SUNGARD DATA SYSTEMS INC
Form 10-Q
May 14, 2008
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United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2008

OR

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

Commission file number 1-12989

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

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

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ¨ No x

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

Large accelerated filer ¨. Accelerated filer ¨. Non-accelerated filer x. Smaller reporting company ¨.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨. No x.

There were 100 shares of the registrant s common stock outstanding as of March 31, 2008.

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SunGard Data Systems Inc.

And Subsidiaries

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

SunGard Data Systems Inc.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(unaudited)

	December 31, 2007	March 31, 2008
Assets		
Current:		
Cash and cash equivalents	$ 427	**$ 427**
Trade receivables, less allowance for doubtful accounts of $12 and $21	290	**297**
Earned but unbilled receivables	63	**73**
Prepaid expenses and other current assets	166	**144**
Clearing broker assets	469	**555**
Retained interest in accounts receivable sold	243	**241**
Deferred income taxes	32	**32**
Total current assets	1,690	**1,769**
Property and equipment, less accumulated depreciation of $533 and $595	852	**869**
Software products, less accumulated amortization of $542 and $605	1,266	**1,256**
Customer base, less accumulated amortization of $475 and $531	2,745	**2,735**
Other tangible and intangible assets, less accumulated amortization of $21 and $25	179	**192**
Trade name	1,022	**1,024**
Goodwill	7,086	**7,108**
Total Assets	$ 14,840	**$ 14,953**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 55	**$ 313**
Accounts payable	85	**86**
Accrued compensation and benefits	271	**198**
Accrued interest expense	148	**72**
Other accrued expenses	390	**406**
Clearing broker liabilities	434	**529**
Deferred revenue	825	**859**
Total current liabilities	2,208	**2,463**
Long-term debt	7,430	**7,322**
Deferred income taxes	1,646	**1,625**
Total liabilities	11,284	**11,410**
Commitments and contingencies		
Stockholder s equity:		

Common stock, par value $.01 per share; 100 shares authorized, issued and oustanding		
Capital in excess of par value	3,694	**3,713**
Accumulated deficit	(207)	**(229)**
Accumulated other comprehensive income	69	**59**
Total stockholder s equity	3,556	**3,543**
Total Liabilities and Stockholder s Equity	$ 14,840	**$ 14,953**

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

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SunGard Data Systems Inc.

Consolidated Statements of Operations

(In millions)

(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2008
Revenue:		
Services	$ 1,022	**$ 1,198**
License and resale fees	65	**59**
Total products and services	1,087	**1,257**
Reimbursed expenses	29	**45**
	1,116	**1,302**
Costs and expenses:		
Cost of sales and direct operating	525	**643**
Sales, marketing and administration	240	**277**
Product development	74	**79**
Depreciation and amortization	59	**67**
Amortization of acquisition-related intangible assets	104	**112**
	1,002	**1,178**
Income from operations	114	**124**
Interest income	5	**5**
Interest expense and amortization of deferred financing fees	(165)	**(148)**
Other expense	(37)	**(21)**
Loss before income taxes	(83)	**(40)**
Provision for (benefit from) income taxes	13	**(18)**
Net loss	$ (96)	**$ (22)**

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

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SunGard Data Systems Inc.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2008
Cash flow from operations:		
Net loss	$ (96)	**$ (22)**
Reconciliation of net loss to cash flow (used in) provided by operations:		
Depreciation and amortization	163	**179**
Deferred income tax benefit	(21)	**(30)**
Stock compensation expense	6	**7**
Amortization of deferred financing costs and debt discount	19	**9**
Other noncash expense	2	**16**
Accounts receivable and other current assets	75	**(10)**
Accounts payable and accrued expenses	(180)	**(154)**
Clearing broker assets and liabilities, net	10	**9**
Deferred revenue	10	**24**
Cash flow (used in) provided by operations	(12)	**28**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(64)**
Cash paid for property and equipment and software	(69)	**(84)**
Other investing activities	(4)	
Cash used in investment activities	(86)	**(148)**
Financing activities:		
Cash received from borrowings, net of fees	503	**151**
Cash used to repay debt	(414)	**(30)**
Other financing activities		**(10)**
Cash provided by financing activities	89	**111**
Effect of exchange rate changes on cash	(2)	**9**
Increase (decrease) in cash and cash equivalents	(11)	
Beginning cash and cash equivalents	316	**427**
Ending cash and cash equivalents	$ 305	**$ 427**
Supplemental information:		
Acquired businesses:		
Property and equipment	$ 1	**$ 1**
Software products	7	**39**
Customer base	9	**44**

Goodwill	11	**37**
Other tangible and intangible assets	1	**1**
Deferred income taxes	(5)	**(34)**
Purchase price obligations and debt assumed	(4)	**(10)**
Net current liabilities assumed	(7)	**(14)**
Cash paid for acquired businesses, net of cash acquired of $7 and $20, respectively	$ 13	**$ 64**

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

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SUNGARD DATA SYSTEMS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation:

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

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II, which is a subsidiary of SunGard Capital Corp. All of these companies were formed for the purpose of facilitating the Transaction and are collectively referred to as the Holding Companies.

SunGard has four reportable segments: Financial Systems (FS), Higher Education (HE), Public Sector (PS) and Availability Services (AS). The Company s Software & Processing Solutions business is comprised of the FS, HE and PS segments. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated. The consolidated financial statements exclude the accounts of the Holding Companies.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. Interim financial reporting does not include all of the information and footnotes required by GAAP for complete financial statements. The interim financial information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141R, Business Combinations, (SFAS 141R), which changes accounting principles for business acquisitions. SFAS 141R requires the recognition of all the assets acquired and liabilities assumed in the transaction based on the acquisition-date fair value. Certain provisions of this standard will, among other things, impact the determination of consideration paid or payable in a business combination and change accounting practices for transaction costs, acquired contingencies, acquisition-related restructuring costs, in-process research and development, indemnification assets, and tax benefits. SFAS 141R is effective for business combinations and adjustments to all acquisition-related deferred tax asset and liability balances occurring after December 31, 2008. The Company is currently evaluating the requirements of this standard; however, this standard could have a significant impact on the consolidated financial statements.

In December 2007, the FASB also issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS 160). The objective of SFAS 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective January 1, 2009. The Company has not yet determined the impact of adopting SFAS 160 on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 is intended to help investors better understand how derivative instruments and hedging activities affect an entity s financial position, financial performance and cash flows through enhanced disclosure requirements. SFAS 161 is effective as of January 1, 2009. The Company is currently evaluating the impact of this standard, but would not expect SFAS 161 to have a material impact on the consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position (FSP) No. FAS 142-3, Determination of the Useful Life of Intangible Assets. FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). FSP 142-3 is intended to improve the consistency between the useful life of an intangible asset determined under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other GAAP. FSP 142-3 is effective as of January 1, 2009. The Company is currently evaluating the impact of this staff position but would not expect FSP 142-3 to have a material impact on the consolidated financial statements.

2. Acquisitions:

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During the three months ended March 31, 2008, the Company completed two acquisitions in its FS segment. Cash paid, net of cash acquired and subject to certain adjustments, was $64 million. The allocations of purchase price for these acquisitions and certain others completed in 2007 are preliminary.

The following table lists the businesses the Company acquired in the first quarter of 2008:

Acquired Company/Business	**Date Acquired**	**Description**
Advanced Portfolio Technologies, Inc.	2/29/2008	Portfolio optimization and risk management software.
Corporate Payments Division of Payformance Corporation	2/29/2008	Integrated electronic and outsourced payment solutions.

Goodwill

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

	FS	**HE**	**PS**	**AS**	**Total**
Balance at December 31, 2007	$ 2,942	$ 971	$ 911	$ 2,262	$ 7,086
2008 acquisitions	29				29
Income tax adjustments related to the Transaction	(4)	(2)	(1)	(3)	(10)
Effect of foreign currency translation	3				3
Balance at March 31, 2008	$ 2,970	$ 969	$ 910	$ 2,259	$ 7,108

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3. Clearing Broker Assets and Liabilities:

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

	December 31, 2007	March 31, 2008
Segregated customer cash and treasury bills	$ 109	$ 146
Securities owned	25	34
Securities borrowed	302	343
Receivables from customers and other	33	32
Clearing broker assets	$ 469	$ 555
Payables to customers	$ 114	$ 155
Securities loaned	271	308
Customer securities sold short, not yet purchased	16	19
Payable to brokers and dealers	33	47
Clearing broker liabilities	$ 434	$ 529

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

4. Debt:

In January 2008 and February 2008, the Company entered into a three-year interest rate swap agreement and a two-year interest rate swap agreement, respectively, each for a notional amount of $750 million, under which the Company is required to pay the counterparty a stream of fixed rate interest payments of 3.17% and 2.71%, respectively, and, in turn, receives variable interest payments based on LIBOR from the counterparty.

5. Income Taxes:

The Company s reserve for unrecognized income tax benefits at March 31, 2008 is $20 million. This liability includes approximately $3 million (net of federal and state benefit) in accrued interest and penalties. Since substantially all of the liability relates to matters existing at the date of the Transaction, any reversal of reserve is not expected to have a material impact on the Company s annual effective tax rate. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

At any time some portion of the Company s operations are under audit. The Company is currently under audit by the Internal Revenue Service for the calendar years 2003 through 2006. In addition, various state and foreign jurisdiction tax years remain open to examination. Based on the outcome of these audits, it is reasonably possible that certain matters may be resolved within the next 12 months and the reserve for unrecognized income tax benefits could change. The Company is unable to estimate the range of any possible adjustment at this time.

6. Fair Value Measurements:

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 clarifies the definition of fair value, prescribes methods for measuring fair value, established a fair value hierarchy based on inputs used to measure fair value, and expands disclosure about the use of fair value measures. The Company partially adopted SFAS 157 on January 1, 2008 with no impact on its financial position or operating results. FASB Staff Position SFAS 157-2, Effective Date of FASB Statement 157, permits the Company to defer recognition and measurement of nonfinancial assets and liabilities measured on a nonrecurring basis until January 1, 2009.

The fair value hierarchy, as defined by SFAS 157, is as follows:

Level 1 quoted prices in active markets for identical assets or liabilities

Level 2 quoted prices for similar assets and liabilities in active markets or inputs that are observable

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Level 3 inputs that are unobservable (for example, cash flow modeling inputs based on assumptions)

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2008 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Clearing broker assets - securities owned	$ 34	$	$	$ 34
Retained interest in accounts receivable sold			241	241
Currency option		1		1
	$ 34	$ 1	$ 241	$ 276
Liabilities				
Clearing broker liabilities - customer securities sold short, not yet purchased	$ 19	$	$	$ 19
Interest rate swap agreements		84		84
	$ 19	$ 84	$	$ 103

Clearing broker assets and liabilities securities owned and customer securities sold short, not yet purchased are recorded at closing exchange-quoted prices. Retained interest in accounts receivable sold is calculated using a discounted cash flow model using an applicable market interest rate and assumptions based upon collection period. Fair values of the interest rate swap agreements and currency option are based on market prices obtained from brokers. During the three months ended March 31, 2008, the fair value of retained interest in accounts receivable sold decreased $2 million from $243 million at December 31, 2007 resulting from purchases, issuances and settlements.

7. Comprehensive Income (Loss):

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

	Three Months Ended March 31,	
	2007	2008
Net loss	$ (96)	$ (22)
Foreign currency translation gains	1	20
Unrealized loss on derivative instruments	(3)	(30)
Comprehensive loss	$ (98)	$ (32)

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8. Segment Information:

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

	Three Months Ended March 31, 2007	2008
Revenue:		
Financial systems	$ 543	$ 687
Higher education	132	126
Public Sector	99	101
Software & processing solutions	774	914
Availability services	342	388
	$ 1,116	$ 1,302
Depreciation and amortization:		
Financial systems	$ 14	$ 16
Higher education	2	2
Public sector	2	2
Software & processing solutions	18	20
Availability services	41	47
Corporate administration		
	$ 59	$ 67
Income (loss) from operations:		
Financial systems	$ 100	$ 121
Higher education	29	24
Public sector	21	18
Software & processing solutions	150	163
Availability services	87	101
Corporate and other items [1]	(123)	(140)
	$ 114	$ 124
Cash paid for property and equipment and software:		
Financial systems	$ 19	$ 15
Higher education	4	11
Public sector	1	2
Software & processing solutions	24	28
Availability services	45	56
Corporate administration		
	$ 69	$ 84

(1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $104 million and $112 million for the three month periods ended March 31, 2007 and 2008, respectively.

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

	Three Months Ended March 31, 2007	2008
Amortization of acquisition-related intangible assets:		
Financial systems	$ 58	$ 60
Higher education	9	9
Public sector	8	11
Software & processing solutions	75	80
Availability services	29	31
Corporate administration		1
	$ 104	$ 112

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

	Three Months Ended March 31, 2007	2008
Trading Systems	$ 84	$ 164
Capital Markets	63	81
Banks & Corporations	72	74
Wealth Management	60	65
Brokerage & Clearance	61	62
Institutional Asset Management	54	55
Employee Administration	41	46
All other	108	140
Total Financial Systems	$ 543	$ 687

The operating results for HE and PS, reported as a combined HE & PS segment in each of the 2007 quarters, follow for 2007 by quarter (in millions):

	Three Months Ended March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	2007
Revenue:					
Higher education	$ 132	$ 133	$ 131	$ 147	$ 543
Public Sector	99	100	100	111	410
	$ 231	$ 233	$ 231	$ 258	$ 953
Depreciation and amortization:					
Higher education	$ 2	$ 2	$ 2	$ 2	$ 8
Public sector	2	2	2	3	9
	$ 4	$ 4	$ 4	$ 5	$ 17
Income from operations:					

Higher education [1]	$ 29	$ 35	$ 35	$ 44	$ 143
Public sector [2]	21	19	22	22	84
	$ 50	$ 54	$ 57	$ 66	$ 227
Cash paid for property and equipment and software:					
Higher education	$ 4	$ 4	$ 6	$ 7	$ 21
Public sector	1	2	4	3	10
	$ 5	$ 6	$ 10	$ 10	$ 31

(1) Excludes amortization of acquisition-related intangible assets of $9 million, $8 million, $9 million and $9 million for the three months ended March 31, 2007, June 30, 2007, September 30, 2007 and December 31, 2007, respectively and $35 million for 2007.

(2) Excludes amortization of acquisition-related intangible assets of $8 million, $9 million, $10 million and $13 million for the three months ended March 31, 2007, June 30, 2007, September 30, 2007 and December 31, 2007, respectively and $40 million for 2007.

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Amortization of acquisition-related intangible assets for HE and PS for 2007 by quarter follows (in millions):

	Three Months Ended				
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	2007
Amortization of acquisition-related intangible assets:					
Higher education	$ 9	$ 8	$ 9	$ 9	$ 35
Public sector	8	9	10	13	40
	$ 17	$ 17	$ 19	$ 22	$ 75

9. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $3 million and $4 million of management fees in sales, marketing and administration expenses during the three months ended March 31, 2007 and 2008, respectively. At each of December 31, 2007 and March 31, 2008, $4 million was included in other accrued expenses.

10. Supplemental Guarantor Condensed Consolidating Financial Statements:

On August 11, 2005, in connection with the Transaction, the Company issued $3.0 billion aggregate principal amount of the outstanding senior notes and the outstanding senior subordinated notes. The senior notes are jointly and severally, fully and unconditionally guaranteed on a senior unsecured basis and the senior subordinated notes are jointly and severally, fully and unconditionally guaranteed on an unsecured senior subordinated basis, in each case, subject to certain exceptions, by substantially all wholly owned domestic subsidiaries of the Company (collectively, the Guarantors). Each of the Guarantors is 100% owned, directly or indirectly, by the Company. None of the other subsidiaries of the Company, either direct or indirect, guarantee the senior notes and senior subordinated notes (Non-Guarantors). The Guarantors also unconditionally guarantee the senior secured credit facilities.

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The following tables present the financial position, results of operations and cash flows of the Company (Parent), the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries and Eliminations as of December 31, 2007 and March 31, 2008 and for each of the three month periods ended March 31, 2007 and 2008, to arrive at the information for SunGard Data Systems Inc. on a consolidated basis.

(in millions)	Supplemental Condensed Consolidating Balance Sheet December 31, 2007				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 39	$ 2	$ 386	$	$ 427
Intercompany balances	(4,616)	4,628	(12)		
Trade receivables, net	(1)	74	280		353
Prepaid expenses, taxes and other current assets	1,416	98	784	(1,388)	910
Total current assets	(3,162)	4,802	1,438	(1,388)	1,690
Property and equipment, net	1	562	289		852
Intangible assets, net	153	4,420	639		5,212
Intercompany balances	684	(720)	36		
Goodwill		6,120	966		7,086
Investment in subsidiaries	13,205	2,120		(15,325)	
Total Assets	$ 10,881	$ 17,304	$ 3,368	$ (16,713)	$ 14,840
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 40	$ 6	$ 9	$	$ 55
Accounts payable and other current liabilities	264	2,222	1,055	(1,388)	2,153
Total current liabilities	304	2,228	1,064	(1,388)	2,208
Long-term debt	7,049	10	371		7,430
Intercompany debt	(5)	330	(166)	(159)	
Deferred income taxes	(23)	1,531	138		1,646
Total liabilities	7,325	4,099	1,407	(1,547)	11,284
Total stockholder s equity	3,556	13,205	1,961	(15,166)	3,556
Total Liabilities and Stockholder s Equity	$ 10,881	$ 17,304	$ 3,368	$ (16,713)	$ 14,840

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(in millions)	Supplemental Condensed Consolidating Balance Sheet March 31, 2008				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 34	$ (18)	$ 411	$	$ 427
Intercompany balances	(4,813)	4,868	(55)		
Trade receivables, net	4	65	301		370
Prepaid expenses, taxes and other current assets	1,475	95	876	(1,474)	972
Total current assets	(3,300)	5,010	1,533	(1,474)	1,769
Property and equipment, net	1	577	291		869
Intangible assets, net	168	4,349	690		5,207
Intercompany balances	680	(719)	39		
Goodwill		6,111	997		7,108
Investment in subsidiaries	13,377	2,274		(15,651)	
Total Assets	$ 10,926	$ 17,602	$ 3,550	$ (17,125)	$ 14,953
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 286	$ 7	$ 20	$	$ 313
Accounts payable and other current liabilities	204	2,308	1,112	(1,474)	2,150
Total current liabilities	490	2,315	1,132	(1,474)	2,463
Long-term debt	6,941	12	369		7,322
Intercompany debt	(6)	368	(206)	(156)	
Deferred income taxes	(42)	1,530	137		1,625
Total liabilities	7,383	4,225	1,432	(1,630)	11,410
Total stockholder s equity	3,543	13,377	2,118	(15,495)	3,543
Total Liabilities and Stockholder s Equity	$ 10,926	$ 17,602	$ 3,550	$ (17,125)	$ 14,953

(in millions)	Supplemental Condensed Consolidating Schedule of Operations Three Months Ended March 31, 2007				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 802	$ 344	$ (30)	$ 1,116
Costs and expenses:					
Cost of sales and direct operating		366	189	(30)	525
Sales, marketing and administration	23	132	85		240
Product development		51	23		74
Depreciation and amortization		43	16		59
Amortization of acquisition-related intangible assets	1	86	17		104
	24	678	330	(30)	1,002
Income (loss) from operations	(24)	124	14		114
Net interest income (expense)	(157)	(3)			(160)
Other income (expense)	11	3	(9)	(42)	(37)

Income (loss) before income taxes	(170)	124	5	(42)	(83)
Provision (benefit) for income taxes	(74)	85	2		13
Net income (loss)	$ (96)	$ 39	$ 3	$ (42)	$ (96)

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(in millions)	Supplemental Condensed Consolidating Schedule of Operations Three Months Ended March 31, 2008				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 888	$ 468	$ (54)	$ 1,302
Costs and expenses:					
Cost of sales and direct operating		419	278	(54)	643
Sales, marketing and administration	24	154	99		277
Product development		46	33		