August-September 2012	February 2017	$ 400	0.69%	1-Month

The fair values of interest rate swaps designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are $5 million and $1 million as of December 31, 2012 and March 31, 2013, respectively.

The Company has no ineffectiveness related to its swap agreements. The Company expects to reclassify in the next twelve months approximately $2 million from other comprehensive income (loss) into earnings related to the Company s interest rate swaps based on the borrowing rates at March 31, 2013.

7. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2013 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 200	$	$	$ 200
Currency forward contracts		8		8
Total	200	8		208
Liabilities				
Interest rate swap agreements	$	$ 1	$	$ 1

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2012 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 227	$	$	$ 227
Currency forward contracts		4		4
Total	$ 227	$ 4	$	$ 231
Liabilities				
Interest rate swap agreements and other	$	$ 4	$	$ 4

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 are recognized and measured at fair value in the Company s financial statements. Fair values of the interest rate swap agreements are calculated using a discounted cash flow model using observable applicable market swap rates and assumptions and are compared to market valuations obtained from brokers.

The Company uses currency forward contracts to manage its exposure to fluctuations in costs caused by variations in Indian Rupee (INR) and British Pound Sterling (GBP) exchange rates. These forward contacts are designated as cash flow hedges. The fair value of these currency forward contracts is determined using currency exchange market rates, obtained from independent, third party banks, at the balance sheet date. This fair value of forward contracts is subject to changes in currency exchange rates. The Company has no ineffectiveness related to its use of currency forward contracts.

The following table presents the carrying amount and estimated fair value of the Company s debt, including the current portion and excluding the interest rate swaps, as of December 31, 2012 and March 31, 2013 (in millions):

	December 31, 2012		March 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 3,803	$ 3,826	**$ 3,702**	**$ 3,740**
Fixed rate debt	2,859	3,023	**2,860**	**3,018**

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, to the extent the underlying liability will be settled in cash, approximate carrying values because of the short-term nature of these instruments. The derivative financial instruments are carried at fair value. The fair value of the Company s floating rate and fixed rate long-term debt (Level 2) is determined using actual market quotes and benchmark yields received from independent vendors.

8. Equity:

A rollforward of SCC s equity for 2013 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, 2012	$ 45	$ 5	$ (961)	$ (911)	$ 26	$ 1,575	$ 1,601
Net income (loss)			(72)	(72)		25	25
Foreign currency translation			(46)	(46)			
Net unrealized gain on derivative instruments			2	2			
Comprehensive income (loss)			(116)	(116)		25	25
Stock compensation expense			11	11			
Termination of put options due to employee terminations and other	(3)		3		(1)	2	1
Purchase of treasury stock			(1)	(1)		(2)	(2)
Transfer intrinsic value of vested restricted stock units	7		(12)	(5)	5		5
Other			(2)	(2)			
Balance at March 31, 2013	$ 49	$ 5	$ (1,078)	$ (1,024)	$ 30	$ 1,600	$ 1,630

A rollforward of SCC s equity for 2012 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, 2011	$ 47	$ 6	$ (663)	$ (610)	$ 28	$ 2,038	$ 2,066
Net income (loss)			173	173		62	62
Foreign currency translation			33	33			
Net unrealized gain on derivative instruments			3	3			
Comprehensive income (loss)			209	209		62	62
Stock compensation expense			11	11			
Termination of put options due to employee terminations and other	(7)	(1)	9	1	(3)	2	(1)
Purchase of treasury stock			(1)	(1)		(1)	(1)

Transfer intrinsic value of vested restricted stock units	3		(5)	(2)	1		1
Other			(8)	(8)		1	1
Balance at March 31, 2012	$ 43	$ 5	$ (448)	$ (400)	$ 26	$ 2,102	$ 2,128

9. Segment Information:

The Company has three reportable segments: FS, AS and PS&E. The Company evaluates the performance of its segments based on Segment Internal Adjusted EBITDA. Segment Internal Adjusted EBITDA, a non-GAAP measure, is defined as operating income before the following items:

- depreciation and amortization,
- amortization of acquisition-related intangible assets,
- goodwill impairment,
- severance and facility closure charges,
- stock compensation,
- management fees, and
- certain other costs.

While these charges may be recurring, management excludes them in order to better analyze the segment results and evaluate the segment performance. This analysis is used extensively by management and is also used to communicate the segment results to the Company s board of directors. In addition, management reviews Internal Adjusted EBITDA and Segment Internal Adjusted EBITDA on a constant currency basis, especially when comparing to the prior year results. While Internal Adjusted EBITDA and Segment Internal Adjusted EBITDA are useful for analysis purposes, they should not be considered as alternatives to the Company s reported GAAP results. Also, Internal Adjusted EBITDA and Segment Internal Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. Internal Adjusted EBITDA and Segment Internal Adjusted EBITDA are similar, but not identical, to adjusted EBITDA as defined in the Credit Agreement for purposes of SunGard s debt covenants. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. The operating results for the three months ended March 31, 2013 for each segment follow (in millions):

Three Months Ended March 31, 2013	**FS**	**AS**	**PS&E**	**Sum of segments**
Revenue	$ 600	$ 345	$ 50	$ 995
Internal Adjusted EBITDA	130	105	14	249
Internal Adjusted EBITDA margin	21.6%	30.5%	29.1%	25.1%
Year to year revenue change	(3)%	(3)%	(1)%	(3)%
Year to year Internal Adjusted EBITDA change	3%	(6)%	(12)%	(2)%
Year to year revenue change at constant currency	(3)%	(3)%	(1)%	(3)%
Year to year Internal Adjusted EBITDA change at constant currency	2%	(6)%	(12)%	(3)%

Reconciliation of Segment Internal Adjusted EBITDA to income (loss) from continuing operations before income taxes:

	2013
Internal Adjusted EBITDA (sum of segments)	$ 249
Corporate	(13)

Depreciation [1]	(73)
Amortization of acquisition-related intangible assets	(87)
Severance and facility closure costs	(3)
Stock compensation expense	(11)
Management fees	(2)
Other costs (included in operating income)	(4)
Interest expense, net	(108)
Loss on extinguishment of debt	(5)
Other income (expense)	1
Income (loss) from continuing operations before income tax	$ (56)

Depreciation and amortization and capital expenditures by segment follow (in millions):

Three Months Ended March 31, 2013	FS	AS	PS&E	Sum of segments	Corporate	Total
Capital expenditures	$ 21	$ 23	$ 2	$ 46	$	$ 46
Depreciation[1]	22	49	2	73		73
Amortization of acquisition-related intangible assets	44	39	4	87		87

The operating results for the three months ended March 31, 2012 for each segment follow (in millions):

Three Months Ended March 31, 2012	FS	AS	PS&E	Sum of segments
Revenue	$ 618	$ 355	$ 51	$ 1,024
Internal Adjusted EBITDA	126	113	16	255
Internal Adjusted EBITDA margin	20.4%	31.7%	32.7%	24.9%

Reconciliation of Internal Adjusted EBITDA to income (loss) from continuing operations before income taxes:

	2012
Internal Adjusted EBITDA (sum of segments)	$ 255
Corporate	(14)
Depreciation[1]	(71)
Amortization of acquisition-related intangible assets	(101)
Severance and facility closure costs	(2)
Stock compensation expense	(11)
Management fees	(2)
Other costs (included in operating income)	(2)
Interest expense, net	(122)
Loss on extinguishment of debt	(15)
Other income (expense)	2
Income (loss) from continuing operations before income tax	$ (83)

Depreciation and amortization and capital expenditures by segment follow (in millions):

Three Months Ended March 31, 2012	FS	AS	PS&E	Sum of segments	Corporate	Total
Capital expenditures	$ 20	$ 38	$ 2	$ 60	$	$ 60
Depreciation[1]	21	48	2	71		71
Amortization of acquisition-related intangible assets	53	43	5	101		101

[1] Includes amortization of capitalized software.

10. Employee Termination Benefits and Facility Closures:

The following table provides a rollforward of the liability balances for workforce reductions and facility closures, which occurred through March 31, 2013 (in millions):

	Balance 12/31/2012	Expense	Paid	Other Adjustments*	Balance 3/31/2013
Workforce-related	$ 32	$ 4	$ (10)	$ (3)	$ 23
Facilities	22	1	(2)		21
Total	$ 54	$ 5	$ (12)	$ (3)	$ 44

* The other adjustments column in the table principally relates to changes in estimates from when the initial charge was recorded and also foreign currency translation and other adjustments.

The workforce related actions are expected to be paid out over the next 18 months (the majority within 12 months). The facilities accruals are for ongoing obligations to pay rent for vacant space and are net of sublease reserves. The lengths of these obligations vary by lease with the majority ending in 2019.

11. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $2 million of management fees in sales, marketing and administration expenses during the three months ended March 31, 2012 and 2013, respectively. At December 31, 2012 and March 31, 2013, $4 million and $2 million, respectively, was included in other accrued expenses.

During the first quarter of 2012, in connection with the sale of HE, the Company paid the Sponsors $17.8 million of management fees, which are included in the results of discontinued operations.

In each of March 2012 and 2013, Goldman Sachs & Co. and/or its respective affiliates received fees of approximately $1 million in connection with amendments of SunGard s Credit Agreement in each year.

12. Supplemental Guarantor Condensed Consolidating Financial Statements:

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

The indentures evidencing the guarantees provide for a Guarantor to be automatically and unconditionally released and discharged from its guarantee obligations in certain circumstances, including upon the earliest to occur of:

The sale, exchange or transfer of the subsidiary s capital stock or all or substantially all of its assets;

Designation of the Guarantor as an unrestricted subsidiary for purposes of the indenture covenants;

Release or discharge of the Guarantor s guarantee of certain other indebtedness; or

Legal defeasance or covenant defeasance of the indenture obligations when provision has been made for them to be fully satisfied.

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, 2012 and March 31, 2013, and for the three month periods ended March 31, 2012 and 2013 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 Note 5 of Notes to Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for 2012.

(in millions)	Supplemental Condensed Consolidating Balance Sheet December 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 220	$ (3)	$ 329	$	$ 546
Intercompany balances		2,457	742	(3,199)	
Trade receivables, net	3	566[(a)]	331		900
Prepaid expenses, taxes and other current assets	1,312	70	89	(1,241)	230
Total current assets	1,535	3,090	1,491	(4,440)	1,676
Property and equipment, net		574	300		874
Intangible assets, net	112	2,413	404		2,929
Deferred income taxes	39			(39)	
Intercompany balances	254	7	76	(337)	
Goodwill		3,470	1,069		4,539
Investment in subsidiaries	8,620	2,101		(10,721)	
Total Assets	$ 10,560	$ 11,655	$ 3,340	$ (15,537)	$ 10,018
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 57	$	$ 6	$	$ 63
Intercompany balances	3,199			(3,199)	
Accounts payable and other current liabilities	70	1,983	632	(1,241)	1,444
Total current liabilities	3,326	1,983	638	(4,440)	1,507
Long-term debt	6,343	2	254		6,599
Intercompany debt	83		254	(337)	
Deferred and other income taxes	92	1,000	67	(39)	1,120
Other long-term liabilities		50	26		76
Total liabilities	9,844	3,035	1,239	(4,816)	9,302
Total stockholder s equity	716	8,620	2,101	(10,721)	716
Total Liabilities and Stockholder s Equity	$ 10,560	$ 11,655	$ 3,340	$ (15,537)	$ 10,018

(a) This balance is primarily comprised of a receivable from the Company s AR Financing LLC subsidiary, which is a non-Guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first $250 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

Supplemental Condensed Consolidating Balance Sheet
March 31, 2013

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 173	$ (2)	$ 366	$	$ 537
Intercompany balances		2,588	704	(3,292)	
Trade receivables, net	7	515[(b)]	243		765
Prepaid expenses, taxes and other current assets	1,361	81	112	(1,301)	253
Total current assets	1,541	3,182	1,425	(4,593)	1,555
Property and equipment, net		555	280		835
Intangible assets, net	116	2,347	380		2,843
Deferred income taxes	37			(37)	
Intercompany balances	248	6	77	(331)	
Goodwill		3,468	1,037		4,505
Investment in subsidiaries	8,607	2,056		(10,663)	
Total Assets	$ 10,549	$ 11,614	$ 3,199	$ (15,624)	$ 9,738
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 434	$	$ 7	$	$ 441
Intercompany balances	3,292			(3,292)	
Accounts payable and other current liabilities	103	1,984	595	(1,301)	1,381
Total current liabilities	3,829	1,984	602	(4,593)	1,822
Long-term debt	5,915	2	204		6,121
Intercompany debt	83		248	(331)	
Deferred and other income taxes	91	978	55	(37)	1,087
Other liabilities		43	34		77
Total liabilities	9,918	3,007	1,143	(4,961)	9,107
Total stockholder s equity	631	8,607	2,056	(10,663)	631
Total Liabilities and Stockholder s Equity	$ 10,549	$ 11,614	$ 3,199	$ (15,624)	$ 9,738

(b) This balance is primarily comprised of a receivable from the Company s AR Financing LLC subsidiary, which is a non-Guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first $200 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Three Months Ended March 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 713	$ 398	$ (87)	$ 1,024
Costs and expenses:					
Cost of sales and administrative expenses (excluding depreciation)	25	534	328	(87)	800
Depreciation and amortization		48	23		71
Amortization of acquisition-related intangible assets		84	17		101
Total costs and expenses	25	666	368	(87)	972
Operating income (loss)	(25)	47	30		52
Net interest income (expense)	(114)		(8)		(122)
Equity in earnings of unconsolidated subsidiaries (c)	160	27		(187)	
Other income (expense)	(15)		2		(13)
Income (loss) from continuing operations before income taxes	6	74	24	(187)	(83)
Benefit from (provision for) income taxes	10	(3)			7
Income (loss) from continuing operations	16	71	24	(187)	(76)
Income (loss) from discontinued operations, net of tax	219	89	3		311
Net income (loss)	235	160	27	(187)	235
Comprehensive income (loss)	$ 271	$ 185	$ 49	$ (234)	$ 271

(c) The Supplemental Condensed Consolidating Schedule of Comprehensive Income for Parent Company and Guarantor Subsidiaries for the three months ended March 31, 2012 has been revised to present all equity in earnings of unconsolidated subsidiaries in a single caption within Other income (expense). The portion of equity in earnings of unconsolidated subsidiaries which related to the investees income (loss) from discontinued operations had previously been presented separately in the Income (loss) from discontinued operations, net of tax caption for the Parent Company and Guarantor Subsidiaries. This revision has also been reflected in the Net income (loss) and Income (loss) from discontinued operations captions in the Supplemental Condensed Consolidating Schedule of Cash Flows for Parent Company and Guarantor Subsidiaries for the same periods.

While these revisions have no impact on the previously reported Net Income or total cash flows from operations of the Parent Company or Guarantor Subsidiaries, they resulted in the following changes to previously reported amounts. For the Parent Company in 2012, Equity in earnings of unconsolidated subsidiaries changed from $71 million to $160 million; Income (loss) from continuing operations changed from $(77) million to $16 million; and Income (loss) from discontinued operations, net of tax changed from $312 million to $219 million. For the Guarantor Subsidiaries in 2012, Equity in earnings of unconsolidated subsidiaries changed from $24 million to $27 million; Income (loss) from continuing operations changed from $67 million to $71 million; and Income (loss) from discontinued operations, net of tax changed from $93 million to $89 million. These revisions had no impact on the consolidated results of the Company and were not material to the Supplemental Condensed Consolidating Schedule of Comprehensive Income or the Supplemental Condensed Consolidating Schedule of Cash Flows for any period.

(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Three Months Ended March 31, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 692	$ 381	$ (78)	$ 995
Costs and expenses:					
Cost of sales and administrative expenses (excluding depreciation)	23	509	325	(78)	779
Depreciation and amortization		49	24		73
Amortization of acquisition-related intangible assets		71	16		87
Total costs and expenses	23	629	365	(78)	939
Operating income (loss)	(23)	63	16		56
Net interest income (expense)	(101)		(7)		(108)
Equity in earnings of unconsolidated subsidiaries	41	8		(49)	
Other income (expense)	(5)		1		(4)
Income (loss) from continuing operations before income taxes	(88)	71	10	(49)	(56)
Benefit from (provision for) income taxes	41	(30)	(2)		9
Income (loss) from continuing operations	(47)	41	8	(49)	(47)
Income (loss) from discontinued operations, net of tax					
Net income (loss)	(47)	41	8	(49)	(47)
Comprehensive income (loss)	$ (91)	$ 1	$ (26)	$ 25	$ (91)

(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Three Months Ended March 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ 235	$ 160	$ 27	$ (187)	$ 235
Income (loss) from discontinued operations	219	89	3		311
Income (loss) from continuing operations	16	71	24	(187)	(76)
Non cash adjustments	(75)	94	36	187	242
Changes in operating assets and liabilities	8	(68)	(36)		(96)
Cash flow from (used in) continuing operations	(51)	97	24		70
Cash flow from (used in) discontinued operations	(2)		7		5
Cash flow from (used in) operations	(53)	97	31		75
Investment activities:					
Intercompany transactions (d)	1,828	(24)	(33)	(1,771)	
Cash paid for acquired businesses, net of cash acquired			(6)		(6)
Cash paid for property and equipment and software		(41)	(19)		(60)
Other investing activities	1		2		3
Cash provided by (used in) continuing operations	1,829	(65)	(56)	(1,771)	(63)
Cash provided by (used in) discontinued operations		1,740			1,740
Cash provided by (used in) investment activities	1,829	1,675	(56)	(1,771)	1,677
Financing activities:					
Intercompany dividends of HE sale proceeds					