

SUNGARD DATA SYSTEMS INC  
Form PRER14A  
May 23, 2005  
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934, as amended**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input checked="" type="checkbox"/> | Preliminary proxy statement                  | <input type="checkbox"/> | Confidential, For Use of the Commission Only<br>(as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/>            | Definitive Proxy Statement                   |                          |  |
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**SUNGARD DATA SYSTEMS INC.**

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(Name of Registrant as Specified in Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

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.. No fee required.

.. Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share, of SunGard Data Systems Inc. ( SunGard common stock )

(2) Aggregate number of securities to which transaction applies:

290,339,403 shares of SunGard common stock

47,009,493 options to purchase shares of SunGard common stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined):

\$36.00 per share of SunGard common stock

\$36.00 minus weighted average exercise price of outstanding options of \$23.44 per share subject to an option

(4) Proposed maximum aggregate value of transaction:

\$11,042,657,740

(5) Total fee paid:

\$1,300,000

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

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- (1) Amount Previously Paid:
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- (4) Date Filed:

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**SUNGARD DATA SYSTEMS INC.**

680 East Swedesford Road

Wayne, Pennsylvania 19087

**484-582-2000**

, 2005

Dear Fellow Stockholder:

You are cordially invited to attend the 2005 annual meeting of stockholders (the annual meeting ) of SunGard Data Systems Inc. ( SunGard or the Company ), which will be held on , , 2005, beginning at , at .

On March 27, 2005, the board of directors of SunGard approved a merger agreement providing for the acquisition of the Company by Solar Capital Corp., a Delaware corporation whose owners currently consist of private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group. If the merger is completed, you will be entitled to receive \$36.00 in cash, without interest, for each share of the Company s common stock you own.

At the annual meeting, you will be asked to adopt the merger agreement and to elect directors, among other matters. The board of directors has approved and declared the merger and the merger agreement advisable, and has declared that it is fair to and in the best interests of SunGard and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation of the merger or its parent) that SunGard enter into the merger agreement and consummate the merger on the terms and conditions set forth in the merger agreement. The board of directors unanimously recommends that SunGard s stockholders vote FOR the adoption of the merger agreement.

The proxy statement attached to this letter provides you with information about the proposed merger and the annual meeting. We encourage you to read the entire proxy statement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of SunGard common stock. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement for purposes of the vote referred to above.

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE YOUR SHARES BY INTERNET, TELEPHONE OR MAIL. IF YOU RECEIVE MORE THAN ONE PROXY CARD BECAUSE YOU OWN SHARES THAT ARE REGISTERED DIFFERENTLY, PLEASE VOTE ALL OF YOUR SHARES SHOWN ON ALL OF YOUR PROXY CARDS.**

Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the annual meeting.

Thank you for your cooperation and continued support.

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Sincerely,

Cristóbal Conde

*President and*

*Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

THIS PROXY STATEMENT IS DATED \_\_\_\_\_, 2005

AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT \_\_\_\_\_, 2005.

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**SUNGARD DATA SYSTEMS INC.**

680 East Swedesford Road

Wayne, Pennsylvania 19087

484-582-2000

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**, 2005**

To Our Stockholders:

The 2005 annual meeting of stockholders of SunGard Data Systems Inc., a Delaware corporation ( SunGard or the Company ), will be held on , 2005, at a.m. New York time, at , for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of March 27, 2005, between the Company and Solar Capital Corp. ( Merger Co ), pursuant to which, upon the merger becoming effective, each share of common stock, par value \$0.01 per share, of the Company (other than shares held in the treasury of the Company, owned by Merger Co or any direct or indirect wholly owned subsidiary of Merger Co or the Company or held by stockholders who are entitled to and who properly exercise appraisal rights in compliance with all of the required procedures under Delaware law) will be converted into the right to receive \$36.00 in cash, without interest.
2. To approve the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.
3. To elect directors.
4. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for SunGard for its fiscal year ending December 31, 2005.
5. To act upon other business as may properly come before the meeting.

Only holders of SunGard s common stock at the close of business on , 2005 are entitled to notice of the meeting and to vote at the meeting.

You are cordially invited to attend the meeting in person.

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Your vote is important, regardless of the number of shares of the Company's common stock you own. The adoption of the merger agreement requires the approval of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote thereon. The director nominees will be elected by a plurality of the votes cast. The proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of our independent registered public accounting firm each requires the affirmative vote of a majority of the shares present and entitled to vote. Even if you plan to attend the meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the meeting.



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if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of the adoption of the merger agreement, in favor of the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, in favor of each of SunGard's nominees for director, in favor of ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and in accordance with the recommendation of the board of directors on any other matters properly brought before the meeting for a vote. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement, but will not affect the outcome of the vote regarding the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies, the election of directors, or the ratification of our independent registered public accounting firm. Alternatively, you may vote your shares over the Internet or by telephone, as indicated on the proxy card. If you are a stockholder of record and do attend the meeting and wish to vote in person, you may withdraw your proxy and vote in person.

Stockholders of SunGard who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written demand for appraisal to SunGard before the vote is taken on the merger agreement and they comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

By Order of the Board of Directors,

Leslie S. Brush

*Vice President Legal,*

*Chief Governance Officer*

*and Secretary*

, 2005

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**SUMMARY**

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms SunGard, Company, we, our, ours, and us refer to SunGard Data Systems Inc. and its subsidiaries.

**Summary Term Sheet**

**Parties to the Merger.** SunGard is a global leader in integrated software and processing solutions, primarily for financial services. SunGard also helps information-dependent enterprises of all types to ensure the continuity of their business. Solar Capital Corp., which we refer to as Merger Co, is a Delaware corporation formed on March 24, 2005 for the sole purpose of completing the merger with SunGard and obtaining the related financing transactions. Merger Co is currently owned by private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group. See The Parties to the Merger beginning on page 69.

**The Merger.** You are being asked to vote to adopt a merger agreement providing for the acquisition of SunGard by Merger Co. (the merger agreement). Pursuant to the merger agreement, Merger Co, or a wholly-owned subsidiary of Merger Co, will merge with and into SunGard (the merger). SunGard will be the surviving corporation in the merger (the surviving corporation). See The Merger Agreement beginning on page 73.

**Merger Consideration.** If the merger is completed, you will be entitled to receive \$36.00 in cash, without interest, for each share of our common stock that you own. See The Merger Agreement Treatment of Stock and Options beginning on page 74.

**Treatment of Outstanding Options.** Immediately prior to the effective time of the merger, all outstanding options to acquire SunGard common stock will become fully vested and immediately exercisable. All such options (other than certain options held by certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its ultimate parent) not exercised prior to the merger will be converted into a right to receive, upon the exercise of the option and payment of the applicable exercise price, an amount of cash equal to \$36.00 multiplied by each share of stock subject to the option. Any option not so exercised will, immediately following such conversion, be cancelled and holders of these options will be entitled to receive a cash payment equal to the amount by which \$36.00 exceeds the exercise price for each share of SunGard common stock underlying the options, less applicable withholding taxes. See The Merger Agreement Treatment of Stock and Options beginning on page 74.

**Board Recommendation.** The Company's board of directors unanimously recommends that SunGard's stockholders vote FOR the adoption of the merger agreement. See Special Factors Recommendation of the Company's Board of Directors beginning on page 27.

**Record Date and Voting.** You are entitled to vote at the annual meeting if you owned shares of SunGard common stock at the close of business on \_\_\_\_\_, 2005, the record date for the annual meeting. Each outstanding share of our common stock on the record date entitles the holder to one vote on each matter submitted to stockholders for approval at the annual meeting. As of the record date, there were \_\_\_\_\_ shares of common stock of SunGard entitled to be voted. See The Annual Meeting Record Date, Quorum and Voting Power beginning on page 70.

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**Stockholder Vote Required to Adopt the Merger Agreement.** For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote FOR the adoption of the merger agreement. See The Annual Meeting Required Vote beginning on page 70.

**Share Ownership of Directors and Executive Officers.** As of \_\_\_\_\_, 2005, the record date, the directors and executive officers of SunGard held and are entitled to vote, in the aggregate, shares of our common stock, representing approximately % of the outstanding shares of our common stock. The directors and executive officers have informed SunGard that they intend to vote all of their shares of our common stock FOR the adoption of the merger agreement. See The Annual Meeting Voting by Directors and Executive Officers beginning on page 71.

**Tax Consequences.** The merger will be a taxable transaction to you if you are a U.S. person. For U.S. federal income tax purposes, your receipt of cash (whether as merger consideration or pursuant to the proper exercise of appraisal rights) in exchange for your shares of SunGard common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares of SunGard common stock. Under U.S. federal income tax law, you may be subject to information reporting on cash received in the merger unless an exemption applies. Backup withholding may also apply (currently at a rate of 28%) with respect to the amount of cash received in the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state and local and/or non-U.S. taxes. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 63.

**Appraisal Rights.** Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the amount a stockholder would be entitled to receive under the terms of the merger agreement. Any holder of our common stock intending to exercise their appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Dissenters Rights of Appraisal beginning on page 96 and Annex D Section 262 of the Delaware General Corporation Law.

## **Questions and Answers about the Annual Meeting and the Merger**

**Q: What matters will you vote on at the annual meeting?**

A: You will vote on the following proposals:

to adopt the merger agreement;

to approve the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement;

to elect nominees to serve on our board of directors;

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to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005; and

to act on other matters and transact other business, as may properly come before the meeting.

**Q: How does the Company's board of directors recommend that you vote on the proposals?**

A: Our board of directors recommends that you vote:

FOR the proposal to adopt the merger agreement;

FOR adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies;

FOR each of the nominees for director; and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005.

**Q: What vote of stockholders is required to adopt the merger agreement?**

A: For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote FOR the adoption of the merger agreement.

**Q: What vote of stockholders is required for each other proposal at the annual meeting?**

A: The director nominees will be elected by a plurality of the votes cast at the annual meeting. The proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of our independent registered public accounting firm each requires the affirmative vote of a majority of the shares present and entitled to vote.

**Q: What does it mean if you get more than one proxy card?**

A: If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

**Q: How do you vote without attending the annual meeting?**

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. If you hold shares in street name through a broker, bank or other nominee, then you received this proxy statement from the nominee, along with the nominee's form of proxy card which includes voting instructions. In either case, you may vote your shares by Internet, telephone or mail without attending the annual meeting. To vote by Internet or telephone 24 hours a day, seven days a week, follow the instructions on the proxy card. To vote by mail, mark, sign and date the proxy card and return it in the postage-paid envelope provided.

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If you hold shares in a savings plan, or if you hold shares of a company SunGard acquired which you have not yet exchanged for SunGard shares, you may vote those shares only by mail.



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Internet and telephone voting provide the same authority to vote your shares as if you returned your proxy card by mail. In addition, Internet and telephone voting will reduce our proxy-related postage expenses.

### **Q: How do you vote in person at the annual meeting?**

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend that you vote your shares in advance as described above, so your vote will be counted even if you later decide not to attend.

If you hold shares in street name through a broker, bank or other nominee, you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your nominee.

### **Q: Can you change your vote?**

A: After you vote your shares, whether by Internet, telephone or mail, you may change your vote at any time before voting is closed at the annual meeting. If you hold shares in your name as the stockholder of record, you should write to our Corporate Secretary at our principal offices, 680 East Swedesford Road, Wayne, Pennsylvania 19087, stating that you want to revoke your proxy and that you need another proxy card. If you hold your shares in street name through a broker, bank or other nominee, you should contact the nominee and ask for a new proxy card. Alternatively, you may vote again by Internet or telephone. If you attend the annual meeting, you may vote by ballot as described above, which will cancel your previous vote. Your last vote before voting is closed at the annual meeting is the vote that will be counted.

### **Q: What is a quorum?**

A: A quorum of the holders of the outstanding shares of our common stock must be present for the annual meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our common stock entitled to vote are present at the meeting, either in person or represented by proxy. Withheld votes, abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

### **Q: If your shares are held in street name by your broker, will your broker vote your shares for you?**

A: Yes, but only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without those instructions, your shares will not be voted.

### **Q: How are votes counted?**

A: For the proposal relating to the adoption of the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal relating to adoption of the merger agreement, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST the adoption of the merger agreement.

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For the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies.

For the election of directors, you may vote FOR all of the nominees or you may WITHHOLD your vote for one or more of the nominees. Withheld votes will not count as votes cast for the nominee, but will count for the purpose of determining whether a quorum is present. As a result, if you withhold your vote, it has no effect on the outcome of the vote to elect directors.

For the proposal relating to ratification of SunGard's independent registered public accounting firm, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal relating to ratification of SunGard's independent registered public accounting firm, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST ratification of SunGard's independent registered public accounting firm.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the adoption of the merger agreement, FOR adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies, FOR each of the nominees for director, FOR ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and in accordance with the recommendations of the Company's board of directors on any other matters properly brought before the meeting for a vote.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Generally, nominees have the discretion to vote for directors and the ratification of the appointment of our independent registered public accounting firm, unless you instruct otherwise. Broker non-votes will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present.

As a result, broker non-votes will have the same effect as a vote against the adoption of the merger agreement. Broker non-votes will also have the same effect as a vote against the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, but will not affect the outcome of the vote relating to the election of directors.

### **Q: Who will bear the cost of this solicitation?**

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. In addition, D. F. King & Co., Inc. will provide solicitation services to us for a fee of approximately \$15,000 plus out-of-pocket expenses. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials and annual reports to the beneficial owners of the shares they hold of record.

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**Q: When do you expect the merger to be completed?**

A: We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in the third quarter of 2005. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). In addition, Merger Co is not obligated to complete the merger until the expiration of a 15-business day marketing period that Merger Co may use to complete its financing for the merger. The marketing period begins to run after we have obtained stockholder approval and satisfied other conditions under the merger agreement and will be extended to October 10, 2005 if it has not otherwise ended by August 19, 2005. See The Merger Agreement Conditions to the Merger and The Merger Agreement Effective Time.

**Q: Should I send in my stock certificates now?**

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your stock certificates to the paying agent in order to receive the merger consideration, without interest. You should use the letter of transmittal to exchange SunGard stock certificates for the merger consideration to which you are entitled as a result of the merger. If your shares are held in street name by your broker, you will receive instructions from your broker as to how to effect the surrender of your street name shares and receive cash for those shares. DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY.

**Q: What will happen to the directors who are up for election if the merger agreement is adopted?**

A: If the merger agreement is adopted by stockholders and the merger is completed, SunGard's directors will no longer be directors of the surviving corporation in the merger. The current directors of SunGard, including those elected at the annual meeting, will serve only until the merger is completed.

**Q: Who can help answer my other questions?**

A: If you have more questions about the annual meeting or the merger, you should contact Investor Relations at (484) 582-5500. You may also contact our proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street, New York, NY 10005

Brokers and dealers call: (212) 269-5550 (collect)

All others call toll free: (800) 659-5550

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### **Board Recommendation (Page 27)**

After careful consideration, our board of directors:

by unanimous vote of those present at the meeting of the board of directors called for that purpose (excluding Cristóbal Conde and another director who was unable to attend the meeting in person or by telephone due to his travel schedule), has determined that the merger agreement and the merger, upon the terms and conditions set forth in the merger agreement, are advisable, fair to and in the best interests of the Company and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent);

by unanimous vote of those present at the meeting of the board of directors called for that purpose, has approved the merger agreement; and

**unanimously recommends that SunGard's stockholders vote FOR the adoption of the merger agreement.**

### **Opinion of Credit Suisse First Boston LLC (Page 27 and Annex B)**

In connection with the merger, Credit Suisse First Boston LLC delivered a written opinion to the board of directors of SunGard as to the fairness, from a financial point of view, to the holders of SunGard common stock (other than certain employees of SunGard who will invest in securities of the surviving corporation) of the merger consideration to be received by such holders in the merger. The full text of Credit Suisse First Boston's written opinion, dated March 27, 2005, is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Credit Suisse First Boston's opinion was provided to the SunGard board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.**

### **Opinion of Lazard Frères & Co. LLC (Page 35 and Annex C)**

In connection with the merger, Lazard Frères & Co. LLC (Lazard) delivered a written opinion to SunGard's board of directors as to the fairness as of the date thereof, from a financial point of view, to the holders of SunGard common stock (other than Merger Co, any stockholders of Merger Co, any of SunGard's directors or management and any stockholders of SunGard who properly exercise dissenters' rights) of the consideration to be paid in the merger to such holders. The full text of Lazard's written opinion, dated March 27, 2005, is attached to this proxy statement as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Lazard's opinion was provided to the SunGard board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.**

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### **Financing (Page 50)**

SunGard and Merger Co estimate that the total amount of funds necessary to consummate the merger and related transactions will be approximately \$11.4 billion, which will be funded by new credit facilities, private offerings of debt securities and equity financing. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided, see *Special Factors Financing of the Merger*. The following arrangements are in place to provide the necessary financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

#### ***Equity Financing (Page 50)***

Merger Co has received equity commitment letters from each member of the investor group, pursuant to which such members have agreed severally to make aggregate capital contributions of up to \$3.5 billion to Merger Co.

#### ***Debt Financing (Page 51)***

Merger Co has received a debt commitment letter from JPMorgan Chase Bank, N.A., J.P. Morgan Securities, Inc., Citicorp North America, Inc., Citigroup Global Markets Inc., Deutsche Bank Trust Company Americas, Deutsche Bank AG Cayman Islands Branch, Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P. and Morgan Stanley Senior Funding, Inc. to provide (a) up to \$5 billion of senior secured credit facilities, (b) up to \$3 billion of senior subordinated loans under a bridge facility, (c) one or more trade receivables commercial paper co-purchase conduit facilities with an aggregate availability not to exceed \$500 million, and (d) up to \$500 million of pay-in-kind senior loans under a bridge facility.

### **Interests of the Company's Directors and Executive Officers in the Merger (Page 55)**

Following the merger, it is expected that our current executive officers will continue as executive officers of the surviving corporation, although James L. Mann will no longer serve as chairman of the board of directors. The service of our directors other than Cristóbal Conde, our chief executive officer, will end on the completion of the merger. Like all our other stockholders, our executive officers will be entitled to receive \$36.00 per share in cash for each of their shares of SunGard common stock, and all of their outstanding stock options will become fully vested and exercisable unless otherwise agreed between the holder of any such option and Merger Co. Silver Lake Partners and the other members of the investor group indicated in their discussions regarding the transaction that they would not proceed with the transaction unless Mr. Conde and a sufficient number of our other executive officers and members of senior management made significant investments in the surviving corporation (or its parent). Accordingly, Mr. Conde and certain of our other executive officers and members of senior management (the management participants) have entered into agreements with the investor group pursuant to which they have agreed to make an equity investment in the surviving corporation (or its parent), and additional executive officers and the members of senior management may enter into such agreements in the future. The management participants are permitted to make this equity investment by paying cash, by contributing shares of SunGard common stock to Merger Co (or its parent), or by converting their options for SunGard common stock into options to acquire shares in the surviving corporation (or its parent). The management participants' equity investment in the surviving corporation (or its parent) will be illiquid and subject to a stockholders agreement restricting the ability of the management participants to sell such equity. The equity investment agreed upon by the management participants in the surviving corporation is expected to represent approximately 3% of the



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outstanding equity securities of the surviving corporation (or its parent) following the merger. The management participants are also permitted to make additional equity investments in the surviving corporation (or its parent) in amounts to be determined. Like all our other option holders, the management participants will also be able to receive cash in respect of their options for SunGard common stock by exercising their options immediately prior to the completion of the merger, and receiving in the merger the \$36.00 per share merger consideration for the shares received upon such exercise. In addition, the management participants will enter into employment and related agreements with the surviving corporation (or its parent), and will receive new incentive equity grants in the surviving corporation (or its parent). The management participants will not, as a result of the merger, receive any change in control payments or be entitled to any rights or entitlements, including severance payments, pursuant to each management participant's change in control agreement with SunGard dated as of December 15, 2004 or January 13, 2005, as the case may be, which will be terminated, except with respect to the management participant's right to receive certain gross-up payments for excise taxes, if any, imposed under Section 4999 of the Internal Revenue Code on the management participant by reason of accelerated vesting of stock options held by the management participants. The change in control agreements of those executive officers and members of senior management of SunGard who do not enter into management agreements will continue in full force and effect following the merger.

## **Regulatory Approvals (Page 65)**

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and related rules (the HSR Act) provide that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied.

On April 15, 2005, the Company and Merger Co made the required filings with the Antitrust Division and the Federal Trade Commission, and the applicable waiting period expired on May 16, 2005. In addition, Merger Co made the required antitrust filing under Brazilian law on April 15, 2005.

On May 9, 2005, the Company made the filings required under the rules of the National Association of Securities Dealers, or NASD, and the New York Stock Exchange, or NYSE, in respect of the change in control of three of the Company's subsidiaries that are U.S.-registered broker-dealers and members of one or more of such regulatory organizations. The completion of requirements with respect to applicable NASD and NYSE rules is not expected to delay the closing.

Except as noted above with respect to the required filings under the HSR Act and the antitrust laws of Brazil, the filings with the NYSE, NASD and certain other regulatory organizations, and the filing of a certificate of merger in Delaware at or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

## **Procedure for Receiving Merger Consideration (Page 75)**

As soon as practicable after the effective time of the merger, a paying agent appointed by the Company will mail a letter of transmittal and instructions to all SunGard stockholders. The letter of transmittal and instructions will tell you how to surrender your SunGard common stock certificates in exchange

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for the merger consideration, without interest. You should not return any stock certificates you hold with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

### **No Solicitation of Transactions; Superior Proposal (Page 82)**

The merger agreement restricts our ability to, among other things, solicit or engage in discussions or negotiations with a third party regarding specified transactions involving the Company. Notwithstanding these restrictions, under certain circumstances, our board of directors may respond to an unsolicited written bona fide proposal for an alternative acquisition or terminate the merger agreement and enter into an acquisition agreement with respect to a superior proposal, so long as the Company complies with certain terms of the merger agreement, including paying a termination fee of \$300 million as directed by Merger Co, unless the termination is in connection with the sale of the Company's availability services business, in which case the termination fee payable is \$200 million.

### **Conditions to Closing (Page 86)**

Before we can complete the merger, a number of conditions must be satisfied or waived (to the extent permitted by law). These include:

the receipt of Company stockholder approval;

the absence of any governmental orders that have the effect of making the merger illegal or that otherwise prohibit the closing;

the expiration or termination of the waiting period under the HSR Act or any non-United States antitrust laws, and the receipt of any approvals required thereunder;

the receipt of all material governmental consents or approvals required to complete the merger;

the truth and correctness (without giving effect to any limitation indicated by the words "Company material adverse effect," "in all material respects," or "in any material respect") of most of the Company's representations and warranties, except as would not individually or in the aggregate have a Company material adverse effect (disregarding, for purposes of determining the truth and correctness of any such representation or warranty, any losses resulting from an event or series of related events unless the losses exceed \$2 million);

the truth and correctness in all material respects of the Company's representations and warranties regarding capitalization and indebtedness, and the truth and correctness in all respects of the Company's representations and warranties regarding the amendment to our rights agreement and the nonoccurrence of any Company material adverse effect;

the performance, in all material respects, by the Company of its covenants and agreements in the merger agreement;

the absence of specified market disruptions; and



the absence of specified lender disruptions.

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**Termination of the Merger Agreement (Page 88)**

SunGard and Merger Co may agree in writing to terminate the merger agreement at any time without completing the merger, even after the stockholders of SunGard have adopted the merger agreement. The merger agreement may also be terminated in certain other circumstances, including:

by either Merger Co or the Company if:

the closing has not occurred on or before September 15, 2005 or (if the marketing period that Merger Co may use to complete its financing for the merger has not ended before August 19, 2005) on or before October 10, 2005, so long as the failure to complete the merger is not the result of the failure of the terminating party to comply with the terms of the merger agreement;

the Company stockholders do not vote to adopt the merger agreement at the meeting of the stockholders;

the terminating party is not in material breach of its obligations under the merger agreement and there is a breach by the non-terminating party of its representations, warranties, covenants or agreements in the merger agreement such that the applicable closing conditions to the merger would not be satisfied, which breach cannot be or has not been cured within 30 days after notice; or

any governmental authority has enacted or entered any injunction or other ruling or taken any other action which has the effect of making the consummation of the merger illegal or otherwise preventing or prohibiting completion of the merger;

by Merger Co if:

our board of directors withdraws or modifies its recommendation that the Company's stockholders vote to adopt the merger agreement; or

our board or directors recommends or approves another acquisition proposal;

by the Company, prior to the effective time of the merger, if we receive a superior proposal in accordance with the terms of the merger agreement, but only after we have provided Merger Co with a five business day period (subject to two business day extensions for any material amendments to the superior proposal) to make an offer that is at least as favorable as the superior proposal;

by the Company, if certain conditions to closing have been satisfied or waived and the closing has not occurred on the last day of the marketing period ; or

by the Company, if a specified market disruption event has occurred and Merger Co has not waived its closing condition relating to such event within a certain period of time following a written request for a waiver from the Company.

**Termination Fees and Expenses (Page 89)**

We have agreed to reimburse Merger Co s transaction expenses, up to a limit of \$25 million, if Merger Co terminates the merger agreement due to a breach by the Company of its representations, warranties, covenants or agreements in the merger agreement.

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In addition, the Company has agreed to pay to Merger Co a termination fee of \$300 million if:

Merger Co terminates the merger agreement due to a breach by the Company of its representations, warranties, covenants or agreements in the merger agreement, or if either Merger Co or the Company terminates the merger agreement due to the failure to obtain the required Company stockholder approval, and, in both cases, at or prior to the time of termination, an acquisition proposal has been publicly announced that appears to be bona fide and, within 12 months after the date of termination, the Company submits to its stockholders, enters into or completes an acquisition proposal; or

Merger Co terminates the merger agreement because our board of directors has withdrawn or modified its recommendation that the Company's stockholders vote to adopt the merger agreement or recommended or approved another acquisition proposal, or the Company terminates the merger agreement following its determination that an acquisition proposal is a superior proposal unless, in either case, such acquisition proposal contemplates the sale of only the availability services business, in which case the termination fee will be \$200 million.

Merger Co has agreed to pay the Company a termination fee of \$300 million if the Company terminates the merger agreement:

due to a breach by Merger Co of its representations, warranties, covenants or agreements in the merger agreement;

because the effective time of the merger has not occurred on or before September 15, 2005 or (if the marketing period that Merger Co may use to complete its financing for the merger has not ended before August 19, 2005) on or before October 10, 2005, and the conditions to Merger Co's obligations to close have been satisfied; or

because certain condition to closing have been satisfied or waived and the merger has not been consummated on the last day of the marketing period.

## **Investor Group Guarantees (Page 55)**

Each member of the investor group has agreed severally to guarantee certain obligations of Merger Co under the merger agreement subject to a cap. This cap is equal to such member's pro rata share of \$300 million, which share is proportionate to its equity commitment to Merger Co.

## **Market Price of SunGard Common Stock (Page 91)**

Our common stock is listed on the New York Stock Exchange under the trading symbol SDS. On March 18, 2005, which was the last trading day before the Company confirmed that it was in merger discussions, the Company's common stock closed at \$24.95 per share. On March 24, 2005, which was the last trading day before the announcement of the execution of the merger agreement, the Company's common stock closed at \$31.55 per share. On \_\_\_\_\_, 2005, which was the last trading day before the date of this proxy statement, the Company's common stock closed at \$ \_\_\_\_\_ per share.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Summary, Special Factors, Special Factors Opinion of Credit Suisse First Boston LLC, Special Factors Opinion of Lazard Frères & Co. LLC, Special Factors Certain Projections and in statements containing the words believes, plans, expects, anticipates, intends, estimates or other similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

the satisfaction of the conditions to consummate the merger, including the receipt of the required stockholder or regulatory approvals;

the actual terms of certain financings that will be obtained for the merger;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the outcome of the legal proceedings that have been instituted against us and others following announcement of the merger agreement;

the failure of the merger to close for any other reason;

the amount of the costs, fees, expenses and charges related to the merger;

general economic and market conditions, including the lingering effects of the economic slowdown on information technology spending levels, trading volumes and services revenue;

the overall 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 or catastrophic events;

the effect of disruptions to our ASP systems;



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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; and

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.

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**SPECIAL FACTORS**

**Background of the Merger**

On October 4, 2004, the Company announced that its board of directors had approved a plan to spin off the Company's availability services business.

On November 19, 2004, Mr. Glenn Hutchins, a cofounder and managing director of Silver Lake Partners, and Mr. Egon Durban, a director of Silver Lake Partners, contacted representatives of Credit Suisse First Boston, the Company's financial advisor, and stated that Silver Lake Partners was interested in acquiring the Company for cash at a proposed 20% premium to the Company's most recent closing stock price, or approximately \$31.88 per share. Messrs. Hutchins and Durban noted that they believed that the acquisition would be an attractive alternative to the proposed spin off in terms of maximizing stockholder value. They further noted that the acquisition of the Company would require the participation of additional private equity firms. They also noted that they would expect Cristóbal Conde, the Company's President and Chief Executive Officer, and a sufficient number of the Company's other executive officers and members of senior management to invest in the transaction should it proceed. The Credit Suisse First Boston representatives advised Messrs. Hutchins and Durban that they would convey Silver Lake Partners' proposal to the Company's board of directors.

Representatives of Credit Suisse First Boston described Silver Lake Partners' proposal to the Company's board of directors at a special meeting of the board held by telephone on November 22, 2004. At that meeting, the board discussed the merits of Silver Lake Partners' proposal relative to those of the previously announced spin off. The board, having discussed the proposal, decided not to pursue it at the price proposed by Silver Lake Partners, and decided instead to proceed with the spin off. The board instructed Credit Suisse First Boston to advise Silver Lake Partners of the board's decision, which representatives of Credit Suisse First Boston did later the same day.

On November 30, 2004, Messrs. Hutchins and Durban again contacted representatives of Credit Suisse First Boston and indicated that, based on certain assumptions regarding the Company's operations that would require confirmatory due diligence, Silver Lake Partners might be willing to acquire the Company for \$33.00 to \$35.00 per share in cash.

At a special meeting of the board of directors held by telephone on December 2, 2004, the board reviewed Silver Lake Partners' November 30 proposal. The board discussed Silver Lake Partners' proposed price range and the fact that Silver Lake Partners had requested permission to perform due diligence on the Company so that it could confirm or improve its proposal. The board also discussed Silver Lake Partners' history and the principal transactions completed by Silver Lake Partners' funds since its formation. After discussion with its advisors, the board of directors authorized Credit Suisse First Boston to further explore Silver Lake Partners' proposal and decided to allow Silver Lake Partners to undertake a limited due diligence investigation of the Company, subject to Silver Lake Partners' execution of an appropriate confidentiality agreement. The board also instructed its advisors and management to continue working on the planned spin off of the Company's availability services business until otherwise instructed by the board. During the December 2 meeting, Mr. Conde confirmed to the board that management had not conducted, nor would it conduct unless specifically authorized by the board, any discussions with Silver Lake Partners regarding the terms on which management might participate with Silver Lake Partners in a transaction for the Company.

On December 3, 2004, the Company and Silver Lake Partners entered into a confidentiality agreement that provided, among other things, that Silver Lake Partners could not share confidential information





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regarding the Company or discuss the proposed transaction with any co-investor, financing source or consultant without the prior consent of the Company, and unless such person also agreed in writing to be bound by the terms of the confidentiality agreement. Silver Lake Partners conducted a limited due diligence review of the Company during the week of December 6, 2004.

A special meeting of the board of directors was held on December 14, 2004, at the New York offices of Shearman & Sterling LLP ( Shearman & Sterling ), the Company's legal advisors. At the meeting, Credit Suisse First Boston made a preliminary presentation to the board with respect to Silver Lake's proposal. Credit Suisse First Boston's materials also included financial analysis based on a preliminary analysis of selected publicly traded companies, a preliminary analysis of selected merger and acquisition transactions and a preliminary analysis of the present value of SunGard's projected free cash flows. After discussion, the board decided that it would allow Silver Lake Partners to continue to conduct limited due diligence, provided that Silver Lake Partners confirmed that it was willing to proceed on the basis of a per share price of at least \$35.00. Following the meeting, representatives of Silver Lake Partners confirmed that Silver Lake Partners was prepared to proceed on that basis.

Silver Lake Partners continued to conduct limited business due diligence with respect to the Company from January 5 through January 18, 2005. On January 25, 2005, representatives of Silver Lake Partners informed representatives of Credit Suisse First Boston that, based on a meeting of Silver Lake Partners' investment committee held on January 21, 2005, the proposed cash price of \$35.00 per share was Silver Lake Partners' best offer for the Company.

At a special meeting of the board of directors held by telephone on January 26, 2005, representatives of Credit Suisse First Boston reported on the January 25 conversation with Silver Lake Partners. The board then discussed what it would require of Silver Lake Partners if the board decided to proceed with the transaction before allowing Silver Lake Partners to approach potential equity and debt financing sources. In that regard, the board decided to request that Silver Lake Partners provide its timetable for the proposed transaction so that the board could better understand the proposed timing of the transaction in advance of its meeting scheduled for February 1, 2005.

A special meeting of the board of directors was held on February 1, 2005, at Shearman & Sterling's offices in New York. At the meeting, the board reviewed with its legal and financial advisors the discussions leading up to Silver Lake Partners' January 25 proposal. Credit Suisse First Boston also made a preliminary presentation to the board with respect to Silver Lake's proposal. Credit Suisse First Boston's materials also included financial analysis based on a preliminary analysis of selected publicly traded companies, a preliminary analysis of selected merger and acquisition transactions and a preliminary analysis of the present value of SunGard's projected free cash flows. After the board discussed the proposal generally and as an alternative to the previously announced spin off of the Company's availability services business, the board discussed how the proposed transaction might proceed, including reviewing with its advisors the timetable provided to the Company by Silver Lake Partners. The board of directors then authorized Credit Suisse First Boston and Shearman & Sterling to commence negotiations with Silver Lake Partners and its legal advisors, Ropes & Gray LLP ( Ropes & Gray ), regarding the key terms of the proposed transaction in order to ascertain whether Silver Lake Partners would agree to terms acceptable to the board. If Silver Lake Partners agreed to acceptable terms, the board agreed to authorize management to discuss with Silver Lake Partners the terms on which management might participate in the transaction. If management and Silver Lake Partners reached preliminary agreement,

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the board agreed to authorize Silver Lake Partners to discuss the proposed transaction with a limited number of potential private equity partners previously identified by Silver Lake Partners, in accordance with the terms of the confidentiality agreement entered into with Silver Lake Partners. After consulting with Shearman & Sterling, the board determined that Mr. Conde would be excluded from future communications to and from the board regarding the transaction because, as a member of management, he could become a participant in the proposed transaction. In addition, the board instructed management to continue to refrain from discussing with Silver Lake Partners the terms on which management might participate in the transaction until specifically authorized by the board.

Another special meeting of the board of directors (excluding Mr. Conde) was held by telephone on February 2, 2005. At the meeting, the board reviewed and discussed with its advisors the key transaction terms to be proposed to Silver Lake Partners and Ropes & Gray. These key terms covered the scope of the representations, warranties and covenants to be made by both parties in a definitive agreement, as well as the parties conditions to closing the transaction and provisions relating to the termination of such agreement. The board instructed its advisors that it would not approve a definitive agreement that was contingent upon Silver Lake Partners' ability to obtain financing for the transaction; that the board must have the right to change its recommendation to the Company's stockholders with respect to the transaction if required by its fiduciary duties to do so; that the board must be able to terminate the agreement if it received a superior proposal following execution of a definitive agreement; that the fee payable by the Company if it terminated the agreement must be reasonable; and that the investor group must be liable to the Company if Merger Co breached its obligations under the definitive agreement. The board also discussed the price to be paid by Silver Lake Partners and authorized Credit Suisse First Boston to propose, on behalf of the board, a purchase price of \$36.00 per share.

At that meeting, the board also approved the retention by management of separate legal counsel to represent it in connection with the proposed transaction, should agreement on the key terms of the transaction be reached between the Company and Silver Lake Partners. In addition, several board members suggested that it might be beneficial to the transaction if Credit Suisse First Boston offered to provide debt financing to the investor group in connection with the transaction, given Credit Suisse First Boston's familiarity with the Company and the board's requirements for a transaction with the greatest amount of certainty of completion. However, no determination on this matter was made at that time.

On February 3, 2005, a Credit Suisse First Boston representative telephoned a representative of Silver Lake Partners to discuss further the proposed purchase price. On February 4, 2005, Silver Lake Partners agreed that it would be prepared to proceed on the basis of a proposed price of \$36.00 per share. Silver Lake Partners also indicated that the \$36.00 per share price was its final offer. Later that day, a special meeting of the board of directors (excluding Mr. Conde) was held by telephone. At the meeting, Credit Suisse First Boston reported that Silver Lake Partners was willing to proceed on the basis of an increased per share price of \$36.00. The board reviewed the revised Silver Lake Partners proposal and the key transaction terms proposed to Silver Lake Partners and authorized the retention of the law firm of Morgan, Lewis & Bockius LLP ( Morgan Lewis ) to represent management in connection with the proposed transaction. The board agreed that the Company would reimburse management for, or pay, the fees and expenses of Morgan Lewis in connection with such representation.

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At special meetings of the board (excluding Mr. Conde) held by telephone on February 6 and February 8, 2005, representatives of Credit Suisse First Boston and Shearman & Sterling updated the board on the status of discussions with Silver Lake Partners and Ropes & Gray on the key terms of the transaction, and discussed with the board unresolved key terms, including with respect to a closing condition (requested by Silver Lake Partners) that the investor group has received its financing for the transaction, as well as with respect to the termination fee payable by the investor group if Merger Co breached its obligations under the definitive agreement. After discussion, the board gave guidance to its advisors as to how to negotiate these unresolved key terms and instructed them to propose an alternative to a financing condition that would be tied to the absence of specified market and lender disruptions and to continue to negotiate with respect to the termination fee to be payable by the investor group. Between the February 8 meeting and the next day, a preliminary agreement was reached with Silver Lake Partners on the key terms. Another special meeting of the board (excluding Mr. Conde) was held by telephone on February 9, 2005. At that meeting the board authorized management and Morgan Lewis to discuss with Silver Lake Partners the terms on which management might participate with Silver Lake Partners and the other private equity firms in the transaction.

On February 18, 2005, management reached preliminary agreement with Silver Lake Partners on the principal terms of management's participation in the transaction. In light of this, Mr. James Mann, Chairman of the board of directors of the Company, authorized the Company to enter into confidentiality agreements with four other private equity firms identified by Silver Lake Partners. These confidentiality agreements were substantially similar to the one entered into between the Company and Silver Lake Partners. The four firms and their advisors were subsequently permitted to commence due diligence investigations with respect to the Company on February 22, 2005.

On February 23, 2005, a special meeting of the board of directors (excluding Mr. Conde) was held by telephone. At that meeting, representatives of Credit Suisse First Boston updated the board as to the status of Silver Lake Partners' discussions with management and with the other private equity firms and potential debt financing sources. Shearman & Sterling described to the board the principal terms of a draft merger agreement to be sent to Silver Lake Partners and Ropes & Gray.

On February 24, 2005, Shearman & Sterling delivered an initial draft of a merger agreement to Ropes & Gray.

On February 25, 2005, Silver Lake Partners confirmed to the Company's advisors that it and the four other private equity firms engaged in due diligence were willing to proceed with the transaction on substantially the basis of the key terms preliminarily agreed to between Silver Lake Partners and the Company on February 9, subject to satisfactory completion of their due diligence.

On March 3, 2005, a regular meeting of the board of directors was held at the New York offices of Shearman & Sterling. At that meeting, the board received a report on the Company's 2004 financial results and 2005 budget, as well as reports on the status of the proposed spin off of the Company's availability services business and the status of the transaction with Silver Lake Partners. The board discussed, in the absence of Credit Suisse First Boston's representatives, whether Credit Suisse First Boston should offer to provide debt financing to Silver Lake Partners and its partners in light of the board's requirement for a transaction with the greatest amount of certainty of completion. In

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connection with that possibility, the board also discussed the desirability of obtaining an additional fairness opinion from another internationally recognized investment banking firm as to the fairness of the consideration payable in the transaction. Following discussions that took place during the period from March 3 through March 8, 2005, the board authorized Credit Suisse First Boston to offer to provide debt financing to the investor group for the proposed transaction, subject to certain procedural safeguards. However, based on the progress of Silver Lake Partners discussions with other debt financing sources, it was ultimately decided that there was no need for Credit Suisse First Boston to provide any debt commitment letters to the investor group.

Ropes & Gray delivered comments on the draft merger agreement to Shearman & Sterling on March 8, 2005. Also on March 8, a special meeting of the board of directors (excluding Mr. Conde) was held by telephone. At the meeting, Shearman & Sterling reviewed with the board Ropes & Gray's comments on the draft merger agreement. The board discussed issues raised by these comments, including with respect to the length of the marketing period that Merger Co may use to complete its financing for the merger; the parameters for what would constitute a superior proposal (the receipt of which would allow the board to terminate the agreement) and the ability of the board to change its recommendation to the Company's stockholders with respect to the transaction even if not a result of a superior proposal. The board also considered a request by Silver Lake Partners made earlier the same day that three additional private equity firms be allowed to join the potential group of investors. After discussing this request, the board decided to allow the additional firms to sign confidentiality agreements and commence their due diligence investigations.

On or about March 9, 2005, management advised Mr. Mann that there were severe resource constraints involved in continuing to work on completing the previously announced spin off of the Company's availability services business by the end of April, while at the same time handling all of the due

diligence and other demands of the transaction with Silver Lake Partners and operating the Company's businesses. On or about March 13, 2005, after discussions among the directors, Mr. Mann informed management that, in light of the progress that had been made on the transaction with Silver Lake Partners and the strains imposed on management by continuing to work on the spin off, as well as operating the business of the Company, they should concentrate their efforts on the transaction rather than the spin off.

At a special meeting of the board held by telephone on March 16, 2005, the board identified possible candidates to provide the additional fairness opinion to the board with respect to the fairness of the consideration in connection with the proposed transaction, as discussed at the March 3 board meeting. The board authorized directors Michael Brooks and Bernard Goldstein to interview Lazard Frères & Co. LLC ( Lazard ) and, if necessary, another potential candidate. After Mr. Brooks interviewed Lazard on March 17, 2005, the board engaged Lazard to render an opinion, if and when requested by the board, as to the fairness of the consideration to be received in connection with the transaction.

During the period from March 17 through March 20, 2005, the parties continued to negotiate the terms of the draft merger agreement.

Early in the morning on March 21, 2005, The New York Post reported that the Company was in talks with a consortium of seven private equity investors regarding an acquisition of the Company. The Company issued a press release later the same morning before the opening of trading confirming that it was in merger discussions.

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At an informal meeting of directors (excluding Mr. Conde) held by telephone on March 21, 2005, Lazard provided its preliminary views as to the Company's value. Lazard had not been informed of the transaction terms, including the \$36.00 per share price being proposed by Silver Lake Partners, before the March 21 discussion. Lazard's materials included financial analysis based on a preliminary analysis of selected publicly traded companies, a preliminary analysis of selected merger and acquisition transactions, a preliminary analysis of the present value of SunGard's projected free cash flows and a preliminary analysis of premiums paid in merger and acquisition transactions.

On March 22, 2005, representatives from Silver Lake Partners and Kohlberg Kravis Roberts & Co., one of the other private equity investors conducting due diligence (KKR), informed representatives of Credit Suisse First Boston that Silver Lake Partners had not received sufficient commitments from other members of the investor group to finance an acquisition at a purchase price of \$36.00 per share and that Silver Lake Partners and KKR would require more time in order to secure sufficient commitments. In particular, representatives of Credit Suisse First Boston were informed that most of the seven members of the investor group were not prepared to proceed on the basis of a purchase price of \$36.00 per share, with those members being either prepared to proceed at a purchase price of \$34.00 per share or undecided.

A special meeting of the board of directors (excluding Mr. Conde) was held at Shearman & Sterling's offices in New York on March 22, 2005. At the meeting, Credit Suisse First Boston reviewed with the board of directors an illustrative timetable of events between the announcement and closing of any sale transaction. Credit Suisse First Boston's materials also included financial analysis based on a preliminary analysis of selected publicly traded companies, a preliminary analysis of selected merger and acquisition transactions and a preliminary analysis of the present value of SunGard's projected free cash flows. Credit Suisse First Boston also updated the board with respect to the lack of sufficient equity commitments to finance an acquisition at a purchase price of \$36.00 per share and Silver Lake Partners' request for more time in order to secure such commitments. Because of a concern about obtaining sufficient equity financing and to increase the possibility that a transaction acceptable to the board could be consummated, representatives of Credit Suisse First Boston also informed the board that, with the board's consent, Credit Suisse First Boston could explore whether certain private equity funds managed by entities affiliated or associated with Credit Suisse First Boston would be willing to offer to provide equity financing for the transaction at the proposed \$36.00 per share purchase price. After discussion, the board requested that Credit Suisse First Boston discuss such possibility with its affiliates. In their preliminary discussions about providing such equity financing, Credit Suisse First Boston and Silver Lake Partners agreed that it was desirable for Silver Lake Partners and KKR to obtain the required equity financing from other sources. Concurrently, with the permission of the board, Silver Lake Partners and KKR contacted several additional private equity groups to discuss potential interest in joining the private equity consortium engaged in discussions to acquire SunGard. Because Silver Lake Partners and KKR were able to obtain sufficient equity commitments from other private equity sources, the board and Credit Suisse First Boston did not need to further consider the possibility of affiliates of Credit Suisse First Boston providing any equity commitment.

The board also discussed with Shearman & Sterling certain issues raised in connection with the draft merger agreement during discussions with Ropes & Gray over the course of the prior week, including with respect to the length of the marketing period that Merger Co could use to complete the financing for the proposed transaction; whether the board could terminate the agreement if it received a better offer following stockholder approval of the transaction; the ability of the board to change its recommendation of the transaction for any reason (as opposed to just for a superior proposal); the

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ability of the board to continue planning for (but not implementing) the spin-off of the Company's availability services business; the scope of the closing condition relating to the accuracy of representations and warranties; and whether the guarantees to be given by the funds affiliated with the members of the investor group should be joint and several. The board gave guidance to Shearman & Sterling as to how to respond to the issues raised by Ropes & Gray.

After further discussion, the Board directed Credit Suisse First Boston to contact Silver Lake Partners that day and inform it that, unless the investor group confirmed its willingness to pay \$36.00 per share by the end of the day on Thursday, March 24, 2005, the Company would issue a press release announcing the termination of merger discussions. Credit Suisse First Boston contacted representatives of Silver Lake Partners and KKR and conveyed that message.

On March 24, 2005, representatives of Silver Lake Partners and KKR confirmed that the investor group consisting of private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group were prepared to proceed on the basis of the proposed \$36.00 per share price. These representatives also confirmed that two of the previous members of the investor group decided not to participate at the \$36.00 per share price.

During the period from March 24 through March 27, 2005, the parties and their respective advisors finalized the terms of the merger agreement. They also finalized the terms of separate agreements to be entered into by the funds sponsored by the members of the investor group under which such funds would guarantee certain payment obligations of Merger Co under the merger agreement subject to a cap. In addition, during this time period, management, members of the investor group, Morgan Lewis and Ropes & Gray continued to negotiate the terms on which management would participate in the transaction. The negotiation of these terms did not at any time result in any changes to the transaction terms reflected in the merger agreement and the guarantees to be provided by the funds sponsored by the members of the investor group.

During the period from mid-February to March 25, 2005, a number of parties unaffiliated with members of the investor group contacted individual members of the board and representatives of Credit Suisse First Boston expressing interest, on their own behalf or on behalf of their clients, in pursuing a transaction with the Company. All of these communications were reported to the board. Although each of these parties was advised to submit a proposal to the Company if the party was interested in pursuing a transaction with the Company, none of these parties proposed specific terms for a transaction, and none submitted proposals to the Company. In addition, a representative of an interested party contacted Credit Suisse First Boston during the week of March 21 (following the press stories regarding the existence of merger discussions) and indicated that its client would not be interested in pursuing a transaction with the Company at the price level that had been reported or in a competitive situation. The representative informed Credit Suisse First Boston, however, that its client might be interested in pursuing a transaction with the Company at a lower price than had been reported if discussions between the Company and the investor group were discontinued. No other party expressing interest in pursuing a transaction with the Company indicated that it would be competitive with the price level that had been reported in press stories regarding the existence of merger discussions.

The Company's board (excluding Mr. Conde and Mr. Robert E. King, who was unable to attend the meeting in person or by telephone due to his travel schedule) held another special meeting on March 27, 2005, at the offices of the Company, in which representatives of Credit Suisse First Boston, Lazard,

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Shearman & Sterling and Morgan Lewis participated. Shearman & Sterling outlined for the board its fiduciary duties in connection with the proposed transaction. In addition, Shearman & Sterling described how the principal unresolved issues discussed at the March 22 board meeting had been resolved and reviewed with the board the other principal final terms of the merger agreement. Morgan Lewis summarized for the board the terms on which management would participate in the transaction. Also at this meeting, Credit Suisse First Boston reviewed with the board its financial analysis of the merger consideration and rendered to the board an oral opinion, which opinion was subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of the Company's common stock (other than certain employees of the Company who will invest in securities of the surviving corporation). Lazard then delivered its financial analyses in connection with the proposed transaction. At the end of its presentation, Lazard delivered its written opinion as to the fairness as of the date thereof, from a financial point of view, of the consideration to be paid to the holders of the Company's common stock (other than Merger Co, any stockholders of Merger Co, any of the Company's directors or management and any stockholders of the Company who properly exercise dissenters' rights) in the merger. Following discussions and questions by the board members to the Company's financial and legal advisors, the Company's board, by unanimous action of the directors present, approved and declared advisable the merger agreement and the merger and resolved to recommend that the Company's stockholders adopt the merger agreement.

After the March 27 meeting of the Company's board, the Company and Merger Co executed the merger agreement and issued a press release announcing the merger.

## **Reasons for the Merger**

After careful consideration, the Company's board of directors (excluding Cristóbal Conde and Robert E. King, who was unable to attend the March 27 meeting in person or by telephone due to his travel schedule), by unanimous vote of those present at the meeting of the board of directors called for that purpose, approved and determined the merger agreement advisable and declared that the merger agreement and the merger, on the terms and conditions set forth in the merger agreement, are fair to and in the best interests of the Company and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent). The absence of Mr. Conde from the March 27 meeting for the reasons described under "Special Factors" Background of the Merger on page 17 and the absence of Mr. King from the March 27 meeting due to his travel schedule did not, in either case, represent a disapproval of the merger agreement or a determination not to recommend that the Company's stockholders vote for the adoption of the merger agreement. Each of Messrs. Conde and King, together with each of the other board members, recommends that the Company's stockholders vote FOR the adoption of the merger agreement. In the course of reaching its decision to approve the merger agreement, the Company's board of directors consulted with the Company's financial and legal advisors and considered the following factors, each of which it believed supported its decision:

its belief that the merger was more favorable to stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation) than any other alternative reasonably available to the Company and its stockholders because of the uncertain returns to such stockholders in light of the Company's business, operations, financial condition, strategy and prospects, as well as the risks involved in achieving those prospects, the nature of the financial services industry on which the Company's business largely depends, and general industry, economic and market conditions, both on an historical and on a prospective basis;



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its belief that the Company's previously announced plan to spin off its availability services business into a separate publicly traded company would not provide greater value to stockholders within a timeframe comparable to that in which the merger would be completed, and the fact that the cash merger price of \$36.00 per share represented a substantial premium to the trading price of the Company's common stock during the period since the public announcement of the proposed spin off;

the potential value that might result from other alternatives available to the Company, including the alternative of remaining a stand-alone, independent company, as well as the risks and uncertainties associated with those alternatives;

the current and historical market prices of the Company's common stock, including the market price of the Company's common stock relative to those of other industry participants and general market indices, the fact that the cash merger price of \$36.00 per share represented premiums of approximately 44.3% to the closing price on March 18, 2005, the last trading day before the Company confirmed that it was in merger discussions, approximately 39.3% to the average closing price of the Company's common stock for the 30 trading days prior to March 27, 2005 and approximately 25.7% to the highest closing price for the Company's common stock during the 12-month period prior to March 27, 2005 and the fact that, during the period from March 17, 2000 to March 18, 2005, the Company's common stock closed at or above \$34.00 only eight times and never closed at or above \$35.00;

the cash merger price of \$36.00 per share represents a premium of approximately 29.6% over the highest purchase price that the Company paid in purchases of its common stock during the past two years, as described under "Transactions in Shares of Common Stock";

the financial presentation of Credit Suisse First Boston, including its opinion as to the fairness, from a financial point of view, to the holders of the Company's common stock (other than certain employees of the Company who will invest in securities of the surviving corporation) of the merger consideration to be received by such holders in the merger (see "Special Factors" Opinion of Credit Suisse First Boston LLC);

the financial presentation of Lazard, including its opinion as to the fairness as of the date thereof, from a financial point of view, of the consideration to be paid to the holders of the Company's common stock (other than Merger Co, any stockholders of Merger Co, any of the Company's directors or management and any stockholders of the Company who properly exercise dissenters' rights) in the merger (see "Special Factors" Opinion of Lazard Frères & Co. LLC);

the efforts made by the Company and its advisors to negotiate and execute a merger agreement favorable to the Company;

the financial and other terms and conditions of the merger agreement as reviewed by our board of directors (see "The Merger Agreement") and the fact that they were the product of arm's-length negotiations between the parties;

the fact that the merger consideration is all cash, so that the transaction allows the Company's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) to immediately realize a fair value, in cash, for their investment and provides such stockholders certainty of value for their shares;

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the fact that, subject to compliance with the terms and conditions of the merger agreement, the Company is permitted to terminate the merger agreement, prior to the completion of the merger, in order to approve an alternative transaction proposed by a third party that is a superior proposal as defined in the merger agreement, upon the payment to Merger Co of a \$300 million termination fee (representing approximately 2.7% of the total equity value of the transaction) or, if the termination is in connection with the sale of the Company's availability services business, a \$200 million termination fee (representing approximately 1.8% of the total equity value of the transaction) (see The Merger Agreement Termination and The Merger Agreement Fees and Expenses );

the availability of appraisal rights to holders of our common stock who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery (see Dissenters Rights of Appraisal and Annex D);

the commitment made by Merger Co to treat the Company's employees in a fair and equitable manner, including to provide (until December 31, 2006) each employee of the Company with at least the same level of base salary that was provided to such employee immediately prior to the merger and to provide employee benefits and incentive compensation opportunities (other than equity-based compensation) to employees that are no less favorable in the aggregate than those provided to employees as a group immediately prior to the merger;

the fact that no alternative credible competitive proposal to acquire the Company had been made since October 4, 2004, the date the company announced its plan to spin off its availability services business, or since March 21, 2005, the date on which the existence of merger discussions was confirmed by the Company;

the fact that, during the past two years, no other firm offer had been made for the merger or consolidation of the Company, the sale or transfer of all or a substantial portion of the assets of the Company or a purchase of the Company's securities that would enable the holder to exercise control of the Company; and

the fact that the Company would not have to establish damages in the event of a breach by Merger Co of the merger agreement in light of the \$300 million termination fee.

In addition, the board of directors believed that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent). These procedural safeguards include the following:

the fact that, other than the acceleration of restricted stock or options to acquire shares of SunGard common stock held by each director, and other than the equity investment and employment arrangements by Cristóbal Conde in and with the surviving corporation, the directors will not receive any consideration in connection with the merger that is different from that received by any other stockholder of SunGard (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent);

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the fact that the board of directors negotiated the terms of the merger agreement, including the amount of the merger consideration, without the participation of Mr. Conde;

the fact that the board of directors made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement, independent of Mr. Conde, and with knowledge of the interests of Mr. Conde and the other management participants in the merger;

the fact that the opinion of Credit Suisse First Boston addresses the fairness, from a financial point of view, of the merger consideration to be received by the holders of the Company's common stock other than certain employees of the Company who will invest in securities of the surviving corporation, and the fact that the opinion of Lazard addresses the fairness, from a financial point of view, of the merger consideration to be received by the holders of the Company's common stock other than any of the Company's directors or management;

the fact that the board of directors did not permit the management participants to discuss the terms of their participation in the merger with Silver Lake Partners until the board of directors and Silver Lake Partners had reached a preliminary agreement on the key terms of the proposed merger;

the fact that the board of directors did not permit Silver Lake Partners to approach possible equity and debt financing sources or conduct thorough due diligence of the Company until the Company and Silver Lake Partners had reached a preliminary agreement on the key terms of the transaction, and management and Silver Lake Partners had agreed on the principal terms of management's participation in the transaction;

the fact that the Company is permitted under certain circumstances to respond to inquiries regarding acquisition proposals and to terminate the merger agreement in order to complete a superior transaction; and

the fact that under Delaware law, the stockholders of SunGard have the right to demand appraisal of their shares.

In light of the procedural safeguards discussed above, the board of directors did not consider it necessary to form a special committee of directors to consider the merger or to require adoption of the merger agreement by at least a majority of the Company's stockholders other than those executive officers and members of senior management who will invest in equity securities of the surviving corporation or its parent. In that regard, stockholders should note that as of \_\_\_\_\_, the record date, executive officers and members of senior management held and are entitled to vote, in the aggregate, less than [3]% of the Company's outstanding common stock. Also in light of the procedural safeguards discussed above, the board of directors reached its determination to approve and recommend the merger agreement and the merger without retaining an unaffiliated representative to act solely on behalf of Company stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent).

The Company's board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the fact that an all cash transaction would be taxable to the Company's stockholders for U.S. federal income tax purposes;

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the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

the fact that the Company's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) will not participate in any future earnings or growth of SunGard and will not benefit from any appreciation in value of SunGard;

the terms of management participation in the merger and the fact that the Company's executive officers have interests in the transaction that are different from, or in addition to, those of SunGard's other stockholders;

the restrictions on the conduct of the Company's business prior to the completion of the merger, requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;

the fact that the Company is entering into a merger agreement with a newly formed corporation with essentially no assets and, accordingly, that its remedy in connection with a breach of the merger agreement by Merger Co, even a breach that is deliberate or willful, is limited to \$300 million (the amount of the termination fee payable by Merger Co in such circumstances); and

the fact that the Company does not have the ability to seek specific performance by Merger Co or sue Merger Co for damages under the merger agreement.

In the course of reaching its decision to approve the merger agreement, the Company's board of directors did not consider the liquidation value of the Company's assets because it considers the Company to be a viable going concern business and views the trading history of the Company's common stock as an indication of its value as such. The board of directors believes that the liquidation value would be significantly lower than the Company's value as a viable going concern and that, due to the fact that the Company is being sold as a going concern, the liquidation value of the Company is irrelevant to a determination as to whether the merger is fair to the Company and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent). Further, the board of directors did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of SunGard as a going concern but rather is indicative of historical costs. The Company's net book value per share as of December 31, 2004 was \$11.28. This value is substantially below the \$36.00 per share cash merger consideration.

The foregoing discussion summarizes the material factors considered by our board of directors in its consideration of the merger. After considering these factors, the board of directors concluded that the positive factors relating to the merger agreement and the merger outweighed the negative factors. In view of the wide variety of factors considered by our board of directors, our board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of our board of directors may have assigned different weights to various factors. Our board of directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

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### **Recommendation of the Company's Board of Directors**

After careful consideration, the Company's board of directors:

by unanimous vote of those present at the meeting of the board of directors called for that purpose (excluding Cristóbal Conde and Robert E. King, who was unable to attend the meeting in person or by telephone due to his travel schedule), has determined that the merger agreement and the merger, upon the terms and conditions set forth in the merger agreement, are advisable, fair to and in the best interests of the Company and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent);

by unanimous vote of those present at the meeting of the board of directors called for that purpose, has approved the merger agreement; and

**unanimously recommends that the Company's stockholders vote FOR the adoption of the merger agreement.**

### **Opinion of Credit Suisse First Boston LLC**

Credit Suisse First Boston has acted as SunGard's financial advisor in connection with the merger. In connection with Credit Suisse First Boston's engagement, SunGard requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of SunGard common stock (other than certain employees of SunGard who will invest in securities of the surviving corporation) of the merger consideration. On March 27, 2005, at a meeting of the SunGard board of directors held to evaluate the merger, Credit Suisse First Boston rendered to the SunGard board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated March 27, 2005, to the effect that, as of that date and based on and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of SunGard common stock (other than certain employees of SunGard who will invest in securities of the surviving corporation).

**The full text of Credit Suisse First Boston's written opinion, dated March 27, 2005, to the SunGard board of directors, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex B and is incorporated into this proxy statement by reference. Holders of SunGard common stock are encouraged to read this opinion carefully in its entirety. Credit Suisse First Boston's opinion was provided to the SunGard board of directors in connection with its evaluation of the merger consideration and relates only to the fairness, from a financial point of view, of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.**

Copies of Credit Suisse First Boston's written presentations to the board of directors of SunGard have been attached as exhibits to the Schedule 13E-3 filed with the Securities and Exchange Commission in connection with the merger. The written presentations will be available for any interested SunGard stockholder (or any representative of the stockholder who has been so designated in writing) to inspect and copy at our principal executive offices during regular business hours. Alternatively, you may inspect and copy the presentations at the office of, or obtain them by mail from, the Securities and Exchange Commission.

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In arriving at its opinion, Credit Suisse First Boston reviewed the merger agreement and certain related documents as well as certain publicly available business and financial information relating to SunGard. Credit Suisse First Boston also reviewed certain other information relating to SunGard, including financial forecasts, provided to or discussed with Credit Suisse First Boston by SunGard, and met with the management of SunGard to discuss the business and prospects of SunGard. Credit Suisse First Boston also considered certain financial and stock market data of SunGard, and compared that data with similar data for other publicly held companies in businesses Credit Suisse First Boston deemed similar to that of SunGard and considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have been recently effected or announced. Credit Suisse First Boston also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

SunGard did not give Credit Suisse First Boston any specific instructions, including what valuation methodologies to use, with respect to its opinion. In connection with its opinion, Credit Suisse First Boston utilized customary valuation methodologies based on its experience and judgment in the valuation of businesses and their securities in connection with mergers and acquisitions, recapitalizations and similar transactions. In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the foregoing information and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts for SunGard which Credit Suisse First Boston reviewed, Credit Suisse First Boston was advised by the management of SunGard, and assumed, that such forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of SunGard's management as to the future financial performance of SunGard. Credit Suisse First Boston also assumed, with SunGard's consent, that in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no modification, delay, limitation, restriction or condition will be imposed that would have an adverse effect on SunGard or the merger and that the merger will be consummated in accordance with the terms of the merger agreement without waiver, modification, amendment or adjustment of any material term, condition or agreement therein. In addition, Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of SunGard, nor was Credit Suisse First Boston furnished with any such evaluations or appraisals. Credit Suisse First Boston's opinion addresses only the fairness, from a financial point of view, to the holders of SunGard common stock (other than certain employees of SunGard who will invest in securities of the surviving corporation) of the merger consideration and does not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise. Credit Suisse First Boston's opinion was necessarily based upon information made available to it as of the date thereof and upon financial, economic, market and other conditions as they existed and could be evaluated on the date thereof. Credit Suisse First Boston was not requested to, and it did not, solicit third party indications of interest in acquiring SunGard. Credit Suisse First Boston's opinion does not address the relative merits of the merger as compared to alternative transactions or strategies that might be available to SunGard, nor does it address the underlying business decision of SunGard to proceed with the merger. Except as described above, SunGard imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the SunGard board of directors, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying

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Credit Suisse First Boston's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Credit Suisse First Boston arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of SunGard. No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is identical to SunGard or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Credit Suisse First Boston's analyses are inherently subject to substantial uncertainty.

Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the SunGard board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of the SunGard board of directors or management with respect to the merger or the merger consideration.

The following is a summary of the material financial analyses presented to the SunGard board of directors in connection with Credit Suisse First Boston's opinion dated March 27, 2005. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses.**

### *Selected Companies Analysis*

Using publicly available information, Credit Suisse First Boston reviewed the market values and trading multiples of the selected publicly held companies and selected indices described below for each of SunGard's investment support/higher education/public sector systems and availability services businesses.

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*Investment Support/Higher Education/Public Sector Systems Business.* In the case of SunGard's investment support/higher education/public sector systems business, Credit Suisse First Boston reviewed the market values and trading multiples of the following five selected publicly traded financial services companies and three publicly traded securities trading companies, which operate in market sectors and/or have businesses and holdings similar to those of SunGard's investment support/higher education/public sector systems business:

**Financial Services Companies**

Automatic Data Processing, Inc.  
 Fiserv, Inc.  
 DST Systems, Inc.  
 SEI Investments Company  
 The BISYS Group, Inc.

**Securities Trading Companies**

Chicago Mercantile Exchange Holdings Inc.  
 FactSet Research Systems Inc.  
 Archipelago Holdings, Inc.

*Availability Services Business.* In the case of SunGard's availability services business, Credit Suisse First Boston reviewed the market values and trading multiples of the following six selected publicly traded business continuity services companies and two S&P 500 Industry Indices, which operate in market sectors and/or have businesses and holdings similar to those of SunGard's availability services business:

**Business Continuity Services Companies**

International Business Machines Corporation  
 Hewlett-Packard Company  
 Accenture Ltd  
 Electronic Data Systems Corporation  
 Computer Sciences Corporation  
 Affiliated Computer Services, Inc.

**S&P 500 Industry Indices**

Industrials  
 Utilities

Multiples were based on closing stock prices as of March 24, 2005. Estimated data for the selected companies were based on publicly available research analysts' estimates. Estimated data for SunGard's investment support/higher education/public sector systems and availability services businesses were based on internal estimates of SunGard's management. Credit Suisse First Boston compared enterprise values, calculated as equity value plus debt, minority interest, preferred stock, all out-of-the-money convertibles, less cash and cash equivalents, as multiples of calendar years 2005 and 2006 estimated revenue and earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. Credit Suisse First Boston also compared equity values per share as multiples of calendar years 2005 and 2006 estimated earnings per share, commonly referred to as P/E. In the case of SunGard's investment support/higher education/public sector systems business, Credit Suisse First Boston then applied ranges of enterprise value multiples for the selected companies of 2.0x - 2.5x to calendar years 2005 to 2006 estimated revenue and 7.5x - 9.5x and 7.0x - 9.0x to calendar years 2005 and 2006 estimated EBITDA, respectively, and P/E multiples of 17.0x - 22.0x and 15.0x - 20.0x to calendar years 2005 and 2006 estimated unlevered net income, respectively, in order to derive an implied enterprise value reference range for SunGard's investment support/higher education/public sector systems business. In the case of SunGard's availability services business, Credit Suisse First Boston then applied ranges of enterprise value multiples for the selected companies of 2.0x - 3.0x to calendar years 2005 and 2006 estimated revenue and 6.5x - 8.5x and 6.0x - 8.0x to calendar years 2005



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and 2006 estimated EBITDA, respectively, and P/E multiples of 14.0x - 18.0x and 13.0x - 17.0x to calendar years 2005 and 2006 estimated unlevered net income, respectively, in order to derive an implied enterprise value reference range for SunGard's availability services business. Credit Suisse First Boston then calculated an implied enterprise value reference range for SunGard by adding these implied enterprise value reference ranges together. SunGard's net debt as of December 31, 2004 was then deducted in order to derive an implied equity reference range for SunGard from which an implied per share equity reference range was derived. Credit Suisse First Boston then compared this implied per share equity reference range against the per share merger consideration. This analysis indicated the following implied per share equity reference range for SunGard, as compared to the per share merger consideration of \$36.00:

<b>Implied Per Share Equity Reference Range For SunGard</b>	<b>Per Share Merger Consideration</b>
\$24.73    \$31.59	\$36.00

**Selected Acquisitions Analysis**

Using publicly available information, Credit Suisse First Boston reviewed the transaction value multiples in the selected transactions described below for each of SunGard's investment support/higher education/public sector systems and availability services businesses.

*Investment Support/Higher Education/Public Sector Systems Business.* In the case of SunGard's investment support/higher education/public sector systems business, Credit Suisse First Boston reviewed the transaction value multiples of the following 21 selected transactions, which transactions involved companies with businesses and holdings similar to those of SunGard's investment support/higher education/public sector systems business:

**Acquiror**

Fidelity Investments  
Computershare Limited  
Fidelity National Financial, Inc.  
Bank of America Corporation  
Thomas H. Lee Partners LP  
The Nasdaq Stock Market, Inc.  
Metavante Corporation  
Morgan Stanley  
The Thomson Corporation  
Fidelity National Financial, Inc.  
SunGard Data Systems Inc.  
First Data Corporation  
Paychex, Inc.  
Fidelity National Financial, Inc.  
The Bank of New York Company, Inc.  
Fiserv, Inc.

**Target**

BHC Investments Inc.  
EquiServe Inc.  
InterCept, Inc.  
National Processing, Inc.  
Refco Group Ltd LLC  
Brut, LLC  
NYCE Corporation  
Barra, Inc.  
TradeWeb Group LLC  
Aurum Technology, Inc.  
Systems & Computer Technology Corporation  
Concord EFS, Inc.  
InterPay, Inc.  
ALLTEL Information Services, Inc.  
Pershing LLC  
Electronic Data Systems Corporation's Consumer Network  
Services Business

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ICAP plc  
 Instinet Group Incorporated  
 Fair Isaac Corporation  
 First Data Corporation  
 U.S. Bancorp

**Target**

BrokerTec Global, L.L.C.'s trading operations  
 Island Holding Company, Inc.  
 HNC Software Inc.  
 NYSE Corporation  
 NOVA Corp.

*Availability Services Business.* In the case of SunGard's availability services business, Credit Suisse First Boston reviewed the transaction value multiples of the following ten selected transactions, which transactions involved companies with businesses and holdings similar to those of SunGard's availability services business:

**Acquiror**

Hewlett-Packard Company  
 Bank of America Corporation  
 Bain Capital, Silver Lake Partners and Warburg Pincus

CGI Group Inc.  
 Hewlett-Packard Company  
 First Data Corporation  
 Fiserv, Inc.

SunGard Data Systems Inc.  
 SunGard Data Systems Inc.  
 Affiliated Computer Services, Inc.

**Target**

Synstar plc  
 National Processing, Inc.  
 Electronic Data Systems Corporation's UGS PLM Solutions business  
 American Management Systems, Incorporated  
 Triaton GmbH  
 Concord EFS, Inc.  
 Electronic Data Systems Corporation's Consumer Network Services Business  
 Guardian iT  
 Comdisco, Inc.'s Availability Solutions business  
 Lockheed Martin IMS Corporation

Multiples for the selected transactions were based on publicly available financial information at the time of announcement of the relevant transaction. Estimated data for SunGard's investment support/higher education/public sector systems and availability services businesses were based on internal estimates of SunGard's management, adjusted by SunGard's management to give pro forma effect to the disposition of Brut LLC and the acquisitions of Open Software Solutions, Inc., Inflow, Inc., Vivista Holdings Ltd, Integrity Treasury Solutions and Recognition Research, Inc. in order to account for the financial impact of these transactions that were not otherwise included in SunGard's fiscal year 2004 financial results. Credit Suisse First Boston compared enterprise values in the selected transactions as multiples of latest 12 months revenue and EBITDA. Credit Suisse First Boston also compared equity values per share as multiples of latest 12 months earnings per share. In the case of SunGard's investment support/higher education/public sector systems business, Credit Suisse First Boston then applied ranges of enterprise value multiples for the selected transactions of 2.0x - 2.5x to calendar year 2004 pro forma revenue and 9.0x - 12.0x to calendar year 2004 pro forma EBITDA, and P/E multiples of 22.0x - 26.0x to calendar year 2004 pro forma unlevered net income in order to derive an implied enterprise value reference range for SunGard's investment support/higher education/public sector systems business. In the case of SunGard's availability services business, Credit Suisse First Boston

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then applied ranges of enterprise value multiples for the selected transactions of 3.0x - 3.5x to calendar year 2004 pro forma revenue and 8.0x - 11.0x to calendar year 2004 pro forma EBITDA, and P/E multiples of 22.0x - 26.0x to calendar year 2004 pro forma unlevered net income in order to derive an implied enterprise reference range for SunGard's availability services business. Credit Suisse First Boston then calculated an implied enterprise value reference range for SunGard by adding these implied enterprise value reference ranges together. SunGard's net debt as of December 31, 2004 was then deducted in order to derive an implied equity reference range for SunGard from which an implied per share equity reference range was derived. Credit Suisse First Boston then compared this implied per share equity reference range against the per share merger consideration. This analysis indicated the following implied per share equity reference range for SunGard, as compared to the per share merger consideration of \$36.00:

<b>Implied Per Share Equity</b>		
<b>Reference Range For SunGard</b>		<b>Per Share Merger Consideration</b>
\$30.07	\$37.62	\$36.00

**Discounted Cash Flow**

Credit Suisse First Boston calculated the estimated present value of the standalone unlevered, after-tax free cash flows that SunGard's investment support/higher education/public sector systems and availability services businesses could each generate from calendar year 2005 through calendar year 2009. Financial forecasts for each of those businesses were based on internal estimates of SunGard's management, adjusted by SunGard's management to give pro forma effect to the disposition of Brut LLC and the acquisitions of Open Software Solutions, Inc., Inflow, Inc., Vivista Holdings Ltd, Integrity Treasury Solutions and Recognition Research, Inc. in order to account for the financial impact of these transactions that were not otherwise included in SunGard's 2004 financial results. Credit Suisse First Boston calculated ranges of estimated terminal values for SunGard's investment support/higher education/public sector systems and availability services businesses by multiplying calendar year 2009 estimated EBITDA of such businesses by selected multiples ranging from 8.0x to 10.0x and 7.0x to 9.0x, respectively, based on the selected companies listed above under the captions "Selected Companies Analysis - Investment Support/Higher Education/Public Sector Systems Business" and "Selected Companies Analysis - Availability Services Business", respectively. The estimated after-tax free cash flows and terminal values were then discounted to present value using discount rates of 11.0% to 13.0% in the case of SunGard's investment support/higher education/public sector systems business and 10.5% to 12.5% in the case of SunGard's availability services business, based on Credit Suisse First Boston's review of the weighted average cost of capital of the selected companies listed above under the captions "Selected Companies Analysis - Investment Support/Higher Education/Public Sector Systems Business" and "Selected Companies Analysis - Availability Services Business", respectively. Credit Suisse First Boston then calculated an implied enterprise value reference range for SunGard by adding these implied enterprise value reference ranges together. SunGard's net debt as of December 31, 2004 was then deducted in order to derive an implied equity reference range for SunGard from which an implied per share equity reference range was derived. Credit Suisse First Boston then compared this implied per share equity reference range against the per share merger consideration. This analysis indicated the following implied per share equity reference range for SunGard, as compared to the per share merger consideration of \$36.00:

<b>Implied Per Share Equity</b>		
<b>Reference Range For SunGard</b>		<b>Per Share Merger Consideration</b>
\$28.84	\$36.12	\$36.00

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### ***Other Factors***

In rendering its opinion, Credit Suisse First Boston also reviewed and considered other factors, including:

the median premiums paid in all-cash merger and acquisition transactions, as well as all-cash merger and acquisition transactions in the technology sector, announced over a ten-year period preceding announcement of the merger with transaction values greater than \$1 billion;

the low and high trading prices of SunGard common stock during the 52-week period ended March 18, 2005; and

publicly available research analysts' reports for SunGard.

### ***Miscellaneous***

SunGard selected Credit Suisse First Boston based on Credit Suisse First Boston's experience and reputation, and its familiarity with SunGard and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

From time to time, Credit Suisse First Boston and its affiliates have in the past provided, are currently providing and in the future may provide, investment banking and other financial services to SunGard, as well as the private investment firms whose affiliates are stockholders of Merger Co, and their respective affiliates, for which Credit Suisse First Boston has received, and would expect to receive, compensation. Credit Suisse First Boston previously has acted as financial advisor to SunGard in connection with SunGard's divestiture of Brut LLC to the Nasdaq Stock Market Inc. in September 2004, for which Credit Suisse First Boston received fees of approximately \$3.5 million. Credit Suisse First Boston also has acted as financial advisor to SunGard in connection with SunGard's proposed spin-off transaction, for which SunGard has agreed to pay Credit Suisse First Boston \$1 million. Credit Suisse First Boston and certain of its affiliates and employees and certain private investment funds affiliated or associated with Credit Suisse First Boston have invested in private equity funds managed or advised by the private investment firms whose affiliates are stockholders of Merger Co. In addition, at SunGard's request, Credit Suisse First Boston or one or more of its affiliates may offer to provide, or otherwise assist Merger Co in obtaining, all or a portion of the financing in connection with the merger, for which Credit Suisse First Boston would receive additional compensation. In the ordinary course of business, Credit Suisse First Boston and its affiliates may acquire, hold or sell, for their own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of SunGard, Merger Co, affiliates of the stockholders of Merger Co and any other company that may be involved in the merger and, accordingly, may at any time hold a long or short position in such securities, as well as provide investment banking and other financial services to such companies.

SunGard has agreed to pay Credit Suisse First Boston for its financial advisory services in connection with the merger an aggregate fee currently estimated to be approximately \$35 million, \$5 million of which became payable upon Credit Suisse First Boston's delivery of its opinion. SunGard has also agreed to reimburse Credit Suisse First Boston for its out-of-pocket expenses, including fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston with the consent

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of the Company, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

### **Opinion of Lazard Frères & Co. LLC**

Under an engagement letter, dated March 17, 2005, SunGard retained Lazard to perform a financial analysis of SunGard and to render an opinion to the board of directors of SunGard as to the fairness, from a financial point of view, to holders of SunGard's common stock (other than Merger Co, any stockholders of Merger Co, any of SunGard's directors or management and any stockholders of SunGard who properly exercise dissenters' rights) of the consideration to be paid to such holders in the merger. Lazard has delivered to SunGard's board of directors a written opinion, dated March 27, 2005, that, as of that date, the consideration to be paid to the holders of SunGard common stock (other than Merger Co, any stockholders of Merger Co, any of SunGard's directors or management and any stockholders of SunGard who properly exercise dissenters' rights) in the merger is fair to such holders, from a financial point of view. SunGard did not give Lazard any specific instructions, including what valuation methodologies to use, with respect to making its fairness opinion. In connection with Lazard's fairness opinion, Lazard used customary valuation methodologies based on Lazard's experience and judgment in the valuation of businesses and their securities in connection with mergers and acquisitions, recapitalizations and similar transactions.

**The full text of the Lazard opinion is attached as Annex C to this proxy statement and is incorporated into this proxy statement by reference. You are urged to read the Lazard opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lazard in connection with the opinion. Lazard's written opinion is directed to SunGard's board of directors and only addresses the fairness to the holders of SunGard common stock (other than Merger Co, any stockholders of Merger Co, any of SunGard's directors or management and any stockholders of SunGard who properly exercise dissenters' rights) of the consideration to be paid to such holders in the merger from a financial point of view as of the date of the opinion. Lazard's written opinion does not address the merits of the underlying decision by SunGard to engage in the merger and is not intended to and does not constitute a recommendation to any stockholder of SunGard as to how such holder should vote with respect to the merger or any matter relating thereto. Lazard's opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of the Lazard opinion. Lazard assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the opinion. The following is only a summary of the Lazard opinion. You are urged to read the entire opinion.**

In the course of performing its review and analyses in rendering its opinion, Lazard:

reviewed the financial terms and conditions of a draft, dated March 27, 2005, of the merger agreement;

analyzed certain historical publicly available business and financial information relating to SunGard;

reviewed various financial forecasts and other data provided to Lazard by SunGard relating to its businesses;

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held discussions with members of the senior management of SunGard with respect to the businesses and prospects of SunGard;

reviewed public information with respect to certain other companies in lines of businesses Lazard believed to be generally comparable to the businesses of SunGard;

reviewed the financial terms of certain business combinations involving companies in lines of businesses Lazard believed to be generally comparable to that of SunGard and in other industries generally;

reviewed the historical stock prices and trading volumes of SunGard common stock; and

conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard relied upon the accuracy and completeness of the foregoing information, and did not assume any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of SunGard, or concerning the solvency or fair value of SunGard. With respect to financial forecasts, Lazard assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgment of the management of SunGard as to the future financial performance of SunGard. Lazard assumed no responsibility for and expressed no view as to any such forecasts or the assumptions on which they were based.

In rendering its opinion, Lazard was not authorized to solicit, and did not solicit, third parties regarding alternatives to the merger, nor was Lazard involved in the negotiation of, or any other aspect of, the merger.

In rendering its opinion, Lazard assumed that the merger would be consummated on the terms described in the merger agreement, without any waiver of any material terms or conditions by SunGard and that obtaining the necessary regulatory approvals for the merger would not have an adverse effect on SunGard or the merger. Lazard also assumed that the executed merger agreement would conform in all material respects to the draft agreement reviewed by Lazard. Lazard did not express any opinion as to any tax or other consequences that might result from the merger, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that SunGard obtained such advice as it deemed necessary from qualified professionals. In addition, Lazard did not express any opinion as to any agreement or other arrangement entered into by any employee or director of SunGard in connection with the merger.

The following is a summary of the material financial and comparative analyses which Lazard deemed to be appropriate for this type of transaction and that were performed by Lazard in connection with rendering its opinion. The summary of Lazard's analyses described below is not a complete description of the analyses underlying Lazard's opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances, and, therefore, is not readily susceptible to summary description. In arriving at its opinion, Lazard considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it; rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses. For purposes of Lazard's review, Lazard utilized, among other things, projections of the future financial performance of SunGard, as prepared by the management of SunGard.

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In its analyses, Lazard considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of SunGard. No company, transaction or business used in Lazard's analyses as a comparison is identical to SunGard or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Lazard's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from Lazard's analyses are inherently subject to substantial uncertainty.

**The financial analyses summarized below include information presented in tabular format. In order to fully understand Lazard's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lazard's financial analyses.**

### ***Market Review***

Lazard reviewed share price data for SunGard for the 52-week period ended March 18, 2005 and observed that during this period, SunGard's closing share price ranged from \$22.54 per share to \$28.64 per share. In addition, Lazard reviewed 16 public analyst reports of SunGard published from February 15, 2005 to March 18, 2005 and observed that such analysts' price targets for SunGard ranged from \$25.00 per share to \$37.00 per share, with a mean of \$31.58 per share and a median of \$32.50 per share.

### ***Comparable Public Companies Analysis***

Lazard reviewed and analyzed selected public companies that it viewed as reasonably comparable to each of SunGard's businesses, Investment Support Services and Higher Education/Public Sector Systems (ISS/HE/PS) and Availability Services (AS). In performing these analyses, Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data relating to the selected comparable companies and compared such information to the corresponding information for SunGard's ISS/HE/PS business and AS business.

#### ***ISS/HE/PS business***

Lazard compared SunGard's ISS/HE/PS business to five publicly traded financial outsourcing companies. Using publicly available Wall Street research estimates and public information, Lazard reviewed the enterprise value as of March 18, 2005 as a multiple of 2005 estimated earnings before interest, income taxes, depreciation and amortization, also referred to as EBITDA, as well as price per share as a multiple of earnings per share, also referred to as P/E, of each of these comparable companies.

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The financial outsourcing companies were:

The Bisys Group, Inc.;

DST Systems, Inc.;

Fiserv, Inc.;

Jack Henry & Associates, Inc.; and

SEI Investments Company.

Lazard calculated the following trading multiples for the above comparable companies:

	<b>Enterprise Value as a multiple of EBITDA</b>	<b>P/E</b>
	<b>2005E</b>	<b>2005E</b>
<b>High</b>	13.8x	21.5x
<b>Mean</b>	9.7x	18.8x
<b>Median</b>	9.0x	18.1x
<b>Low</b>	7.3x	16.9x

Based on the foregoing, Lazard determined an enterprise value to estimated 2005 EBITDA multiple reference range for SunGard's ISS/HE/PS business of 7.5x to 9.5x and applied such range to the estimated 2005 EBITDA for SunGard's ISS/HE/PS business. Lazard also determined a 2005 estimated P/E reference range for SunGard's ISS/HE/PS business of 17.0x to 19.0x and applied such range to the 2005 estimated earnings per share for SunGard's ISS/HE/PS business. Using these ranges, Lazard calculated an enterprise value range for SunGard's ISS/HE/PS business of approximately \$4.3 billion to \$5.2 billion.

*AS business*

Lazard compared SunGard's AS business to seven publicly traded information technology outsourcing companies. Using publicly available Wall Street research estimates and public information, Lazard reviewed the enterprise value as of March 18, 2005 as a multiple of 2005 estimated EBITDA, as well as the 2005 estimated P/E multiples of each of these comparable companies.

The information technology outsourcing companies were:



Accenture Ltd;

Affiliated Computer Services, Inc.;

Computer Sciences Corporation;

Electronic Data Systems Corporation;

Perot Systems Corporation;

IBM; and

Hewlett-Packard Company.

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Lazard calculated the following trading multiples for the above comparable companies:

	<b>Enterprise Value as a multiple of EBITDA</b>	<b>P/E</b>
	<b>2005E</b>	<b>2005E</b>
<b>High</b>	9.0x	38.1x
<b>Mean</b>	6.7x	18.2x
<b>Median</b>	6.5x	15.3x
<b>Low</b>	3.8x	12.6x

Based on the foregoing, Lazard determined an enterprise value to estimated 2005 EBITDA multiple reference range for SunGard's AS business of 5.5x to 7.0x and applied such range to the estimated 2005 EBITDA for SunGard's AS business. Lazard also determined a 2005 estimated P/E reference range for SunGard's AS business of 14.0x to 16.0x and applied such range to the 2005 estimated earnings per share for SunGard's AS business. Using these ranges, Lazard calculated an enterprise value range for SunGard's AS business of approximately \$3.1 billion to \$3.7 billion.

Lazard then aggregated the enterprise value ranges for SunGard's ISS/HE/PS business and AS business to calculate a consolidated enterprise value range for SunGard of approximately \$7.4 billion to \$8.9 billion. Using this consolidated enterprise value range, and assuming net debt of \$273 million, Lazard calculated an implied price per share range for SunGard common stock of \$24.20 to \$29.00, as compared to the merger consideration of \$36.00 per share of SunGard common stock.

***Discounted Cash Flow Analysis***

Using projections for 2005 to 2009 provided by the management of SunGard, Lazard performed an analysis of the present value, as of March 31, 2005, of the free cash flows that SunGard could generate from 2005 and beyond. For this analysis, Lazard analyzed separately the cash flows for SunGard's ISS/HE/PS business and AS business.

For SunGard's ISS/HE/PS business, in calculating the terminal value Lazard assumed perpetual growth rates of 3.5% to 4.5% for the projected free cash flows of such business for periods subsequent to 2009. Assumed perpetual growth rates were based on a review of the growth rates for such business contained in the 2005 to 2009 forecast provided by the management of SunGard and Lazard's assessment of the annualized growth prospects of such business for all periods subsequent to 2009, on average. The projected cash flows were then discounted to present value using discount rates ranging from 10.0% to 12.0%. Based on the foregoing, Lazard calculated an implied enterprise value range for SunGard's ISS/HE/PS business of approximately \$5.6 billion to \$7.4 billion.

For SunGard's AS business, in calculating the terminal value Lazard assumed perpetual growth rates of 2.0% to 3.0% for the projected free cash flows of such business for periods subsequent to 2009. Assumed perpetual growth rates were based on a review of the growth rates for such business contained in the 2005 to 2009 forecast provided by the management of SunGard and Lazard's assessment of the annualized growth prospects of such business for all periods subsequent to 2009, on average. The projected cash flows were then discounted to present value using discount rates ranging from 10.0% to 12.0%. Based on the foregoing, Lazard calculated an implied enterprise value range for SunGard's AS business of approximately \$2.6 billion to \$3.3 billion.

Lazard then aggregated the enterprise value ranges for SunGard's ISS/HE/PS business and AS business to calculate a consolidated enterprise value range for SunGard of approximately \$8.5 billion

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to \$10.1 billion. Using this consolidated enterprise value range, and assuming net debt of \$273 million, Lazard calculated an implied price per share range for SunGard common stock of \$26.70 to \$34.60, as compared to the merger consideration of \$36.00 per share of SunGard common stock.

### ***Precedent Transactions Analysis***

Lazard reviewed and analyzed selected recent precedent merger and acquisition transactions involving transaction processing companies and information technology outsourcing companies. In performing these analyses, Lazard analyzed certain financial information and transaction multiples relating to companies in the selected transactions and compared such information to the corresponding information for SunGard's ISS/HE/PS business and AS business.

#### ***ISS/HE/PS business***

Lazard reviewed five merger and acquisition transactions since February 2003 with a value greater than approximately \$100 million for companies in the transaction processing business. To the extent publicly available, Lazard reviewed the transaction enterprise values implied by the precedent transactions as a multiple of EBITDA for the last twelve months, or LTM, prior to the public announcement of the relevant precedent transaction.

The precedent transactions were (listed by acquiror followed by the acquired company and the date these transactions were publicly announced):

Bank of America Corporation / National Processing, Inc. July 13, 2004;

The Thomson Corporation / TradeWeb Group LLC April 8, 2004;

SunGard Data Systems Inc. / Systems & Computer Technology Corporation December 9, 2003;

First Data Corporation / Concord EFS, Inc. April 2, 2003; and

SunGard Data Systems Inc. / HTE Inc. February 5, 2003.

Lazard calculated the following multiples for the selected transactions used in its analysis:

**Enterprise Value as a multiple of LTM  
EBITDA**

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<b>High</b>	11.6x
<b>Mean</b>	9.8x
<b>Median</b>	9.9x
<b>Low</b>	6.8x

Based on the foregoing, Lazard determined an EBITDA multiple reference range of 9.0x to 11.0x and applied such range to the LTM EBITDA for SunGard's ISS/HE/PS business to calculate an implied enterprise value range for such business of approximately \$5.0 billion to \$6.1 billion.

*AS business*

Lazard reviewed five merger and acquisition transactions since October 2001 for companies in the information technology outsourcing business. To the extent publicly available, Lazard reviewed the transaction enterprise values implied by the precedent transactions as a multiple of LTM EBITDA.

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The precedent transactions were (listed by acquiror followed by the acquired company and the date these transactions were publicly announced):

Serco Group plc / ITNET plc December 16, 2004;

Getronics NV / PinkRocade NV November 1, 2004;

Hewlett-Packard Company / Synstar plc August 9, 2004;

SunGard Data Systems Inc. / Guardian iT plc April 26, 2002; and

SunGard Data Systems Inc. / Comdisco Inc. (disaster recovery unit) October 12, 2001.

Lazard calculated the following multiples for the selected transactions used in its analysis:

	<b>Enterprise Value as a multiple of LTM EBITDA</b>
<b>High</b>	10.8x
<b>Mean</b>	7.3x
<b>Median</b>	6.4x
<b>Low</b>	5.4x

Based on the foregoing, Lazard determined an EBITDA multiple reference range of 6.5x to 7.5x and applied such range to the LTM EBITDA for SunGard's AS business to calculate an implied enterprise value range for such business of approximately \$3.4 billion to \$4.0 billion.

Lazard then aggregated the enterprise value ranges for SunGard's ISS/HE/PS business and AS business to calculate a consolidated enterprise value range for SunGard of approximately \$8.5 billion to \$10.1 billion. Using this consolidated enterprise value range, and assuming net debt of \$273 million, Lazard calculated an implied price per share range for SunGard common stock of \$27.60 to \$32.70, as compared to the merger consideration of \$36.00 per share of SunGard common stock.

***Premiums Paid Analysis***

Lazard performed a premiums paid analysis based upon the premiums paid in the 73 precedent transactions (not involving mergers of equals transactions) identified that were announced from January 2004 through March 2005 and involved transaction values in excess of \$1 billion. In conducting its analysis, Lazard analyzed the premiums paid in the following subsets of precedent transactions:

transactions over \$1 billion; and

transactions over \$5 billion.

The analysis was based on the one day, one week and four week implied premiums for the transactions indicated. The implied premiums in this analysis were calculated comparing the per share transaction price prior to the announcement of the transaction to the target company's stock price one day, one

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week and four weeks prior to the announcement of the transaction. The results of these calculations are as follows:

	Greater Than \$1 Billion			Greater Than \$5 Billion		
	1 Day	1 Week	4 Week	1 Day	1 Week	4 Week
<b>High</b>	69.8%	67.8%	80.2%	33.4%	38.3%	44.0%
<b>Mean</b>	23.8%	26.6%	27.0%	15.3%	23.1%	26.2%
<b>Median</b>	21.3%	24.0%	25.7%	13.0%	25.4%	23.7%
<b>Low</b>	(9.5)%	(8.0)%	(19.6)%	0.0%	(1.2)%	5.4%

Based on the foregoing, Lazard determined an applicable premium range of 20% to 30% for SunGard and applied such range to SunGard's share price of \$24.95 on March 18, 2005. Using this information, Lazard calculated an implied price per share range for SunGard common stock of \$29.90 to \$32.40, as compared to the merger consideration of \$36.00 per share of SunGard common stock.

**Miscellaneous**

Lazard's opinion and financial analyses were not the only factors considered by SunGard's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of SunGard's board of directors or SunGard's management. Lazard has consented to the inclusion of and references to its opinion in this proxy statement.

SunGard has agreed to pay Lazard for its investment banking services in connection with the merger: (i) a retainer fee of \$500,000 payable upon execution of the engagement letter, and (ii) a fee of \$2.75 million due upon rendering the fairness opinion and payable upon the earlier of the consummation of the merger and the termination of the merger agreement. SunGard has also agreed to reimburse Lazard for its reasonable out-of-pocket expenses, including the reasonable expenses of legal counsel and of any other professional advisors retained by Lazard with the consent of SunGard, and to indemnify Lazard and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement. Lazard has provided and may provide investment banking services to one or more of the stockholders of Merger Co, or to one or more of their respective portfolio companies or other affiliates, for which Lazard has received and may receive customary fees. In addition, in the ordinary course of Lazard's business, Lazard may actively trade shares of SunGard's common stock and other securities of SunGard for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Lazard is an internationally recognized investment banking firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts, and valuations for real estate, corporate and other purposes. Lazard was selected to act as investment banker to SunGard because of its expertise and its reputation in investment banking and mergers and acquisitions and its independence with respect to the merger and the transactions contemplated by the merger agreement. Lazard has not been engaged by, nor received compensation from, SunGard in the preceding two years.

**Position of Cristóbal Conde as to Fairness**



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Mr. Conde has interests in the merger different from, and in addition to, the other stockholders of SunGard. These interests are described under Special Factors Interests of the Company's Directors and Executive Officers in the Merger.

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Mr. Conde did not undertake a formal evaluation of the fairness of the merger or engage a financial advisor for such purposes. However, Mr. Conde believes that the merger agreement and the merger are substantively and procedurally fair to the stockholders of SunGard (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) and has adopted the analyses and conclusions of the Company's board of directors based upon the reasonableness of those analyses and conclusions and his knowledge of SunGard, as well as the factors considered by, and the findings of, the Company's board of directors with respect to the fairness of the merger to such stockholders (see Special Factors Reasons for the Merger and Special Factors Recommendation of the Company's Board of Directors). While Mr. Conde is a director of SunGard, because of his differing interests in the merger he did not participate in the negotiation of the merger agreement or the evaluation or approval of the merger agreement and the merger. For these reasons and because the principal terms of the merger were preliminarily agreed before he and the other management participants engaged in any discussions with Silver Lake Partners regarding their participation in the merger, Mr. Conde does not believe that his interests in the merger influenced the decision of the board of directors with respect to the merger agreement or the merger.

The foregoing discussion of the information and factors considered and given weight by Mr. Conde in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by Mr. Conde. Mr. Conde did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching his position as to the fairness of the merger agreement and the merger. Mr. Conde believes that these factors provide a reasonable basis for his belief that the merger is fair to the stockholders of SunGard (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent).

### **Position of Merger Co as to Fairness**

Merger Co is making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The position of Merger Co as to the fairness of the merger is not a recommendation to any stockholder as to how such stockholder should vote on the merger.

Neither Merger Co nor any members of the investor group participated in the deliberations of the Company's board of directors regarding, or received advice from the Company's legal or financial advisors as to, the substantive and procedural fairness of the merger, nor did Merger Co engage a financial advisor to undertake an independent evaluation of the fairness of the merger. However, Merger Co believes that the merger agreement and the merger are substantively fair to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent). In particular, Merger Co considered the following:

the current and historical market prices of the Company's common stock, including the market price of the Company's common stock relative to those of other industry participants and general market indices, and the fact that the cash merger price of \$36.00 per share represented a premium of approximately 44.3% to the closing price on March 18, 2005, the last trading day before the Company confirmed that it was in merger discussions, approximately 39.3% to the average closing price of the Company's common stock for the 30 trading days prior to

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March 27, 2005 and approximately 25.7% to the highest closing price for the Company's common stock during the 12-month period prior to March 27, 2005 and the fact that, during the period from March 17, 2000 to March 18, 2005 the Company's common stock closed at or above \$34.00 only eight times and never closed at or above \$35.00;

the fact that the cash merger price of \$36.00 per share also represented a substantial premium to the trading price of the Company's common stock during the period since the public announcement of the proposed spin off of the Company's availability services business into a separate publicly traded company;

the ability of the Company's unaffiliated stockholders to recognize a significant cash value through the proceeds of the merger versus continued risks and uncertainties of operating as a stand-alone, independent company;

the merger consideration is all cash, thus eliminating any uncertainties in valuing the consideration to be received by the stockholders of SunGard;

the board of directors received the opinion of Credit Suisse First Boston that, as of the date thereof and based on and subject to the matters described therein, the merger consideration was fair, from a financial point of view, to the holders of the Company's common stock (other than certain employees of the Company who will invest in securities of the surviving corporation);

the board of directors received the opinion of Lazard as to the fairness as of the date thereof, from a financial point of view, of the consideration to be paid to the holders of the Company's common stock (other than Merger Co, any stockholders of Merger Co, and any of the Company's directors or management and any stockholders of the Company who properly exercise dissenters' rights) in the merger;

the fact that, subject to the compliance with the terms and conditions of the merger agreement, the Company is permitted to terminate the merger agreement, prior to the completion of the merger, in order to approve an alternative transaction proposed by a third party that is a superior proposal as defined in the merger agreement, upon a payment to Merger Co of a \$300 million termination fee (representing approximately 2.7% of the total equity value of the transaction) or, if the termination is in connection with the sale of the Company's availability services business, a \$200 million termination fee (representing approximately 1.8% of the total equity value of the transaction);

the \$36.00 per share merger consideration and other terms and conditions of the merger agreement resulted from arm's-length negotiations between the parties;

the commitment made by Merger Co to treat the Company's employees in a fair and equitable manner, including to provide (until December 31, 2006) each employee of the Company with at least the same level of base salary that was provided to such employee immediately prior to the merger and to provide employee benefits and incentive compensation opportunities (other than equity-based compensation) to employees that are no less favorable in the aggregate than those provided to employees as a group immediately prior to the merger;

Merger Co believes that the merger is procedurally fair to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) based on the following factors:

the fact that, other than acceleration of restricted stock or options to acquire shares of SunGard common stock held by each director, and other than the equity investment and employment



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arrangements by Mr. Conde in and with the surviving corporation, the directors will not receive any consideration in connection with the merger that is different from that received by any other stockholder of SunGard (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent);

the fact that the board of directors negotiated the terms of the merger agreement, including the amount of merger consideration, without the participation of Mr. Conde; and with the knowledge of the interest of Mr. Conde and the other management participants;

the fact that the management participants did not discuss the terms of their participation in the merger with Silver Lake Partners until a preliminary agreement was reached between the board of directors and Silver Lake Partners on the key terms of the proposed merger;

the fact that Silver Lake Partners did not approach potential equity and debt financing sources or conduct thorough due diligence of the Company until a preliminary agreement was reached between the board of directors and Silver Lake Partners on the key terms of the transaction and management participants and Silver Lake Partners on the principal terms of management's participation in the transaction;

the fact that the opinion of Credit Suisse First Boston addresses the fairness, from a financial point of view, of the merger consideration to be received by the holders of the Company's common stock other than certain employees of the Company who will invest in securities of the surviving corporation, and the fact that the opinion of Lazard addresses the fairness, from a financial point of view, of the merger consideration to be received by the holders of the Company's common stock other than any of the Company's directors or management;

the availability of appraisal rights to the holders of SunGard common stock who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery (see Dissenters' Rights of Appraisal and Annex D).

In evaluating the substantive and procedural fairness of the merger to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent), Merger Co did not consider net book value because it believes that net book value, which is an accounting concept, does not reflect, or have any meaningful impact on, the market trading prices for SunGard's common stock. The Company's net book value per share as of December 31, 2004 was \$11.28. This value is substantially below the \$36.00 per share cash merger consideration. Merger Co did not consider liquidation value in determining the fairness of the merger to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) because SunGard will continue to operate its business following completion of the merger and because Merger Co believes that liquidation sales generally result in proceeds substantially less than sales of a going concern.

Merger Co did not establish a pre-merger going concern value for the SunGard common stock as a public company. Merger Co does not believe that there is a single method for determining going concern value and, therefore, did not base their valuation of SunGard on a concept that is subject to various interpretations. Further, Merger Co believes that, to the extent that SunGard's pre-merger going concern value was already reflected in the per share stock price of SunGard common stock prior to the Company's confirmation that it was in merger discussions, such pre-merger going concern value

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undervalued SunGard in comparison to the offer prices being discussed in the merger negotiations, which from the outset reflected a premium to such stock price. In addition, Merger Co did not consider any other firm offers made by any unaffiliated third parties with respect to a merger or consolidation, sale of assets or other sale of SunGard, as it was not aware of any such offers. Merger Co also did not assign any significance to recent purchases of SunGard common stock by Mr. Conde described under "Transactions in Shares of Common Stock" because the purchases were all made upon exercise of employee or director stock options.

The foregoing discussion of the information and factors considered and given weight by Merger Co in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by Merger Co.

Merger Co did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching its position as to the fairness of the merger agreement and the merger. Merger Co believes these analyses and factors provide a reasonable basis upon which to form its belief that the merger is fair to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent).

While Merger Co believes that the merger is substantively and procedurally fair to SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent), Merger Co and the members of the investor group attempted to negotiate the terms of a transaction that would be most favorable to them, and not to such stockholders and, accordingly, did not negotiate the merger agreement with the goal of obtaining terms that were fair to such stockholders.

## **Purposes, Reasons and Plans for SunGard after the Merger**

The purpose of the merger for SunGard is to enable its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) to immediately realize the value of their investment in SunGard through their receipt of the per share merger price of \$36.00 in cash, representing a premium of approximately 44.3% to the closing market price of SunGard common stock on March 18, 2005, the last trading day before the Company confirmed that it was in merger discussions. In this respect, the board of directors believed that the merger was more favorable to such stockholders than any other alternative reasonably available to the Company and its stockholders because of the uncertain returns to such stockholders in light of the Company's business, operations, financial condition, strategy and prospects, as well as the risks involved in achieving those prospects, the nature of the financial services industry on which the Company's business largely depends, and general industry, economic and market conditions, both on a historical and on a prospective basis. In particular, the board of directors believed that the Company's previously announced plan to spin off its availability services business into a separate publicly traded company would not provide greater value to stockholders within a timeframe comparable to that in which the merger would be completed and considered the fact that the cash merger price of \$36.00 per share represented a substantial premium to the trading price of the Company's common stock during the period since the public announcement of the proposed spin off. For these reasons, and the reasons discussed under "Special Factors - Reasons for the Merger," the board of directors of SunGard has determined that the merger agreement and the merger, upon the terms and conditions set forth in the

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merger agreement, are advisable, fair to and in the best interests of the Company and its stockholders (other than certain executive officers and other employees who will invest in equity securities of the surviving corporation or its parent).

For Merger Co, the purpose of the merger is to allow its stockholders to own SunGard and to bear the rewards and risks of such ownership after SunGard's common stock ceases to be publicly traded. The transaction has been structured as a cash merger in order to provide the stockholders of SunGard (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) with cash for all of their shares and to provide a prompt and orderly transfer of ownership of SunGard in a single step, without the necessity of financing separate purchases of the Company's common stock in a tender offer or implementing a second-step merger to acquire any shares of Company common stock not tendered into any such tender offer, and without incurring any additional transaction costs associated with such activities.

It is expected that, upon consummation of the merger, the operations of SunGard will be conducted substantially as they currently are being conducted except that SunGard will not be subject to the obligations and constraints, and the related direct and indirect costs and personnel requirements, associated with having publicly traded equity securities. The investor group has advised SunGard that it does not have any current plans or proposals that relate to or would result in an extraordinary corporate transaction following completion of the merger involving SunGard's corporate structure, business or management, such as a merger, reorganization, liquidation, relocation of any operations or sale or transfer of a material amount of assets, although the investor group does expect to complete an internal restructuring of SunGard and its subsidiaries for tax purposes in which SunGard will retain the same ultimate ownership of the operating subsidiaries. We expect, however, that following the merger, SunGard's management and the investor group will continuously evaluate and review SunGard's business and operations and may develop new plans and proposals that they consider appropriate to maximize the value of SunGard. The investor group expressly reserves the right to make any changes it deems appropriate in light of such evaluation and review or in light of future developments.

## **Certain Effects of the Merger**

If the merger agreement is adopted by the Company's stockholders, certain other conditions to the closing of the merger are either satisfied or waived and the marketing period that Merger Co may use to complete the financing for the merger has expired, Merger Co will be merged with and into SunGard, with SunGard being the surviving corporation. Following the merger, the entire equity in SunGard will be owned by the members of the investor group, any investors that the members of the investor group permit to invest in Merger Co or its parent, the management participants and additional executive officers and members of senior management of SunGard who may also invest in the surviving corporation or its parent (any such additional persons being, the future management participants). As a result of their ownership of all of the outstanding stock of SunGard, the members of the investor group, the management participants and the future management participants will have a 100% interest in the net book value and net earnings of SunGard following consummation of the merger, which were \$11.28 per share and \$1.54 per share, respectively, as of December 31, 2004.

When the merger is completed, each share of SunGard common stock issued and outstanding immediately prior to the effective time of the merger (other than shares held in the treasury of the Company, owned by Merger Co or any direct or indirect wholly owned subsidiary of Merger Co or the Company or held by stockholders who are entitled to and who properly exercise appraisal rights under Delaware law) will be converted into the right to receive \$36.00 in cash. The merger agreement provides

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that immediately prior to the effective time of the merger, all outstanding options to acquire SunGard common stock will become fully vested and immediately exercisable unless otherwise agreed between the holder of any such options and Merger Co. All such options (other than certain options held by certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent) not exercised prior to the merger will be converted into a right to receive, upon the exercise of the option and payment of the applicable exercise price, an amount of cash equal to \$36.00 multiplied by each share of stock subject to the option. Any option not so exercised will, immediately following such conversion, be cancelled in exchange for an amount in cash (without interest), equal to the product of (1) the total number of shares of SunGard common stock subject to the option multiplied by (2) the excess of \$36.00 over the exercise price per share of SunGard common stock under such option, less any applicable withholding taxes.

In connection with the merger, the management participants will receive benefits and be subject to obligations in connection with the merger that are different from, or in addition to, the benefits and obligations of SunGard stockholders generally. These incremental benefits include the right and obligation to make an agreed upon minimum equity investment in SunGard by exchanging a portion of their SunGard shares and options for equity interests in, and options to acquire equity interests in, the surviving corporation (or its parent), as well as the option to make additional equity investments (up to an amount and at a time to be determined) on the same terms and conditions as the agreed upon equity investments. These equity interests will be illiquid and subject to a stockholders' agreement restricting the ability of the management participants to sell such equity. Additional incremental benefits include continuing as executive officers of the surviving corporation and executing employment and related agreements with the surviving corporation. Furthermore, it is contemplated that Cristóbal Conde will continue as chief executive officer and as a director of the surviving corporation.

At the effective time of the merger, current SunGard stockholders, other than the management participants and the future management participants, will cease to have ownership interests in SunGard or rights as SunGard stockholders. Therefore, such current stockholders of SunGard (other than the management participants and the future management participants) will not participate in any future earnings or growth of SunGard and will not benefit from any appreciation in value of SunGard.

SunGard's common stock is currently registered under the Exchange Act and is quoted on the New York Stock Exchange under the symbol SDS. As a result of the merger, SunGard will be a privately held corporation, and there will be no public market for its common stock. After the merger, the common stock will cease to be quoted on the New York Stock Exchange, and price quotations with respect to sales of shares of common stock in the public market will no longer be available. In addition, registration of the common stock under the Exchange Act will be terminated. This termination will make certain provisions of the Exchange Act, such as the requirement of furnishing a proxy or information statement in connection with stockholders' meetings, no longer applicable to SunGard. After the effective time of the merger, SunGard will also no longer be required to file periodic reports with the SEC on account of its common stock.

At the effective time of the merger, the directors of Merger Co will become the directors of the surviving corporation and the officers of the surviving corporation will be the current officers of SunGard, although James L. Mann will no longer serve as chairman of the board of directors. The certificate of incorporation of SunGard will be amended to be the same as the certificate of incorporation of Merger Co as in effect immediately prior to the effective time of the merger, except that the name of the surviving corporation shall continue to be SunGard Data Systems Inc. The



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bylaws of Merger Co in effect immediately prior to the effective time of the merger will become the bylaws of the surviving corporation.

A benefit of the merger to the investor group, the management participants and the future management participants is that our future earnings and growth will be solely for their benefit and not for the benefit of our current stockholders. These equity interests will be illiquid and subject to a stockholders' agreement restricting the ability of the management participants and future management participants to sell such equity. The detriments to these investors are the lack of liquidity for SunGard's capital stock following the merger, the risk that SunGard will decrease in value following the merger, the incurrence by it of significant additional debt as described below under Special Factors Financing and the payment by it of approximately \$400.7 million in estimated fees and expenses related to the merger and financing transactions. See Special Factors -Merger Financing and Special Factors -Fees and Expenses of the Merger.

The benefit of the merger to our stockholders (other than the management participants and the future management participants) is the right to receive \$36.00 in cash per share for their shares of SunGard common stock. The detriments are that our stockholders, other than the management participants and the future management participants, will cease to participate in our future earnings and growth, if any, and that the receipt of the payment for their shares will be a taxable transaction for federal income tax purposes. See Special Factors Material U.S. Federal Income Tax Consequences.

### **Effects on the Company if the Merger is Not Completed**

In the event that the merger agreement is not adopted by SunGard's stockholders or if the merger is not completed for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, SunGard will remain an independent public company and its common stock will continue to be listed and traded on the New York Stock Exchange. In addition, if the merger is not completed, we expect that management will operate the business in a manner similar to that in which it is being operated today and that SunGard stockholders will continue to be subject to the same risks and opportunities as they currently are, including, among other things, the nature of the financial services industry on which the Company's business largely depends, and general industry, economic and market conditions. Accordingly, if the merger is not consummated, there can be no assurance as to the effect of these risks and opportunities on the future value of your SunGard shares. From time to time, SunGard's board of directors will evaluate and review the business operations, properties, dividend policy and capitalization of SunGard, among other things, make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to maximize stockholder value. In particular, if the merger is not consummated, SunGard's board of directors will consider whether to proceed with the Company's previously announced plan to spin off of its availability services business into a separate publicly traded company. If the merger agreement is not adopted by SunGard's stockholders or if the merger is not consummated for any other reason, there can be no assurance that any other transaction acceptable to SunGard will be offered, that the Company's previously announced plan to spin off its availability services business will be implemented, or that the business, prospects or results of operations of SunGard will not be adversely impacted.

If the merger agreement is terminated under certain circumstances, the Company will be obligated to pay a termination fee of \$300 million at the direction of Merger Co, unless such termination is in connection with the receipt by the Company of an acquisition proposal contemplating only the sale of the Company's availability services business, in which case the termination fee payable is \$200 million.

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The total amount of funds necessary to complete the merger and the related transactions is anticipated to be approximately \$11.4 billion, consisting of (i) approximately \$11 billion to pay SunGard's stockholders and option holders the amounts due to them under the merger agreement, assuming that no SunGard stockholder validly exercises and perfects its appraisal rights and (ii) approximately \$400.7 million to pay related fees and expenses in connection with the merger, the financing arrangements and the transactions described in this paragraph.

The above expenditure for payment of the merger consideration estimated by SunGard and the investor group will be reduced by the amount of shares or stock options held by managers that will be converted into stock or stock options of the surviving corporation (or its parent).

The following arrangements are intended to provide the necessary financing for the merger.

***Equity Financing***

Pursuant to an equity commitment letter with each member of the investor group, the proceeds of which would constitute the equity portion of the merger financing, such members have severally agreed to contribute an aggregate of up to \$3.5 billion in cash to Merger Co. This amount may be reduced and replaced by equity contributions made by other investors who participate as equity investors in the transaction with the investor group in Merger Co. The commitment of each member of the investor group pursuant to the equity commitment letters are as follows:

<b><u>Equity Investor</u></b>	<b><u>Commitment</u></b>
Silver Lake Partners II, L.P.	\$ 540,000,000
Bain Capital Fund VIII, L.P.	\$ 540,000,000
Blackstone Capital Partners IV L.P.	\$ 270,000,000
Blackstone Communications Partners I L.P.	\$ 270,000,000
GS Capital Partners 2000, L.P.	\$ 250,000,000
GS Capital Partners V, L.P.	\$ 250,000,000
KKR Millennium Fund, L.P.	\$ 540,000,000
Providence Equity Partners V LP	\$ 300,000,000
TPG Partners IV, L.P.	\$ 540,000,000
<b>Total</b>	<b>\$ 3,500,000,000</b>

The commitment of each member of the investor group is subject to the consummation of the merger. Each member's equity commitment will terminate upon the earliest of:

termination of the merger agreement;

if Merger Co breaches any representation, warranty, covenant or agreement under the merger agreement and members of the investor group whose aggregate dollar commitments as set forth above constitute a majority of the aggregate dollar commitments made by the

entire investment group as set forth above agree to terminate the commitments; and

SunGard or any of its affiliates asserts in any litigation or other proceeding any claim under any limited guarantee of any member of the investor group issued in connection with the equity commitments.

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***Debt Financing***

Merger Co has received a debt commitment letter, dated as of March 27, 2005, from JPMorgan Chase Bank, N.A. ( JPMCB ), J.P. Morgan Securities Inc. ( JPMorgan ), Citicorp North America, Inc. ( CNAI ), Citigroup Global Markets Inc. ( CGMI ), Deutsche Bank Trust Company Americas, Deutsche Bank AG Cayman Islands Branch ( DBCI ), Deutsche Bank AG New York Branch ( DBNY ), Deutsche Bank Securities Inc. ( DBSI ), Goldman Sachs Credit Partners L.P. ( GSCP ) and Morgan Stanley Senior Funding, Inc. ( MSSF ; collectively, the Debt Financing Sources ) to provide the following, subject to the conditions set forth therein:

to Merger Co or SunGard and one or more of its subsidiaries, up to \$5 billion of senior secured credit facilities for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of SunGard and its subsidiaries, paying fees and expenses incurred in connection with the merger and providing ongoing working capital and for other general corporate purposes of the surviving corporation and its subsidiaries;

to Merger Co or SunGard, up to \$3 billion of senior subordinated loans under a bridge facility, for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of SunGard and its subsidiaries and paying fees and expenses incurred in connection with the merger;

to a wholly-owned, bankruptcy-remote, special purpose subsidiary of the surviving corporation, one or more trade receivables commercial paper co-purchase conduit facilities with an aggregate availability not to exceed \$500 million (provided that to the extent the amount available under this receivables facility at the closing of the merger is less than \$500 million, the Debt Financing Sources have agreed that the aggregate amount of the term facilities under the senior secured credit agreement will be increased by the amount of such shortfall); and

to a direct, holding company parent ( Holdings ) of the surviving corporation, up to \$500 million of pay-in-kind senior loans under a bridge facility for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of SunGard and its subsidiaries and paying fees and expenses incurred in connection with the merger.

The debt commitments expire on October 10, 2005. The documentation governing the senior secured facilities, the bridge facilities and the receivables facility has not been finalized and, accordingly, their actual terms may differ from those described in this proxy statement. Except as described herein, there is no current plan or arrangement to finance or repay the debt financing arrangements.

***Conditions Precedent to the Debt Commitments***

The availability of the senior secured credit facilities, the bridge facilities and the receivables facility are subject, among other things, to satisfaction of conditions corresponding to the company material adverse effect and market MAC conditions in the merger agreement, consummation of the merger in accordance with applicable law and the merger agreement (and no provision thereof being waived or modified in a manner material and adverse to the lenders without the consent of the Debt Financing Sources), payment of required fees and expenses and the negotiation, execution and delivery of definitive documentation.

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### ***Senior Secured Credit Facilities***

*General.* The borrowers under the senior secured credit facilities will be Merger Co or SunGard, initially, and the surviving corporation, upon consummation of the merger, and one or more of its subsidiaries. The senior secured credit facilities will be comprised of a \$1 billion revolving credit facility (decreased to \$750 million if the Holdings bridge or Holdings notes described below are funded at closing of the merger) with a term of six years and a \$4 billion term loan facility (increased to the extent availability under the receivables facility described below is less than \$500 million at the closing of the merger) with a term of seven years and six months. The revolving credit facility will include sublimits for the issuance of letters of credit and swingline loans and will be available in dollars, sterling and euros. No alternative financing arrangements or alternative financing plans have been made in the event that the senior secured credit facilities are not available as anticipated.

JPMorgan and CGMI have been appointed as co-lead arrangers for the senior secured credit facilities and each of JPMorgan, CGMI and DBSI have been appointed joint bookrunners for the senior secured credit facilities. JPMCB will be the sole administrative agent and each of DBSI and CGMI will be co-syndication agents for the senior secured credit facilities. In addition, additional agents or co-agents for the senior secured credit facilities may be appointed prior to completion of the merger.

*Interest Rate and Fees.* Loans under the senior secured facilities will, at the option of the borrowers, bear interest at (1) a rate equal to LIBOR (London interbank offer rate) plus an applicable margin expected to be 2.50% initially or (2) a rate equal to the higher of (a) the prime rate of JPMorgan Chase Bank, N.A. and (b) the federal funds effective rate plus 0.50%, plus an applicable margin expected to be 1.50% initially. After the surviving corporation's delivery of financial statements for the first full fiscal quarter ending after the effective date of the merger, the applicable margins will be subject to decrease pursuant to a leverage-based pricing grid.

In addition, the surviving corporation will pay customary commitment fees (subject to decreases based on leverage) and letter of credit fees under the senior secured credit facilities. Upon the initial funding of the senior secured credit facilities, Merger Co has also agreed to pay an underwriting fee to the Debt Financing Sources.

*Prepayments and Amortization.* The borrowers will be permitted to make voluntary prepayments at any time, without premium or penalty, and required to make mandatory prepayments of term loans with (1) net cash proceeds of non-ordinary course asset sales (subject to reinvestment rights and other exceptions), (2) issuances of debt (other than permitted debt) and (3) a percentage of the surviving corporation's excess cash flow (to be defined). The term loans are expected to be repaid in equal quarterly installments on the last day of each March, June, September and December, commencing with the first such date to occur after the closing of the senior credit facilities, in an aggregate annual amount equal to 1% of the original principal amount thereof, with the balance payable on the final maturity date of the term loans.

*Guarantors.* All obligations under the senior secured credit facilities will be guaranteed by Holdings and each of the existing and future direct and indirect, wholly-owned domestic subsidiaries of the surviving corporation and the obligations of any U.K. subsidiary borrower will also be guaranteed by each wholly-owned U.K. subsidiary of the surviving corporation, in each case other than certain immaterial subsidiaries and only to the extent permitted by applicable law. If the guarantee is not provided at closing despite the use of commercially reasonable efforts to do so, the delivery of the guarantee will not be a condition precedent to the availability of the senior secured credit facilities on the closing date, but instead will be required to be delivered following the closing date.

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*Security.* The obligations of the borrowers and the guarantors under the senior secured credit facilities will be secured, subject to permitted liens (including any pari passu liens required by the terms of the existing Senior Notes) and other agreed upon exceptions, by all the capital stock of the surviving corporation and its subsidiaries (limited, in the case of foreign subsidiaries, to 65% of the capital stock of such subsidiaries) and substantially all present and future assets of Holdings, the surviving corporation and each other domestic guarantor. In addition, obligations of U.K subsidiary borrowers will be secured, subject to permitted liens and other agreed upon exceptions, by all the capital stock of each wholly-owned U.K. subsidiary of the surviving corporation and substantially all present and future assets of the U.K. borrowers and guarantors to the extent it would not result in adverse tax consequences to the surviving corporation. If the security is not provided at closing despite the use of commercially reasonable efforts to do so, the delivery of the security will not be a condition precedent to the availability of the senior secured credit facilities on the closing date, but instead will be required to be delivered following the closing date.

*Other Terms.* The senior secured credit facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, capital expenditures, liens and dividends and other distributions and a minimum interest coverage ratio and a maximum total leverage ratio. The senior secured facilities will also include customary events of defaults, including a change of control to be defined.

### ***High Yield Debt Financing***

Either Merger Co or SunGard is expected to issue \$3 billion aggregate principal amount of senior unsecured and/or senior subordinated notes and Holdings may, at its option, issue senior unsecured discount notes yielding up to \$500 million. The notes will not be registered under the Securities Act and may not be offered in the United States absent registration or an applicable exemption from registration requirements. Either SunGard or Merger Co, and a parent entity of Merger Co, if applicable, are expected to offer the notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act and to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act.

### ***Bridge Facilities***

If the offering of notes by the surviving corporation is not completed on or prior to the closing of the merger, the Debt Financing Sources have committed to provide up to \$3 billion in loans under a senior subordinated bridge facility to Merger Co or SunGard. After consummation of the merger, the surviving corporation will be the borrower under the senior subordinated bridge facility. If Holdings chooses and the offering of notes by Holdings is not completed on or prior to the closing of the merger, the Debt Financing Sources have committed to provide up to \$500 million pay-in-kind loans under a senior bridge facility to Holdings.

If the bridge loans are not paid in full on or before the first anniversary of the merger, the holders of the outstanding bridge loans may choose to exchange such loans for exchange notes that the surviving corporation or Holdings, as applicable, would be required to register for public sale under a registration statement in compliance with applicable securities laws. The maturity of any bridge loans that are not exchanged for exchange notes will be automatically extended to the tenth anniversary of the closing of the merger and any exchange notes will mature nine years after the date of exchange.

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DBSI and CGMI have been appointed as joint lead arrangers for the bridge facilities and each of DBSI, CGMI, JPMorgan, GSCP and MSSF have been appointed joint bookrunners for the bridge facilities. In addition, DBCI will act as the sole administrative agent for the bridge facilities. In addition, additional agents or co-agents for the bridge facilities may be appointed prior to completion of the merger.

### ***Receivables Facility***

*General.* Under the receivables facility, the surviving corporation will set up a wholly-owned, bankruptcy-remote, special purpose subsidiary that will purchase trade receivables generated by certain domestic subsidiaries of the surviving corporation ( sellers ) utilizing funding provided through the sale of undivided interests in such receivables on an uncommitted basis to commercial paper conduits sponsored by JPMorgan Chase Bank, N.A., Citibank North America, Inc. and Deutsche Bank AG New York Branch that is backed up by purchase commitments from the conduit sponsors. The receivables facility is expected to provide for funding of up to \$500 million at the closing of the merger based on availability of eligible receivables and other customary factors. If availability under the receivables facility is less than \$500 million at the closing of the merger, the amount of the term loan funded under the senior secured credit facility is expected to be increased in an amount equal to such deficiency.

*Maturity.* The obligation of the conduit sponsors to purchase receivables under the receivables facility will expire on the sixth anniversary of the closing of the merger.

*Interest and Fees.* The commercial paper conduits will provide funding at their quoted costs of funds for issuing commercial paper on a matched or pool-funded basis. When not funded by the commercial paper conduits (but directly through conduit sponsors), the receivables facility will provide funding at the then-current spread under the senior secured revolving credit facility plus a rate equal to either (1) LIBOR or (2) the higher of (a) the prime rate of JPMorgan Chase Bank, N.A. and (b) the federal funds effective rate plus 0.50%.

The receivables facility fees will include a usage fee equal to 1.50% per annum of the amount funded and a commitment fee of 0.50% on the unused portion of the commitments. The usage fee will be subject adjustment based upon the surviving corporation's leverage ratio. Merger Co has also agreed that an underwriting fee will be paid to the relevant Debt Financing Sources based on the aggregate amount of the receivables facility available at the closing of the merger.

*Recourse.* The purchasers under the receivables facility will have recourse for credit losses on the purchased receivables under the receivables facility only to the receivables and related assets held by the receivables subsidiary. Recourse to the sellers will be limited to breaches of representations, warranties and covenants customary for limited recourse facilities of this type. The receivables facility lenders will have a security interest in the receivables and related proceeds. The sellers will continue to service the receivables. The surviving corporation will guaranty the servicing and certain other performance obligations of the sellers under the receivables facility.

### ***Existing Senior Notes***

In January 2004, SunGard issued \$250 million aggregate principal amount of 3.750% senior notes due 2009 and \$250 million aggregate principal amount of 4.875% senior notes due 2014 under a single indenture. The entire principal amount of the existing senior notes will remain outstanding after completion of the merger and will be equally and ratably secured by the collateral securing obligations





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under the new senior secured credit facilities described above under **Special Factors Debt Financing Senior Secured Credit Facilities** to the extent required pursuant to the terms of the indenture governing the existing senior notes.

## **Guarantee; Remedies**

In connection with the merger agreement, the members of the investor group have agreed to guarantee the due and punctual observance, performance and discharge of certain of the payment obligations of Merger Co under the merger agreement, up to a maximum amount equal to their respective pro rata share of \$300 million. Each guarantee will remain in full force and effect until the effective time of the merger or, if the merger agreement is terminated, until the second anniversary of the date of such guarantee.

We cannot seek specific performance to require Merger Co to complete the merger, and our exclusive remedy for the failure of Merger Co to complete the merger is a termination fee of \$300 million payable to us in the circumstances described under **The Merger Agreement Fees and Expenses**. The merger agreement also provides that in no event can we seek to recover in excess of \$300 million for a breach of the merger agreement by Merger Co.

## **Interests of the Company's Directors and Executive Officers in the Merger**

In considering the recommendations of the board of directors, SunGard's stockholders should be aware that some of SunGard's executive officers and one member of its board of directors have interests in the transaction that are different from, and/or in addition to, the interests of SunGard stockholders generally. Although the restricted stock or unvested stock options held by each director will vest as a result of the merger, the members of the board of directors (excluding Mr. Conde) are independent of and have no economic interest or expectancy of an economic interest in Merger Co or its affiliates, and will not retain an economic interest in the surviving corporation following the merger. These members of the board of directors (which excludes Mr. Conde) evaluated and negotiated the merger agreement and evaluated whether the merger is in the best interests of SunGard's stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent). The board of directors was aware of these differing interests and considered them, among other matters, in evaluating and negotiating the merger agreement and the merger and in recommending to the stockholders that the merger agreement be adopted.

Silver Lake Partners and the other members of the investor group indicated in their discussions regarding the transaction that they would not proceed with the transaction unless Mr. Conde and a sufficient number of SunGard's other executive officers and members of senior management made significant investments in the surviving corporation (or its parent). Accordingly, Mr. Conde and certain of SunGard's other executive officers and members of senior management (the **management participants**) have entered into management agreements with the investor group that are described below. Pursuant to the management agreements, the management participants have agreed among other things, to invest an aggregate of approximately \$109.8 million to purchase equity interests in the surviving corporation (or its parent). Additional executive officers and members of senior management of SunGard may also invest in the surviving corporation or its parent (any such additional executive officers and members of senior management being the **future management participants**).

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### ***Management Agreements***

In connection with entering into the merger agreement and in contemplation of the merger, as of March 28, 2005, the management participants entered into substantially identical agreements (referred to as the management agreements ) with the investor group. The management agreements would terminate upon the termination of the merger agreement. The material terms of the management agreements are as follows:

Upon the closing of the merger, the management participant has agreed to make a minimum equity investment in the surviving corporation in the amount specified in the management agreement. That equity investment includes the intrinsic value of the performance-based stock options granted to the management participant in 2005. The agreed upon equity investment may be made by paying cash, by contributing SunGard shares to Merger Co (or its parent), or by not exercising existing options for SunGard shares, which will be converted into options for shares in the surviving corporation (or its parent).

Upon the closing of the merger, the surviving corporation (or its parent) will grant new awards of equity under the equity plan of the surviving corporation (or its parent) to the management participant in a percentage interest specified in the management agreement.

The surviving corporation and the management participant have agreed to enter into a definitive employment agreement and related agreements to be effective as of the closing of the merger, which will contain the terms and conditions of the management participant's employment after the closing of the merger, and the terms and conditions relating to the management participant's equity investment and new equity award. Certain of these terms and conditions are more fully described below under Special Factors Employment Agreements with the Surviving Corporation.

Effective as of the closing of the merger, and conditioned upon the closing of the merger and entering into a definitive employment agreement and related agreements, the Change in Control Agreement previously entered into as of December 15, 2004 or January 13, 2005, as the case may be, between the management participant and SunGard will terminate, except with respect to the management participant's right to receive certain gross-up payments for excise taxes imposed on the management participant by reason of the merger.

It is anticipated that any future management participants will enter into similar management agreements.

### ***SunGard Stock Options and Restricted Stock***

The merger agreement provides that immediately prior to the effective time of the merger, all outstanding options for SunGard common stock (including those held by our executive officers) will become fully vested and immediately exercisable. Directors of SunGard who are not employees of SunGard do not hold any options for SunGard common stock.

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The table below sets forth, as of April 1, 2005, for each of SunGard's executive officers, (a) the number of shares subject to vested options for SunGard common stock, (b) the value of such vested options, calculated by multiplying (i) the excess of \$36.00 over the per share exercise price of the option by (ii) the number of shares subject to the option, and without regard to deductions for income taxes and other withholding, (c) the number of additional options that will vest upon effectiveness of the merger, (d) the value of such additional options, calculated by multiplying (i) the excess of \$36.00 over the per share exercise price of the option by (ii) the number of shares subject to the option, and without regard to deductions for income taxes and other withholding, (e) the aggregate number of shares subject to vested options and options that will vest as a result of the merger for such person and (f) the aggregate value of all such vested options and options that will vest as a result of the merger, calculated by multiplying (i) the excess of \$36.00 over the per share exercise price of the option by (ii) the number of shares subject to the option, and without regard to deductions for income taxes and other withholding. With certain limited exception performance-based SunGard stock options granted in 2005 will not become exercisable by reason of the merger and will convert into options for stock of the holding company or companies of SunGard.

Executive Officers Name	Vested Options		Options that will vest as a result of the merger		Totals	
	Shares	Value	Shares	Value	Total Shares	Total Value
James E. Ashton III	180,350	\$ 2,369,550	359,250	\$ 4,449,133	539,600	\$ 6,818,683
Donald W. Birdwell	145,260	\$ 1,955,940	404,750	\$ 4,244,281	550,010	\$ 6,200,221
Andrew P. Bronstein	296,388	\$ 5,518,019	217,712	\$ 2,762,827	514,100	\$ 8,280,846
Robert F. Clarke	217,933	\$ 3,488,823	258,267	\$ 2,966,372	476,200	\$ 6,455,195
Cristóbal Conde	2,318,622	\$ 42,638,455	1,363,737	\$ 15,707,075	3,682,359	\$ 58,345,530
T. Ray Davis	296,362	\$ 4,992,666	289,438	\$ 2,985,187	585,800	\$ 7,977,853
Harold C. Finders	69,894	\$ 838,091	234,306	\$ 2,570,241	304,200	\$ 3,408,332
Lawrence A. Gross	341,185	\$ 5,286,234	382,690	\$ 4,814,602	723,875	\$ 10,100,836
Till M. Guldemann	441,745	\$ 9,851,276	326,062	\$ 4,146,667	767,807	\$ 13,997,943
Paul C. Jeffers	110,082	\$ 878,194	168,168	\$ 1,859,763	278,250	\$ 2,737,957
Ronald M. Lang	206,017	\$ 3,172,457	419,951	\$ 4,540,422	625,968	\$ 7,712,879
James L. Mann	1,357,500	\$ 27,701,609	349,500	\$ 3,512,561	1,707,000	\$ 31,214,170
John E. McArdle, Jr.	214,518	\$ 2,774,544	211,920	\$ 2,372,873	426,438	\$ 5,147,417
Michael K. Muratore	579,125	\$ 5,919,917	520,625	\$ 5,708,985	1,009,750	\$ 11,628,902
Brian Robins	189,444	\$ 2,732,146	186,486	\$ 2,191,086	375,930	\$ 4,923,232
Michael J. Ruane	391,985	\$ 6,643,765	382,690	\$ 4,814,602	774,675	\$ 11,458,367
Victoria E. Silbey	56,675	\$ 735,181	126,075	\$ 1,215,684	182,750	\$ 1,950,865
James C. Simmons	456,638	\$ 6,222,249	411,500	\$ 4,722,495	868,138	\$ 10,944,744
Bettina A. Slusar	145,684	\$ 1,767,630	221,816	\$ 2,532,540	367,500	\$ 4,300,170
Richard C. Tarbox	419,185	\$ 7,497,153	382,690	\$ 4,814,602	801,875	\$ 12,311,755
All executive officers as a group (20 persons)	8,434,592	\$ 142,983,899	7,217,633	\$ 82,931,998	15,652,225	\$ 225,915,897

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All executive officers who are not management participants or future management participants will receive cash in respect of their options in the amounts set forth above, less applicable withholding taxes. Executive officers who are management participants or future management participants will also be able to receive cash in respect of their options in the amounts set forth above (less applicable withholding taxes) by exercising their options immediately prior to the completion of the merger, and receiving in the merger the \$36.00 per share merger consideration for the shares received upon such exercise. Options held by management participants or future management participants that are not exercised prior to the completion of the merger will be counted toward such management participants' agreed upon or permitted equity investment in the surviving corporation (or its parent).

Directors of SunGard who are not employees of SunGard participate in the SunGard Data Systems Inc. Restricted Stock Award Plan for Outside Directors. Pursuant to the terms of that plan, all restrictions on shares held by participants lapse upon the occurrence of a change in control as defined in the plan, including the merger. Accordingly, any restricted shares held by the directors under the plan will fully vest and become unrestricted as a result of the merger. These shares, once fully vested and unrestricted, will be treated the same as all other outstanding shares of SunGard's common stock under the merger agreement. The table below sets forth for each non-employee director of SunGard (a) the number of shares that will fully vest and become unrestricted as a result of the merger (excluding any currently restricted shares that are scheduled to vest and become unrestricted at the annual meeting other than as a result of the merger), and (b) the total payment to the directors with respect to those shares, calculated by multiplying (i) the \$36.00 per share merger consideration by (ii) the number of shares described in clause (a).

	<b>Shares that will vest and become unrestricted as a result of the merger</b>	<b>Payment</b>
Gregory S. Bentley	13,146	\$ 473,256
Michael C. Brooks	3,540	\$ 127,440
Ramon de Oliveira	4,346	\$ 156,456
Henry C. Duques	3,532	\$ 127,152
Albert A. Eisenstat	3,540	\$ 127,440
Bernard Goldstein	15,180	\$ 546,480
Janet Brutschea Haugen	7,898	\$ 284,328
Robert E. King	17,746	\$ 638,856
Malcolm I. Ruddock	3,540	\$ 127,440
All non-employee directors as a group (9 persons)	72,468	\$ 2,608,848

***Equity Investment in the Surviving Corporation by Executive Officers***

Pursuant to the management agreements described above, the management participants have agreed to participate in the merger by making an equity investment in the surviving corporation (or its parent) and acquiring shares of common stock or options to acquire such shares in the surviving corporation (or its parent) on the same basis as that of the other non-employee equity investors in the surviving corporation (or its parent). Such equity investment includes the intrinsic value (the number of option shares multiplied by the difference between \$36.00 and the option exercise price) of the performance-based SunGard stock options granted to the management participant in 2005. The agreed upon equity investment may be made by paying cash for stock of the surviving corporation (or its parent), by contributing SunGard shares in exchange for stock of the surviving corporation (or its parent), or by not exercising existing options for SunGard shares and having them converted into options for stock of the surviving corporation (or its parent). Any option so converted will have the same intrinsic value as

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it had prior to conversion, and the other terms of such option will remain substantially the same. In addition, the management participants will be permitted to make additional equity investments (up to an amount and at a time to be determined) on the same terms and conditions as those of the agreed upon equity investments described above. The total aggregate equity investment agreed to be made by all of the management participants is approximately \$109.8 million, or approximately 3% of the total equity of the surviving corporation (or its parent).

The table below sets forth the approximate amount of the agreed upon equity investment for each of the management participants. These amounts assume that all of the agreed upon investment will be made on a tax deferred basis (for example, by rolling over stock options), and may be reduced if a cash investment must be made because a tax deferred investment is not feasible or practical. Such investment may also be reduced if the aggregate equity investment in the surviving corporation or its parent (including the investment of the management participants and the investment by the investor group) falls below 24% of the total capitalization of the surviving corporation or its parent or if the final purchase price is less than \$36.00 per share.

	<b>Agreed Upon Equity Investment (in millions):</b>
James E. Ashton III	\$ 4.3
Donald W. Birdwell	\$ 4.7
Robert F. Clarke	\$ 5.0
Cristóbal Conde	\$ 22.0
T. Ray Davis	\$ 4.4
Harold C. Finders	\$ 1.8
Till M. Guldemann	\$ 25.0
Ronald M. Lang	\$ 4.0
John E. McArdle, Jr.	\$ 2.4
Michael K. Muratore	\$ 6.7
Brian Robins	\$ 2.7
Michael J. Ruane	\$ 6.8
James C. Simmons	\$ 5.8
Richard C. Tarbox	\$ 5.8
Executive officers as a group (14 persons)	\$ 101.4
All management participants as a group (17 persons) <sup>1</sup>	\$ 109.8

<sup>1</sup> The three individuals for whom disclosure is not provided are not executive officers of the Company.

***Option Awards in the Surviving Corporation***

In connection with the merger, the surviving corporation (or its parent) will adopt an option plan under which employees (including the executive officers) will be eligible to receive awards of stock options for common stock of the surviving corporation (or its parent). The aggregate shares issuable pursuant to grants under that plan are expected to be approximately 15% of the fully diluted common stock of the surviving corporation upon consummation of the merger. Of the contemplated 15% of such stock, 6% of the fully diluted common stock will be subject to awards of options that will vest solely upon the continued performance of services by the option holder over time, and 9% of the fully diluted common stock will be subject to awards of options that will vest upon the achievement of predetermined performance targets over time, subject to the option holder's continued performance of services.

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Options granted at the time of the merger will have a per share exercise price based on the equity value of the surviving corporation (or its parent) at the time of closing. Options granted after the completion of the merger will have a per share exercise price based on fair market value of the underlying shares of the surviving corporation (or its parent) at the time of the grant.

Time-based options vest solely on the basis of a person's continued employment, with 25% of the award vesting one year after closing, and 1/48 of the remaining balance vesting each month thereafter for 48 months. Of the 6% time-based options to be granted, 4.643% will be granted to executive officers and senior management of SunGard (collectively, "senior management") at the time of the merger, 1% will be granted to other key employees, and 0.357% are reserved for future hires, promotions and rebalancing. To the extent that the 0.357% reserve is not used for future hires, promotions, or rebalancing, an additional 0.0714% will be awarded to senior management (other than the chief executive officer, or CEO) at the end of each of 2006 and 2007. Thereafter, if unused in each such year, the remaining 0.2142% will be awarded by the CEO in consultation with the compensation committee of the board of directors of the surviving corporation or its parent (the "compensation committee").

Performance-based options vest on the basis of a person's continued employment and the attainment of certain pre-determined earnings goals for the surviving corporation during the six-year period beginning January 1, 2005. Of the 9% performance-based options to be granted, 8.357% will be granted to senior management (other than the CEO) at the time of the merger, and 0.643% are reserved for future hires, promotions and rebalancing. From the 0.643% reserve, if not used for promotions, new hires, or rebalancing an additional 0.1286% will be awarded to senior management (other than the CEO) at the end of each of 2006, 2007 and 2008. Thereafter, if unused in each such year, the remaining 0.2572% will be awarded by the CEO in consultation with the compensation committee.

As explained above, 5% of the 6% time-based option pool and all of the 9% performance-based option pool will be allocated to senior management, providing a total pool of 14% for senior management. The table below sets forth the anticipated percentage of this 14% option pool to be granted to the executive officers of SunGard.

	<b>Percentage of 14% Option Pool:</b>
James E. Ashton III	2.4%
Donald W. Birdwell	2.4%
Robert F. Clarke	2.4%
Cristóbal Conde	15.0%
T. Ray Davis	1.5%
Harold C. Finders	1.5%
Till M. Guldimann	2.4%
Ronald M. Lang	2.4%
John E. McArdle, Jr.	1.5%
Michael K. Muratore	6.0%
Brian Robins	1.0%
Michael J. Ruane	3.5%
James C. Simmons	3.5%
Richard C. Tarbox	2.4%
Executive officers as a group (14 persons)	47.9%
All management participants as a group (17 Persons) <sup>1</sup>	53.9%

<sup>1</sup> The three individuals for whom disclosure is not provided are not executive officers of the Company.

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### ***Employment Agreements with the Surviving Corporation***

Pursuant to the management agreements, each management participant has agreed to enter into a definitive employment agreement (in accordance with the terms and conditions of such management participant's respective management agreement) with the surviving corporation (or its parent) that will govern the terms of each management participant's employment after the closing of the merger, to be effective upon closing of the merger. The terms include the following:

the management participant will retain the same position as that held with SunGard prior to the merger, unless otherwise mutually agreed with the surviving corporation;

the term of the new employment agreement with the surviving corporation will be through December 31, 2010, with one-year renewals automatically effective one year before expiration, unless terminated on one year's advance notice by either party;

the management participant will retain the same base salary as that payable by SunGard prior to the merger, subject to annual adjustments, if any, made by the board of directors of the surviving corporation, in consultation with the CEO;

the management participant will be provided the opportunity to earn an annual cash bonus provided that the aggregate bonus opportunity for the management participants as a group will be consistent with that provided by SunGard to executives as a group prior to the merger, although the board of directors of the surviving corporation (or its parent) may re-align the performance metrics and other terms in consultation with the CEO;

the management participant will be provided employee benefits consistent with those provided by SunGard to executives prior to the merger;

the management participant will participate in the option plan of the surviving corporation as described above;

the management participant will have the right to receive certain severance payments and benefits from the surviving corporation, including upon a termination without cause, a resignation for good reason or a change in control, consistent with the severance payments and benefits provided for under the management participant's existing change in control agreement; and

the management participant will be subject to certain restrictive covenants (noncompetition, confidentiality and nonsolicitation) with the surviving corporation that are consistent with those to which the management participant is subject under his or her existing change in control agreement.

### ***Change in Control Payments to Management Participants***

The management participants and future management participants of SunGard will not be entitled to any change in control severance payments or benefits under the terms of their existing change in control agreements as a result of the merger. Pursuant to the terms of the management agreements, effective as of the closing of the merger, and conditioned upon the closing of the merger and entering into a definitive employment agreement and related agreements with the surviving corporation, the change in control agreement previously entered into by each management participant and future





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management participant as of December 15, 2004 or January 13, 2005, as the case may be, with SunGard will terminate, and the management participants and future management participants will have no further rights or entitlements under such agreements, except with respect to the right to receive certain gross-up payments for excise taxes, if any, imposed under Section 4999 of the Internal Revenue Code on the management participant or future management participant by reason of accelerated vesting of stock options held by the management participants. The change in control agreements of those executive officers and members of senior management of SunGard who do not enter into management agreements will continue in full force and effect following the merger.

## ***Indemnification and Insurance***

The merger agreement provides that the certificate of incorporation of the surviving corporation will contain provisions no less favorable with respect to exculpation and indemnification of our directors, officers, employees, fiduciaries or agents than those set forth in the Company's bylaws. The indemnification provisions in the surviving corporation's certificate of incorporation will not be amended or repealed in any manner adverse to persons entitled to rights under those provisions on or prior to the effective time for a period of six years following the effective time of the merger.

The surviving corporation has agreed to indemnify, to the same extent as provided in our bylaws or any other applicable contract in effect on March 27, 2005 each of our present and former directors and officers against all expenses, losses and liabilities incurred in connection with any claim, proceeding or investigation arising out of any act or omission in their capacity as an officer or director occurring on or before the effective time of the merger.

The merger agreement requires that the surviving corporation either:

obtain tail directors and officers insurance policies in an amount and scope at least as favorable as the Company's existing policies and with a claims period of at least six years from the effective time of the merger for claims arising from facts or events that occurred on or prior to the effective time; or

maintain in effect, for a period of six years after the effective time of the merger, our current directors and officers liability insurance policies with respect to matters occurring prior to the effective time or obtain policies of at least the same coverage, subject to a maximum annual premium of 250% of our current premium. If the annual premiums of insurance coverage exceed 250% of our current annual premium, the surviving corporation must obtain a policy with the greatest coverage available for a cost not exceeding 250% of the current annual premium paid by us.

The obligations described above regarding directors and officers indemnification and insurance must be assumed by any successor entity to Merger Co or the surviving corporation as a result of any consolidation, merger or transfer of all or substantially all properties and assets.

## **Amendment to the Company's Rights Agreement**

On January 18, 2000, SunGard entered into a rights agreement with Wells Fargo Bank, N.A., as rights agent, in order to ensure that any strategic transaction undertaken by SunGard would be one in which all stockholders can receive fair and equal treatment and to guard against coercive or other abusive



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takeover tactics that might result in unequal treatment of SunGard's stockholders. In general, the rights agreement imposes a significant penalty upon any person or group that acquires 15% or more of SunGard's outstanding common stock without the approval of our board of directors.

On March 27, 2005, immediately prior to the execution of the merger agreement, the Company and the rights agent entered into an amendment to the rights agreement which provides that neither the execution of the merger agreement nor the consummation of the merger will trigger the provisions of the rights agreement.

In particular, the amendment to the rights agreement provides that neither Merger Co nor any of its affiliates (the "exempted persons") shall be deemed to be an "Acquiring Person", and neither a "Distribution Date" nor a "Shares Acquisition Date" shall be deemed to have occurred, in each case solely by virtue of or as a result of:

any agreements, arrangements or understandings among the exempted persons in connection with the merger agreement or the merger;

the execution and delivery of the merger agreement; or

the acquisition of any shares of SunGard common stock pursuant to the merger agreement or the consummation of the merger.

The amendment to the rights agreement also redefines "Expiration Date" to include a potential earlier date and time immediately before the merger becomes effective.

## **Material U.S. Federal Income Tax Consequences**

The following discusses, subject to the limitations stated below, the material U.S. federal income tax consequences of the merger to U.S. holders of our common stock whose shares of our common stock are converted into the right to receive cash in the merger (whether upon the receipt of the merger consideration or pursuant to the proper exercise of appraisal rights), as well as the material U.S. federal income tax consequences in the merger to SunGard, Merger Co and the management participants who hold (actually or constructively) an equity interest in the surviving corporation following the Merger. Non-U.S. holders of our common stock may have different tax consequences than those described below and are urged to consult their tax advisors regarding the tax treatment to them under U.S. and non-U.S. tax laws. We base this summary on the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable current and proposed U.S. Treasury Regulations, judicial authority, and administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis.

### *U.S. Holders*

For purposes of this discussion, we use the term "U.S. holder" to mean a beneficial owner of SunGard common stock that is:

a citizen or individual resident of the U.S. for U.S. federal income tax purposes;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any State or the District of Columbia;

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a trust if it (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or

an estate the income of which is subject to U.S. federal income tax regardless of its source.

The U.S. federal income taxes of a partner in a partnership holding our common stock will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding shares of our common stock should consult their own tax advisors.

This discussion assumes that you hold the shares of our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income tax that may be relevant to you in light of your particular circumstances, or that may apply to you if you are subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, dealers in securities or foreign currencies, tax-exempt organizations, financial institutions, mutual funds, partnerships or other pass through entities for U.S. federal income tax purposes, non-U.S. persons, stockholders who hold shares of our common stock as part of a hedge, straddle, constructive sale or conversion transaction, stockholders who acquired their shares of our common stock through the exercise of employee stock options or other compensation arrangements or stockholders (other than the management participants, to the extent described below) who hold (actually or constructively) an equity interest in the surviving corporation after the merger). In addition, the discussion does not address any tax considerations under state, local or non-U.S. laws or U.S. federal laws other than those pertaining to the U.S. federal income tax that may apply to you. **We urge you to consult your own tax advisor to determine the particular tax consequences to you, including the application and effect of any state, local or non-U.S. income and other tax laws, of the receipt of cash in exchange for our common stock pursuant to the merger.**

The receipt of cash in the merger (whether as merger consideration or pursuant to the proper exercise of appraisal rights) by U.S. holders of our common stock will be a taxable transaction for U.S. federal income tax purposes (and may also be a taxable transaction under applicable state, local and foreign tax laws). In general, for U.S. federal income tax purposes, a U.S. holder of our common stock will recognize gain or loss equal to the difference between:

the amount of cash received in exchange for such common stock and

the U.S. holder's adjusted tax basis in such common stock.

Such gain or loss will be capital gain or loss. If the holding period in our common stock surrendered in the merger is greater than one year as of the date of the merger, the gain or loss will be long-term capital gain or loss. The deductibility of a capital loss recognized on the exchange is subject to limitations under the Code. Certain U.S. holders, including individuals, are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. If you acquired different blocks of our common stock at different times and different prices, you must calculate your gain or loss and determine your adjusted tax basis and holding period separately with respect to each block of our common stock.

Under the Code, as a U.S. holder of our common stock, you may be subject to information reporting on the cash received in the merger unless an exemption applies. Backup withholding may also apply

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(currently at a rate of 28%) with respect to the amount of cash received in the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against your U.S. federal income tax liability, if any, provided that you furnish the required information to the Internal Revenue Service in a timely manner. Each U.S. holder should consult its own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining such exemption.

### *SunGard, Merger Co and Management Participants*

Under general U.S. federal income tax principles, the Merger should not be a taxable event in which gain is recognized to SunGard, Merger Co or the surviving corporation for U.S. federal income tax purposes.

As described above in Special Factors Interests of the Company's Directors and Executive Officers in the Merger, the management participants will acquire equity interests in the surviving corporation (or its parent) by paying cash (possibly acquired through settling their respective SunGard stock options), contributing shares of SunGard common stock or converting their SunGard stock options into options for stock in the surviving corporation (or its parent). These various transactions may be taxable to management participants, either as ordinary income or capital gain if, for example, they receive and retain cash in the Merger, or tax-free to them if, for example, they transfer or are treated as transferring in a nonrecognition transaction SunGard common stock for stock of the surviving corporation, in each case depending upon the consideration used by the participant and type of transaction in which new equity investment is acquired. Since the U.S. federal tax treatment will be particular to each management participant, they are urged to discuss their treatment with their own tax advisors.

## **Regulatory Approvals**

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and related rules (the HSR Act) provide that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements have been satisfied. On April 15, 2005, the Company and Merger Co made the required filings with the Antitrust Division and the Federal Trade Commission, and the applicable waiting period expired on May 16, 2005. In addition, Merger Co made the required antitrust filing under Brazilian law on April 15, 2005.

At any time before or after consummation of the merger, the Antitrust Division or the Department of Justice or the Federal Trade Commission may, however, challenge the merger on antitrust grounds. Private parties could take antitrust action under the antitrust laws, including seeking an injunction prohibiting or delaying the merger, divestiture or damages under certain circumstances. Additionally, at any time before or after consummation of the merger, notwithstanding the expiration or termination of the applicable waiting period, any state could take action under its antitrust laws as it deems necessary or desirable in the public interest. There can be no assurance that a challenge to the merger will not be made or that, if a challenge is made, the Company and Merger Co will prevail.

On May 9, 2005, the Company made the filings required under the rules of the National Association of Securities Dealers, or NASD, and the New York Stock Exchange, or NYSE, in respect of the change in

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control of three of the Company's subsidiaries that are U.S.-registered broker-dealers and members of one or more of such regulatory organizations. The completion of requirements with respect to applicable NASD and NYSE rules is not expected to delay the closing.

Under the merger agreement, the Company and Merger Co have agreed to use their reasonable best efforts to obtain all required governmental approvals in connection with the execution of the merger agreement and completion of the merger. In addition, Merger Co has agreed to take whatever action as may be necessary to resolve any objections asserted on antitrust grounds with respect to the merger.

Except as noted above with respect to the required filings under the HSR Act and the antitrust laws of Brazil, the filings with the NYSE, NASD and certain other regulatory organizations, and the filing of a certificate of merger in Delaware at or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

**Fees and Expenses of the Merger**

SunGard estimates that it will incur, and will be responsible for paying, transaction-related fees and expenses, consisting primarily of financial advisory fees, SEC filing fees, HSR Act filing fees, fees and expenses of attorneys and accountants and other related charges, totaling approximately \$50.7 million. This amount consists of the following estimated fees and expenses:

<u>Description</u>	<u>Amount</u>
Financial advisory fees and expenses	\$ 38,800,000
Legal, accounting and tax advisory fees and expenses	\$ 8,000,000
HSR Act filing fees	\$ 280,000
SEC Filing fees	\$ 1,300,000
Printing, proxy solicitation and mailing costs	\$ 365,000
Miscellaneous	\$ 2,000,000

In addition, if the merger agreement is terminated under certain circumstances, the Company will be obligated to pay a termination fee of \$300 million as directed by Merger Co (unless such termination is in connection with the sale of the Company's availability services business, in which case the termination fee payable will be \$200 million), and will be obligated under certain circumstances to pay the expenses of Merger Co, up to \$25 million (in addition to any termination fee otherwise payable).

**Litigation Related to the Merger**

SunGard is aware of three purported class action lawsuits related to the merger filed against SunGard, each of its directors and Merger Co in the Court of Chancery of the State of Delaware, in and for New Castle County. The lawsuits and dates of filing are as follows: *Garco Investments, LLP v. SunGard Data Systems Inc., et al.*, C.A. No. 1221-N (filed on April 1, 2005), *Nick Sanna v. SunGard Data Systems, Inc., et al.*, C.A. No. 1327-N (filed on May 6, 2005) and *Jeffrey P. Jannett v. SunGard Data Systems, Inc., et al.*, C.A. No. 1331-N (filed on May 9, 2005). The complaints allege, among other things, that the merger consideration to be paid to the stockholders of SunGard in the merger is unfair and inadequate. In addition, the complaints allege that the directors of SunGard violated their fiduciary duties by, among other things, failing to

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engage in a fair sale process and invite other bidders, failing to conduct an active market check of SunGard's value, and agreeing, under certain circumstances, to pay a termination fee to Merger Co. Two of the complaints (*Sanna* and *Jannett*) also allege, among



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other things, that the defendants have failed to provide adequate disclosures in this proxy statement regarding the timing of, and the reasons behind, the Company's decision to abandon its previously announced plan to spin off its availability services business. The complaints seek, among other relief, class certification of the respective lawsuits, an injunction preventing completion of the merger (or rescinding the merger if it is completed prior to the receipt of such relief), compensatory and/or rescissory damages to the class, attorneys' fees and expenses, along with such other relief as the court might find just and proper. SunGard believes these lawsuits are without merit and plans to defend them vigorously. Additional lawsuits pertaining to the merger could be filed in the future.

## **Certain Projections**

In connection with the investor group's review of SunGard and in the course of the negotiations between SunGard and the investor group described in Special Factors Background of the Merger, SunGard provided the investor group and its financing sources with the Company's budget for 2005. The non-public information SunGard provided included projections of SunGard's operating performance for 2005 (the projections), which do not give effect to the merger or the financing of the merger.

SunGard does not, as a matter of course, publicly disclose projections of future revenues or earnings. The projections were not prepared with a view to public disclosure and are included in this proxy statement only because such information was made available to the investor group in connection with their respective due diligence investigations of SunGard. The projections were not prepared with a view to compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The projections included in this proxy statement have been prepared by, and are the responsibility of, SunGard's management. PricewaterhouseCoopers LLP has neither examined nor compiled the projections and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this proxy statement relates to SunGard's historical financial information. It does not extend to the projections and should not be read to do so. In compiling the projections, SunGard's management took into account historical performance, combined with estimates regarding revenues, operating income and EBITDA. The projections were developed in a manner consistent with management's historical development of budgets and were not developed for public disclosure. Although the projections are presented with numerical specificity, these projections reflect numerous assumptions and estimates as to future events made by SunGard's management that SunGard's management believed were reasonable at the time the projections were prepared. In addition, factors such as industry performance and general business, economic, regulatory, market and financial conditions, all of which are difficult to predict and beyond the control of SunGard's management, may cause the projections or the underlying assumptions to be inaccurate. Accordingly, there can be no assurance that the projections will be realized, and actual results may be materially greater or less than those contained in the projections. The inclusion of this information should not be regarded as an indication that the investor group or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results.

SunGard does not intend to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

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SunGard provided the investor group with 2005 budget information, as shown below.

**2005 Budget (1)(2)**

	<u>ISS/HEPS</u>	<u>AS</u>	<u>Corp</u>	<u>Total</u>
	(in millions)			
Revenue	\$ 2,430.3	\$ 1,324.3		\$ 3,754.6
Operating Income	428.3	385.7	\$ (44.9)	769.1
EBITDA	(3)	(3)	(3)	1,130.9

- (1) Includes acquisitions closed in late 2004 and early 2005, other than Vivista  
(2) Excludes merger and spin off costs as well as costs associated with closing the availability services data center located in North Bergen, NJ  
(3) Not broken out for each segment

SunGard management developed the 2005 budget from budget information provided by each of SunGard's individual business units, which in each case was based in part on revenue assumptions and estimates made on a customer-by-customer basis. The 2005 budget also incorporates assumptions regarding expenses (based in part on detailed employee cost analyses) and capital expenditure assumptions reflected in the budget information from the individual business units. In compiling the business unit budget information to develop the 2005 budget, SunGard management took into account growth rate and margin assumptions that were consistent with recent actual results and with current expectations in light of market conditions.

In conjunction with providing the investor group the 2005 budget information, SunGard management advised the investor group that in preparing projections for 2006 and 2007, the investor group could apply an organic growth rate assumption for SunGard as a whole of between 5% and 7% per year and an operating income margin assumption for SunGard as a whole of between 21% and 23%.

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**THE PARTIES TO THE MERGER**

**SunGard Data Systems Inc.**

SunGard Data Systems Inc.

680 East Swedesford Road

Wayne, Pennsylvania 19087

(484) 582-2000

We are a Delaware corporation with our principal executive offices at 680 East Swedesford Road, Wayne, Pennsylvania 19087. Our telephone number is (484) 582-2000. We are a global leader in integrated software and processing solutions, primarily for financial services. We also help information-dependent enterprises of all types to ensure the continuity of their business. We serve more than 20,000 customers in more than 50 countries, including the world's 50 largest financial services companies.

**Solar Capital Corp.**

Solar Capital Corp.

c/o Silver Lake Partners

9 West 57<sup>th</sup> Street, 25<sup>th</sup> Floor

New York, NY 10019

(212) 981-5600

Solar Capital Corp., which we refer to as Merger Co, is a Delaware corporation formed on March 24, 2005 for the sole purpose of completing the merger with SunGard and arranging the related financing transactions. Merger Co's owners currently consist of private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group (such funds collectively, the investor group). The members of the investor group have the right to transfer a portion of their prospective interest in Merger Co in certain circumstances. As a result, the investor group may ultimately include additional equity participants. Merger Co has not engaged in any business except in anticipation of the merger. Merger Co may assign its rights and obligations under the merger agreement to an affiliate so long as it remains liable for its obligations under the merger agreement if such affiliate does not perform its obligations. The principal office address of Merger Co is c/o Silver Lake Partners, 9 West 57th Street, 25th Floor, New York, NY 10019 and its telephone number is (212) 981-5600.

**THE ANNUAL MEETING**

**Time, Place and Purpose of the Annual Meeting**

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the annual meeting to be held on \_\_\_\_\_, 2005, starting at \_\_\_\_\_ a.m. New York time, at \_\_\_\_\_. The purpose of the annual meeting is for our stockholders to consider and vote upon a proposal to adopt the merger agreement, to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, to elect nominees to serve on our board of directors, to ratify the appointment of SunGard's independent registered public accounting firm and to act on other matters and transact other business, as may properly come before the meeting. A copy of the merger agreement is attached to this proxy statement as Annex A. This proxy statement, the notice of the annual meeting and the enclosed form of proxy are first being mailed to our stockholders on \_\_\_\_\_, 2005.

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### **Record Date, Quorum and Voting Power**

The holders of record of SunGard's common stock at the close of business on \_\_\_\_\_, 2005, the record date for the annual meeting, are entitled to receive notice of, and to vote at, the annual meeting. As of the record date, there were \_\_\_\_\_ shares of our common stock issued and outstanding, all of which are entitled to be voted at the annual meeting.

Each outstanding share of our common stock on the record date entitles the holder to one vote on each matter submitted to stockholders for a vote at the annual meeting.

The holders of a majority of the outstanding common stock on the record date, represented in person or by proxy, will constitute a quorum for purposes of the annual meeting. A quorum is necessary to hold the annual meeting. Once a share is represented at the annual meeting, it will be counted for the purpose of determining a quorum at the annual meeting and any adjournment or postponement of the annual meeting. However, if a new record date is set for the adjourned annual meeting, then a new quorum will have to be established.

### **Required Vote**

For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote **FOR** the adoption of the merger agreement. The director nominees will be elected by a plurality of the votes cast at the annual meeting. The proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of our independent registered public accounting firm each requires the affirmative vote of a majority of the shares present and entitled to vote.

In order for your shares of our common stock to be included in the vote, if you are a stockholder of record, you must vote your shares by returning the enclosed proxy, by voting over the Internet or by telephone, as indicated on the proxy card, or by voting in person at the annual meeting.

If your shares are held in street name by your broker, you should instruct your broker how to vote your shares using the instructions provided by your broker. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker and it can give you directions on how to vote your shares. A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Generally, nominees have the discretion to vote for directors and the ratification of the appointment of our independent registered public accounting firm, unless you instruct otherwise. Broker non-votes and abstentions will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present.

As a result, broker non-votes and abstentions will have the same effect as a vote against the adoption of the merger agreement. Broker non-votes and abstentions will also have the same effect as a vote against the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, but will not affect the outcome of the vote relating to the election of directors.



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### **Voting by Directors and Executive Officers**

As of \_\_\_\_\_, 2005, the record date, the directors and executive officers of SunGard held and are entitled to vote, in the aggregate, shares of our common stock, representing approximately \_\_\_\_\_ % of the outstanding shares of our common stock. The directors and executive officers have informed SunGard that they intend to vote all of their shares of our common stock FOR the adoption of the merger agreement, FOR the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies, FOR the election of the nominated directors and FOR the ratification of PricewaterhouseCoopers LLP as SunGard's independent registered public accounting firm.

### **Proxies; Revocation**

If you vote your shares of our common stock by signing a proxy, or by voting over the Internet or by telephone as indicated on the proxy card, your shares will be voted at the annual meeting in accordance with the instructions given. If no instructions are indicated on your signed proxy card, your shares will be voted FOR the adoption of the merger agreement, FOR adjournment or postponement of the meeting, if necessary or appropriate to solicit additional proxies, FOR each of the nominees for director, FOR ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and in accordance with the recommendations of the Company's board of directors on any other matters properly brought before the meeting for a vote.

You may revoke your proxy at any time before the vote is taken at the annual meeting. To revoke your proxy, you must either advise our Corporate Secretary in writing, deliver a new proxy or submit another vote over the Internet or by telephone, in each case dated after the date of the proxy you wish to revoke, or attend the annual meeting and vote your shares in person. Attendance at the annual meeting will not by itself constitute revocation of a proxy.

If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change these instructions.

SunGard does not expect that any matter other than the proposals to adopt the merger agreement, elect directors and ratify the appointment of our independent registered public accounting firm will be brought before the annual meeting. If, however, an adjournment or postponement of the annual meeting is necessary or appropriate to solicit additional proxies or if another matter is properly presented at the annual meeting or any such adjournment or postponement of the annual meeting, the persons appointed as proxies will vote the shares in accordance with the recommendations of the Company's board of directors.

### **Expenses of Proxy Solicitation**

SunGard will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of SunGard may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. In addition, D. F. King & Co., Inc. will provide solicitation services to us for a fee of approximately \$15,000 plus out-of-pocket expenses. SunGard will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.





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**Adjournments and Postponements**

Any adjournment or postponement may be made without notice by an announcement made at the annual meeting by the chairman of the meeting. If persons named as proxies by you are asked to vote for one or more adjournments or postponements of the meeting for matters incidental to the conduct of the meeting, such persons will have the authority to vote in their discretion on such matters. However, if persons named as proxies by you are asked to vote for one or more adjournments or postponements of the meeting to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement, such persons will only have the authority to vote on such matter as instructed by you or your proxy, or, if no instructions are provided on your signed proxy card, in favor of such adjournment or postponement. Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow SunGard stockholders who have already sent in their proxies to revoke them at any time prior to their use.

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**THE MERGER AGREEMENT (PROPOSAL NO. 1)**

The summary of the material terms of the merger agreement below and elsewhere in this proxy statement is qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement as Annex A and which we incorporate by reference into this document. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety.

**Effective Time**

The effective time of the merger will occur at the time that we file a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as is specified in the certificate of merger) on the closing date of the merger. The closing date will occur on the date following the satisfaction or waiver of all of the conditions set forth in the merger agreement that is the earlier of (i) a date during the marketing period (described below) to be specified by Merger Co on no less than three business days' notice to the Company and (ii) the final day of the marketing period, or such other date as the parties may agree.

**Marketing Period**

For purposes of the merger agreement, "marketing period" means the first period of 15 consecutive business days throughout which:

Merger Co has certain financial information required to be provided by the Company under the merger agreement; and

both the conditions to the obligations of both parties to complete the merger and the conditions to the obligations of Merger Co (other than delivery of an officer's certificate by the Company) to complete the merger are satisfied.

If the marketing period would otherwise end on or after August 19, 2005, the marketing period shall end on October 10, 2005, provided that the marketing period will end on any earlier date which is the third business day following the date the financing for the merger is consummated.

**Structure**

At the effective time of the merger, Merger Co will merge with and into SunGard. Upon completion of the merger, Merger Co will cease to exist as a separate entity and SunGard will continue as the surviving corporation. All of the Company's and Merger Co's properties, assets, rights, privileges, immunities, powers and purposes, and all of their liabilities, obligations and penalties, will become those of the surviving corporation. Following the completion of the merger, the Company's common stock will be delisted from the NYSE, deregistered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and no longer publicly traded.



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### **Treatment of Stock and Options**

#### ***Company Common Stock***

At the effective time of the merger, each share of our common stock issued and outstanding immediately prior to the effective time of the merger will automatically be canceled and converted into the right to receive \$36.00 in cash, without interest and less applicable withholding taxes, other than Company common stock:

held in the Company's treasury immediately prior to the effective time of the merger, all of which will be cancelled without any payment;

held by Merger Co or any direct or indirect wholly owned subsidiary of Merger Co immediately prior to the effective time of the merger, all of which will be cancelled without any payment;

held by any direct or indirect wholly owned subsidiary of the Company immediately prior to the effective time of the merger, all of which will remain outstanding; and

as to which the Company's stockholders validly exercise and perfect appraisal rights in compliance with Delaware law, which will be subject to appraisal in accordance with Delaware law.

#### ***Company Stock Options***

Immediately prior to the effective time of the merger, all outstanding options (including those held by our executive officers) will become fully vested and immediately exercisable unless otherwise agreed between the holder of any such option and Merger Co. All options (other than certain options held by certain executive officers and other employees who will invest in equity securities of the surviving corporation) not exercised prior to the merger will be converted into a right to receive, upon the exercise of the option and payment of the applicable exercise price, an amount of cash equal to \$36.00 multiplied by each share of stock subject to the option. Any option not so exercised will, immediately following such conversion, be cancelled in exchange for an amount in cash (without interest) less applicable withholding taxes, equal to the product of:

the number of shares of our common stock subject to each option, as of the effective time of the merger, multiplied by

the excess of \$36.00 over the exercise price per share of common stock subject to such option.

At the effective time of the merger, at our option, Merger Co will either:

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pursuant to an escrow agreement, in form and substance reasonably acceptable to the us, to be entered into prior to the effective time by Merger Co and a bank or trust company reasonably acceptable to us, deposit an amount of cash sufficient to pay the aggregate amount required to be paid to the holders of options to acquire our common stock (other than certain options held by the management participants) with such bank or trust company; or

deliver to the surviving corporation an amount of cash sufficient to pay the aggregate amount required to be paid to the holders of options to acquire our common stock (other than certain options held by certain executive officers and other employees who will invest in equity securities of the surviving corporation).

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Certain stock options held by certain executive officers and other employees who will invest in equity securities of the surviving corporation and identified to Merger Co prior to the closing date of the merger that are not exercised prior to the completion of the merger will remain outstanding in accordance with their respective terms, subject to adjustments agreed upon by the holders of such options and Merger Co.

### ***No Further Ownership Rights***

After the effective time of the merger, each of our outstanding stock certificates will represent only the right to receive the merger consideration. The merger consideration paid upon surrender of each certificate will be paid in full satisfaction of all rights pertaining to the shares of our common stock represented by that certificate.

### **Exchange and Payment Procedures**

At the effective time of the merger, the surviving corporation will deposit an amount of cash sufficient to pay the merger consideration to each holder of shares of our common stock with a bank or trust company (the paying agent ) reasonably acceptable to us. As soon as practicable after the effective time of the merger, the paying agent will mail a letter of transmittal and instructions to you and the other Company stockholders. The letter of transmittal and instructions will tell you how to surrender your Company common stock certificates in exchange for the merger consideration.

**You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.**

You will not be entitled to receive the merger consideration until you surrender your Company common stock certificate or certificates to the paying agent, together with a duly completed and executed letter of transmittal and any other documents as the paying agent may require. The merger consideration may be paid to a person other than the person in whose name the corresponding certificate is registered if the certificate is properly endorsed or is otherwise in the proper form for transfer. In addition, the person requesting payment must either pay any applicable stock transfer taxes or establish to the reasonable satisfaction of the surviving corporation that such stock transfer taxes have been paid or are not applicable.

No interest will be paid or will accrue on the cash payable upon surrender of the certificates. Each of the paying agent, the surviving corporation and Merger Co will be entitled to deduct and withhold any applicable taxes from the merger consideration and pay such withholding amount over to the appropriate taxing authority.

At the effective time of the merger, our share transfer books will be closed, and there will be no further registration of transfers of outstanding shares of our common stock. If, after the effective time of the merger, certificates are presented to the surviving corporation or the paying agent for transfer or any other reason, they will be canceled and exchanged for the merger consideration.

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None of the paying agent, Merger Co or the surviving corporation will be liable to any person for any shares or cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. Any portion of the merger consideration deposited with the paying agent that remains undistributed to the holders of certificates evidencing shares of our common stock for one year after

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the effective time of the merger, will be delivered, upon demand, to the surviving corporation. Holders of certificates who have not surrendered their certificates within one year after the effective time of the merger may only look to the surviving corporation for the payment of the merger consideration.

If you have lost a certificate, or if it has been stolen or destroyed, then you will be required to make an affidavit of that fact before you will be entitled to receive the merger consideration. In addition, if required by the surviving corporation, you will have to post a bond in a reasonable amount determined by the surviving corporation indemnifying the surviving corporation against any claims made against it with respect to the lost, stolen or destroyed certificate.

## **Certificate of Incorporation and Bylaws**

The certificate of incorporation of the surviving corporation will be amended as of the effective time of the merger so as to contain the provisions, and only the provisions, contained immediately prior to the effective time of the merger in the certificate of incorporation of Merger Co, except that Article I will read the name of the corporation is SunGard Data Systems Inc. In addition, the bylaws of Merger Co, as in effect immediately prior to the effective date of the merger, will be the bylaws of the surviving corporation.

## **Directors and Officers**

The directors of Merger Co immediately prior to the effective time of the merger will be the initial directors of the surviving corporation. The officers of the Company will be the initial officers of the surviving corporation, although James L. Mann will no longer serve as chairman of the board of directors.

## **Representations and Warranties**

The merger agreement contains representations and warranties that the Company and Merger Co made to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract between the Company and Merger Co and may be subject to important qualifications and limitations agreed by such parties in connection with negotiating its terms. Moreover, certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a contractual standard of materiality different from those generally applicable to shareholders or were used for the purpose of allocating risk between the Company and Merger Co rather than establishing matters as facts. For the foregoing reasons, you should not rely on the representations and warranties as statements of factual information. Our representations and warranties relate to, among other things:

our and our subsidiaries proper organization, good standing and corporate power to operate our businesses;

our certificate of incorporation and bylaws and that of our subsidiaries;



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our capitalization, including in particular the number of shares of our common stock and stock options outstanding and the amount of our debt outstanding;

our corporate power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;

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the absence of any violation of or conflict with our organizational documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;