

SunGard iWORKS P&C (US) Inc.

Form 424B3

March 24, 2014

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FILED PURSUANT TO RULE 424(B)(3)

File Number 333-190275

SUNGARD DATA SYSTEMS INC.

SUPPLEMENT NO. 9 TO

MARKET-MAKING PROSPECTUS DATED AUGUST 8, 2013

THE DATE OF THIS SUPPLEMENT IS MARCH 24, 2014

ON MARCH 21, 2014, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED  
ANNUAL REPORT ON FORM 10-K FOR THIS YEAR ENDED DECEMBER 31, 2014

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**for the fiscal year ended December 31, 2013**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**for the transition period from                      to**

**Commission File Numbers:**

**SunGard Capital Corp. 000-53653**

**SunGard Capital Corp. II 000-53654**

**SunGard Data Systems Inc. 001-12989**

**SunGard® Capital Corp.**

**SunGard® Capital Corp. II**

**SunGard® Data Systems Inc.**

**(Exact name of registrant as specified in its charter)**

<b>Delaware</b>	<b>20-3059890</b>
<b>Delaware</b>	<b>20-3060101</b>
<b>Delaware</b>	<b>51-0267091</b>
<b>(State of incorporation)</b>	<b>(I.R.S. Employer Identification No.)</b>

**680 East Swedesford Road, Wayne, Pennsylvania 19087**

**(Address of principal executive offices, including zip code)**

**484-582-2000**

**(Telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

**None**

**Securities registered pursuant to Section 12(g) of the Act:**

**Restricted Stock Units Granting Conditional Rights to Units Consisting of:**

**Class A Common Stock of SunGard Capital Corp., par value \$0.001 per share,**

**Class L Common Stock of SunGard Capital Corp., par value \$0.001 per share, and**

**Preferred Stock of SunGard Capital Corp. II, par value \$0.001 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

SunGard Capital Corp.

Yes  No

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SunGard Capital Corp. II

Yes  No

SunGard Data Systems Inc.

Yes  No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

SunGard Capital Corp.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
SunGard Capital Corp. II	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
SunGard Data Systems Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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

SunGard Capital Corp.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SunGard Capital Corp. II	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SunGard Data Systems Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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

SunGard Capital Corp.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SunGard Capital Corp. II	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SunGard Data Systems Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K.

SunGard Capital Corp.	<input checked="" type="checkbox"/>	SunGard Capital Corp. II	<input checked="" type="checkbox"/>	SunGard Data Systems Inc.	<input checked="" type="checkbox"/>
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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

SunGard Capital Corp.	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
SunGard Capital Corp. II	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
SunGard Data Systems Inc.	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

SunGard Capital Corp.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
SunGard Capital Corp. II	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

SunGard Data Systems Inc.

Yes  No

The aggregate market value of the registrants' voting stock held by nonaffiliates is zero. The registrants are privately held corporations.

The number of shares of the registrants' common stock outstanding as of March 1, 2014:

SunGard Capital Corp.:	257,045,116 shares of Class A common stock and 28,560,566 shares of Class L common stock
SunGard Capital Corp. II:	100 shares of common stock
SunGard Data Systems Inc.:	100 shares of common stock

#### **DOCUMENTS INCORPORATED BY REFERENCE**

**None.**

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**Explanatory Note**

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

**Forward-Looking Statements**

Certain of the matters we discuss in this Report may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates, or similar expressions which concern our strategy, plans intentions. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We describe some of the factors that we believe could affect our results in ITEM 1A RISK FACTORS. We assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.



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**PART I**

**ITEM 1. BUSINESS**

We are one of the world's leading software and technology services companies. We provide software and technology services to financial services, education and public sector organizations. We also provide disaster recovery services, managed services, information availability consulting services and business continuity management software. We serve approximately 23,000 customers in more than 70 countries. Our high quality software solutions, excellent customer support and specialized technology services result in strong customer retention rates across all of our business segments, and create long-term customer relationships.

We were acquired in August 2005 in a leveraged buy-out (the LBO) by a consortium of private equity investment funds associated with Bain Capital Partners, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts & Co., Providence Equity Partners, Silver Lake and TPG. As a result of the LBO, we are highly leveraged and our equity is not publicly traded.

We operate our business in three segments: Financial Systems (FS), Availability Services (AS) and Public Sector & Education (PS&E).

FS provides mission-critical software and technology services to virtually every type of financial services institution, including, buy-side and sell-side institutions, third-party administrators, wealth managers, retail banks, insurance companies, corporate and government treasuries and energy trading firms. Our broad range of complementary software solutions and associated technology services help financial services institutions automate the business processes associated with trading, managing portfolios and accounting for investment assets.

AS provides disaster recovery services, managed services, information availability consulting services and business continuity management software to approximately 7,000 customers in virtually all industries across North America and Europe. With approximately five million square feet of data center and operations space, AS assists information technology (IT) organizations to prepare for and recover from emergencies by helping them optimize their computing uptime. Through direct sales and channel partners, AS helps organizations ensure their people and customers have uninterrupted access to the information systems they need in order to conduct business.

As disclosed in the Form 8-K filed on January 24, 2014, we intend to split-off the AS business on a tax-free basis to our existing stockholders, including our private equity owners. The split-off is expected to be completed as early as the end of March 2014, subject to the satisfaction of various customary conditions, including the receipt of financing for AS, opinions of counsel as to the tax-free nature of the split-off and related transactions, and final approval from our board of directors.

The split-off of AS from SunGard will result in the strategic separation of SunGard into two financially strong, independent companies and will bring greater clarity and alignment to each company's mission. While both businesses have been part of SunGard for a long time, they serve vastly different customer needs and have very different business profiles, with distinct capital requirements, sales forces and competitors. With the split-off of AS, AS can, among other things, provide its key managers with incentives that directly align them with the AS business, allowing AS to retain and motivate those managers and attract future key AS managers. The two more focused and autonomous companies each with significant size, capabilities and financial strength will be better positioned to drive long-term growth and value for customers, employees and investors.

PS&E provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, public and private schools, utilities, nonprofits and other public sector institutions.

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We provide a large portfolio of products to customers who are diversified both geographically and by industry. Our base of 23,000 customers includes an extensive list of financial services firms, including most of the world's largest financial institutions. In addition, we serve corporate and government treasury departments, energy companies, school districts, local governments and nonprofit organizations. During each of the past three fiscal years, no single customer has accounted for more than 3% of total revenue.

In many cases, our products and services are offered under multi-year contracts, providing good visibility to revenue trends and allowing us to manage spending proactively. On average, for the past three fiscal years, services revenue has been approximately 91% of total revenue. About 80% of services revenue is highly recurring and is generated from (1) software-related services including software maintenance, support, rentals and hosting, and (2) recovery-related services and managed IT services. The remaining services revenue includes (1) professional services, which are mainly generated from implementation and consulting services in connection with the sale of our products and (2) broker/dealer fees.

To the extent required by ITEM 1 of Form 10-K, financial information regarding our segments is included in Note 15 of the Notes to Consolidated Financial Statements.

## **Segment Overview**

### ***Financial Systems***

FS provides mission critical software and technology services to financial services institutions, corporate and government treasury departments and energy companies. Our solutions automate the many complex business processes associated with trading, managing investment portfolios and accounting for investment assets, and also address the processing requirements of a broad range of users within the financial services sector. In addition, we provide technology services that focus on application implementation and integration of these solutions, custom software development and application management. We continue to invest in our solutions to add new features, process new types of financial instruments, meet new regulatory requirements, incorporate new technologies and meet evolving customer needs on a global basis.

We deliver many of our solutions as an application-service provider, primarily from our data centers located in North America and Europe that customers access through the Internet or virtual private networks. We also deliver some of our solutions by licensing the software to customers for use on their own computers and premises.

Our FS business offers software and technology services to a broad range of users, including asset managers, chief financial officers, compliance officers, custodians, fund administrators, insurers and reinsurers, market makers, plan administrators, registered investment advisors, treasurers, traders and wealth managers. FS is grouped into complementary solutions that focus on the specific requirements of our customers, as follows:

*Asset Management:* We offer solutions that help institutional investors, hedge funds, private equity firms, fund administrators and securities transfer agents improve both investment decision-making and operational efficiency, while managing risk and increasing transparency. Our solutions support every stage of the investment process, from research and portfolio management, to valuation, risk management, compliance, investment accounting, transfer agency and client reporting.

*Banking:* Our banking solutions help retail, corporate and private banks to better manage their customers, capital and staff. We provide integrated solution suites for asset/liability management, budgeting and planning, regulatory compliance and profitability. We offer retail banks a range of solutions helping them address core banking, online and

mobile banking, and customer and card management requirements. We also provide front-to-back-office solutions for equipment financing organizations.

*Brokerage:* Our brokerage solutions provide trade execution and network solutions to financial institutions, corporations and municipalities in North America, Europe and other global markets. Our trade execution and network solutions help both buy- and sell-side firms improve execution quality, decrease overall execution costs and address today's trade connectivity challenges.

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*Capital Markets:* Our capital markets solutions help banks, broker/dealers, futures commission merchants and other financial institutions to increase the efficiency, transparency and control of their trading operations across multiple platforms, asset classes and markets. Supporting the entire trade lifecycle from front-to-back, these solutions provide everything from connectivity, execution services and risk management to securities finance, collateral management and compliance. Additionally, these solutions help customers to create and manage consolidated views across all their positions and risks.

*Corporate Liquidity:* Our corporate liquidity solutions help chief financial officers and treasurers derive maximum value from working capital by increasing visibility to cash, reducing risk and improving communication and response time between a company's buyers, suppliers, banks and other stakeholders. Our end-to-end collaborative financial management framework helps bring together receivables, treasury and payments for a single view of cash and risk, and to optimize business processes for enhanced liquidity management.

*Energy:* Our energy and commodities solutions help energy companies, hedge funds and financial services firms to compete efficiently in global energy and commodities markets by streamlining and integrating the trading, risk management and operations of physical commodities and their associated financial instruments.

*Insurance:* We provide solutions for the insurance industry in each of the following major business lines: life and health, annuities and pensions, property and casualty, reinsurance and asset management. Our software and services help support front office and back office functions including customer service, policy administration, actuarial calculations, and financial and investment accounting and reporting.

*Wealth & Retirement Administration:* We provide wealth management solutions that help banks, trust companies, brokerage firms, insurance firms, benefit administrators and independent advisors acquire, service and grow their client relationships. We provide solutions for client acquisition, transaction management, trust accounting and recordkeeping that can be deployed as stand-alone products, or as part of an integrated wealth management platform.

FS also has a global services organization that delivers business consulting, technology, managed services and professional services for financial services institutions, energy companies and corporations. Leveraging our global delivery model, our consultants and developers help customers manage their complex data needs, optimize end-to-end business processes and assist with systems integration, while providing full application development, maintenance, testing and support services.

## ***Availability Services***

AS helps customers improve the resilience of their mission critical data systems by designing, implementing and managing cost-effective solutions to address enterprise IT availability needs. As the pioneer of commercial IT disaster recovery in the 1970s, we believe our specialization in information availability solutions, together with our vast experience, technology expertise, resource management capabilities, vendor neutrality and diverse service offerings, have uniquely positioned us to help meet customers' varied needs in an environment in which businesses are critically dependent on the availability of data and IT systems. Our comprehensive portfolio of services extends from advanced recovery services and cloud-based recovery to always-on production environment and managed infrastructure services including planning and provisioning of enterprise cloud computing and platforms. We offer highly resilient data center space in which customers can maintain their own IT equipment, as well as shared and dedicated workplace environments for use by customers' mission critical employees whose own workspaces are impacted by disasters. Additionally, we provide business continuity management software and consulting services to help customers design, implement and maintain plans to protect their central business systems. To serve our approximately 7,000 customers, we have approximately 5,000,000 square feet of data center and operations space at over 90 facilities

in ten countries. Since inception, we have helped customers recover from unplanned interruptions resulting from major disasters including hurricane Sandy in 2012, the Gulf Coast hurricanes in 2008, widespread flooding in the United Kingdom in 2007, hurricane Katrina and the Gulf Coast hurricanes in 2005, the Florida hurricanes in 2004, the Northeast U.S. blackout in 2003, and the terrorist attacks of September 11, 2001, as well as thousands of more localized disruptions such as power outages, fires, or civil unrest.

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We provide the following four categories of services: recovery services, managed services, consulting services and business continuity management software. The combination of all of these services provides our customers with a complete set of IT operations and information availability management solutions. While traditional third-party shared recovery infrastructure and data center colocation remain important and significant components of our business, over the past three years we have been shifting our emphasis toward more integrated solutions, such as our Recovery-as-a-Service (RaaS) portfolio including our Managed Recovery Program and our Recover2Cloud<sup>®</sup> solutions. These solutions are tailored to fully manage customers' production environments, and Cloud infrastructures including our Enterprise Cloud Services, Private Cloud Services, and most recently Public Cloud Services.

*Recovery Services:* The Recovery Services business is a recurring revenue business. Customers enter into contracts that provide the right to access our data centers in the event of natural disasters, power failures or other events which prevent customers from accessing their own facilities. Contracts typically cover multiple years, providing a recurring revenue stream. Our data centers are highly leveraged because not all customers need access to the data centers at the same time. Recovery Services revenue has been declining due to customers' shifting from traditional backup and recovery solutions to (i) in-house solutions; (ii) disk-based, (iii) cloud-based and (iv) managed recovery solutions. At the same time, demand has been increasing for outsourced management of IT operations and applications. In this environment we have introduced Recovery as a Service ( RaaS ) which includes our Managed Recovery Program ( MRP ) and Recover2Cloud<sup>®</sup>. These new solutions bring our expertise to customers' disaster recovery operations.

*Managed Services:* The Managed Services business is also a recurring revenue business. Customers enter into multi-year contracts for managed IT services where we provide co-location space, power and internet access in secure data centers. This allows customers to avoid capital outlay required to own and the expense of maintaining data center space for their applications. In addition to colocation services, we provide certain managed IT services that add value to the colocation arrangement, such as network management, data backup services, operating system management and application management. We also provide Cloud based solutions, which provide IT infrastructure and operational support for customers' production needs in a secure environment.

*Consulting Services:* Our primary consulting practice areas are IT Service Continuity, Security and Data Protection, Cloud and Infrastructure Transformation and Business Continuity Management. Each customer solution is an engagement based on an agreed upon statement of work. Contracts are fixed price and revenue is recognized on a percent of completion basis as work is performed.

*Business Continuity Management Software:* Our software business revenue is principally a recurring revenue business. Maintenance revenue is recognized ratably over the contract period. Recent releases of the software product are delivered as a Software as a Service ( SAAS ). Customers pay a monthly fee for the right to access and use the software. The Company hosts and manages the application for clients. The most recent software release is the SunGard Availability Services Assurance<sup>CM</sup> ( Assurance ) application. Assurance provides customers a platform through which they can develop comprehensive business continuity plans. The continuity plan provides customers with a critical tool that captures existing IT processes and application information and allows the customer the ability to develop a roadmap to be used to minimize down time in the event of a disaster or data security threat.

Availability Services operates across the Americas, the UK and in Europe. With locations in the UK, Ireland, France, Sweden, Belgium and Luxembourg, we have considerable ability to support customers from the European Union. In addition, we have Indian operations which provide workforce continuity services out of three locations.

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### ***Public Sector & Education***

Public Sector & Education provides mission critical software and technology services to domestic governments at all levels and K-12 learning institutions.

*K-12 Education:* We provide administrative information software solutions and related implementation and support services for K-12 school districts and private schools throughout the United States. Our software and technology services help school districts improve the efficiency of their operations and use Web-based technologies to serve their constituents. We offer a fully integrated suite of products for student information, learning management, special education, financial management and human resource activities.

*Public Sector:* PS provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, utilities and public sector institutions, as well as nonprofits. Our public administration solutions support a range of specialized enterprise resource planning and administrative processes for functions such as accounting, human resources, payroll, utility billing, land management and managed IT services. Public safety and justice agencies use our solutions to manage emergency dispatch operations, citizen and incident records, mobile computing in the field, and the operation of courts and jails. Our e-Government solutions help local governments to leverage the Internet and wireless technologies to serve their constituents.

### **Product Development and Maintenance**

Our global technology staff continually enhance and support our solutions to meet the needs of our customers for efficiency and competitive advantage. We employ approximately 5,000 developers across a network of international development sites. Our ability to attract, motivate and retain these development resources is a key differentiator for us and ultimately a source of our organic growth.

We are constantly investing to develop the technologies that are most important to our customers including such things as advanced user interfaces for browsers, tablets and mobile devices as well as advanced cloud-based architectures. In addition, our extensive current solutions give us a unique ability to bring advanced risk management abilities to market along with an ability to leverage the Big Data trend in the industry to provide business intelligence and predictive analytics.

In 2013, we continued to intentionally exit certain slower growing products or markets and shift our investments to new product development. In 2012 and 2013, we spent approximately \$402 million and \$409 million, respectively, on software development and maintenance, of which we capitalized \$22 million and \$43 million, respectively. Total software development and maintenance, net of capitalized software, was 9% of total revenue in both 2012 and 2013.

### **Sales and Marketing**

We operate a global sales and distribution network, largely through a direct sales approach. Our FS solutions are generally sold on a global basis with certain products adapted to specific geographic markets. The majority of our FS revenue is sourced from North America and Western Europe, although much of our growth is coming from the emerging markets. The emerging markets include China, India, Southeast Asia, Middle East, Africa, Latin America and Eastern Europe. Our AS solutions are marketed primarily in North America and Europe. Our K-12 and PS solutions are marketed in North America.

### **Brand and Intellectual Property**



To protect our proprietary services and software, we rely upon a combination of copyright, patent, trademark and trade secret law, confidentiality restrictions in contracts with employees, customers and others,

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software security measures, and registered copyrights and patents. We also have established policies requiring our personnel and representatives to maintain the confidentiality of our proprietary property. We have a number of patents and patent applications pending as well as a few registrations of our copyrights. We will continue to apply for software and business method patents on a case-by-case basis and will monitor ongoing developments in the evolving software and business method patent field (see ITEM 1A RISK FACTORS).

We own registered trademarks for the SunGard name and own or have applied for trademark registrations for many of our services and software products. Upon the split-off of Availability Services, we expect AS to continue to use the SunGard Availability Services name, which does not include the right to use the SunGard name or its derivatives.

## **Competition**

Because of the breadth and highly technical nature of our solutions, most of the areas in which we compete have a relatively small number of significant competitors.

**Financial Systems.** In our FS business, we compete with numerous software and services companies who generally provide point solutions to address specific customer needs. While many of these companies can compete in a particular sector of the financial services industry, we believe that none of them have the ability to compete against the entire spectrum of SunGard's solutions in the various sectors that we serve. In addition, few companies have the global reach that SunGard provides. To some degree, we also face competition from the internal IT resources of our customers and prospects. However, increased regulation is driving customers to use industry proven solutions such as those offered by SunGard. We believe that we compete effectively in the market through our innovative solutions, dedicated resources, quality of service and breadth of offerings. In addition, we believe that our leadership, reputation and experience are important competitive advantages.

**Availability Services.** In our AS business, the greatest source of competition for recovery and advanced recovery services is in-house dedicated solutions that the enterprise develops and maintains internally instead of purchasing from a services provider. The declining cost of infrastructure has made these solutions more accessible, yet the growing complexity of IT environments driven by cloud and virtualization has increased the challenge of sustaining in-house business continuity programs. Historically, the single largest commercial competitor for recovery and advanced recovery services has been IBM Corporation, which, like us, currently provides the full continuum of information availability services. We also face moderate competition from specialized vendors, including hardware manufacturers, data-replication and virtualization software companies, outsourcers, managed hosting companies, IT services companies and telecommunications companies. Competition among companies providing managed services, including cloud and data center service providers, is fragmented across various competitor types, such as major telecommunication providers, IT outsourcers, niche cloud vendors, real estate investment trusts and regional colocation providers. We compete effectively with respect to the key competitive dimensions in the information availability industry, namely economies of scale, quality of infrastructure, scope and quality of services, including breadth of supported hardware platforms and network capacity, level and quality of customer support, level of technical expertise, vendor neutrality, and price. We maintain important competitive advantages including our experience, our reliability, our reputation as an innovator, our proven track record, our financial stability and our ability to provide the entire portfolio of availability services as a single vendor solution.

## **Employees**

As of December 31, 2013, we had approximately 17,000 employees. Our success depends partly on our continuing ability to retain and attract skilled technical, sales and management personnel. While skilled personnel are in high demand and competition exists for their talents, we have been able to retain and attract highly qualified personnel (see

ITEM 1A RISK FACTORS).

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**ITEM 1A. RISK FACTORS**

Certain of the matters we discuss in this Report may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates, or similar expressions which concern our strategy, plans and intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Some of the factors that we believe could affect our results include:

global economic and market conditions;

the condition of the financial services industry, including the effect of any further consolidation among financial services firms;

our high degree of debt-related leverage;

the effect of war, terrorism, natural disasters or other catastrophic events;

the effect of disruptions to our systems and infrastructure;

the timing and magnitude of software sales;

the timing and scope of technological advances;

customers taking their information availability solutions in-house;

the trend in information availability toward solutions utilizing more dedicated resources;

the market and credit risks associated with broker/dealer operations;

the ability to retain and attract customers and key personnel;

risks relating to the foreign countries where we transact business;

the integration and performance of acquired businesses;

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;

a material weakness in our internal controls; and

unanticipated changes in our income tax provision or the enactment of new tax legislation, issuance of regulations or relevant judicial decisions.

The factors described in this paragraph and other factors that may affect our business or future financial results, as and when applicable, are discussed in our filings with the United States Securities and Exchange Commission ( SEC ), including this Report. We assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.

#### **Risks Related to Our Indebtedness**

**Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.**

As a result of being acquired on August 11, 2005 by a consortium of private equity investment funds, we are highly leveraged and our debt service requirements are significant.

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Our high degree of debt-related leverage could have important consequences, including:

making it more difficult for us to make payments on our debt obligations;

increasing our vulnerability to general economic and industry conditions;

requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;

exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities, are at variable rates of interest;

restricting us from making acquisitions or causing us to make non-strategic divestitures;

limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit agreement and the indentures relating to our senior notes due 2018 and 2020 and senior subordinated notes due 2019. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

**Our debt agreements contain restrictions that limit our flexibility in operating our business.**

Our senior secured credit agreement and the indentures governing our senior notes due 2018 and 2020 and senior subordinated notes due 2019 contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

incur additional indebtedness or issue certain preferred shares;

pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;

make certain investments;

sell certain assets;

create liens;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and

enter into certain transactions with our affiliates.

In addition, under the senior secured credit agreement, under certain circumstances, we are required to satisfy and maintain specified financial ratios and other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those ratios and tests. A breach of any of these covenants could result in a default under the senior secured credit agreement. Upon an event of default under the senior secured credit agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit.

If we were unable to repay those amounts, the lenders under the senior secured credit agreement could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under the senior secured credit agreement and the senior secured notes due 2014, to the extent required by the indenture governing these notes. If the lenders under the senior secured credit agreement accelerate the repayment of borrowings, we may not have sufficient assets to repay the senior secured credit facilities and the senior notes, as well as our unsecured indebtedness.

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**Risks Related to Our Business**

**Our business depends largely on the economy and financial markets, and a slowdown or downturn in the economy or financial markets could adversely affect our business and results of operations.**

When there is a slowdown or downturn in the economy, a drop in stock market levels or trading volumes, or an event that disrupts the financial markets, our business and financial results may suffer for a number of reasons. Customers may react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their IT spending. In addition, customers may curtail or discontinue trading operations, delay or cancel IT projects, or seek to lower their costs by renegotiating vendor contracts. Also, customers with excess IT resources may choose to take their information availability solutions in-house rather than obtain those solutions from us. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers to lower cost solutions. If any of these circumstances remain in effect for an extended period of time, there could be a material adverse effect on our financial results. Because our financial performance tends to lag behind fluctuations in the economy, our recovery from any particular downturn in the economy may not occur until after economic conditions have generally improved.

**Our business depends to a significant degree on the financial services industry, and a weakening of, or further consolidation in, or new regulations affecting, the financial services industry could adversely affect our business and results of operations.**

Because our customer base is concentrated in the financial services industry, our business is largely dependent on the health of that industry. When there is a general downturn in the financial services industry, or if our customers in that industry experience financial or business problems, including bankruptcies, our business and financial results may suffer. If financial services firms continue to consolidate, there could be a material adverse effect on our business and financial results. When a customer merges with a firm using its own solution or another vendor's solution, it could decide to consolidate on a non-SunGard system, which could have an adverse effect on our financial results.

To the extent newly adopted regulations negatively impact the business, operations or financial condition of our customers, our business and financial results could be adversely affected. We could be required to invest a significant amount of time and resources to comply with additional regulations or to modify the manner in which we provide products and services to our customers; and such regulations could limit how much we can charge for our services. We may not be able to update our existing products and services, or develop new ones at all or in a timely manner, to satisfy our customers' needs. Any of these events, if realized, could have a material adverse effect on our business and financial results.

**Catastrophic events may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.**

Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. The potential for a direct impact is due primarily to our significant investment in our infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. Despite our preparations, a security breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for customers, disruptions to our operations, or damage to our important facilities. The same disasters or circumstances that may lead to our customers requiring access to our availability services may negatively impact our own ability to provide such services.



Our three largest availability services facilities are particularly important, and a major disruption at one or more of those facilities could disrupt or otherwise impair our ability to provide services to our availability services customers. If any of these events happen, we may be exposed to unexpected liability, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results.

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### **Our information systems processing environments may be subject to disruptions that could adversely affect our reputation and our business.**

Our information systems processing environments maintain and process confidential data on behalf of our customers, some of which is critical to their business operations. For example, our capital markets systems maintain account and trading information for our customers and their clients, and our wealth management and insurance systems maintain investor account information for retirement plans, insurance policies and mutual funds. There is no guarantee that the systems and procedures that we maintain to protect against unauthorized access to such information are adequate to protect against all security breaches or cyber security threats. If our processing environments are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons, our customers could experience data loss, financial loss, harm to reputation and significant business interruption. If that happens, we may be exposed to unexpected liability, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results.

### **Because the sales cycle for our software is typically lengthy and unpredictable, our results may fluctuate from period to period.**

Our operating results may fluctuate from period to period and be difficult to predict in a particular period due to the timing and magnitude of software sales. We offer a number of our software solutions on a license basis, which means that the customer has the right to run the software on its own computers. The customer usually makes a significant up-front payment to license software, which we generally recognize as revenue when the license contract is signed and the software is delivered. The size of the up-front payment often depends on a number of factors that are different for each customer, such as the number of customer locations, users or accounts. As a result, the sales cycle for a software license may be lengthy and take unexpected turns. Thus, it is difficult to predict when software sales will occur or how much revenue they will generate. Since there are few incremental costs associated with software sales, our operating results may fluctuate from quarter to quarter and year to year due to the timing and magnitude of software sales.

### **Rapid changes in technology and our customers businesses could adversely affect our business and financial results.**

Our business may suffer if we do not successfully adapt our products and services to changes in technology and changes in our customers businesses. These changes can occur rapidly and at unpredictable intervals and we may not be able to respond adequately. If we do not successfully update and integrate our products and services to adapt to these changes, or if we do not successfully develop new products and services needed by our customers to keep pace with these changes, then our business and financial results may suffer. Our ability to keep up with technology and business changes is subject to a number of risks and we may find it difficult or costly to, among other things:

update our products and services and to develop new products fast enough to meet our customers needs;

make some features of our products and services work effectively and securely over the Internet;

integrate more of our FS solutions;

update our products and services to keep pace with business, regulatory and other developments in the financial services industry, where many of our customers operate; and

update our services to keep pace with advancements in hardware, software and telecommunications technology.

Some technological changes, such as advancements that have facilitated the ability of our AS customers to develop their own internal solutions, may render some of our products and services less valuable or eventually obsolete. In addition, because of ongoing, rapid technological changes, the useful lives of some technology assets

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have become shorter and customers are therefore replacing these assets more often. As a result, our customers are increasingly expressing a preference for contracts with shorter terms, which could make our revenue less predictable in the future.

### **Customers taking their information availability solutions in-house or leveraging inexpensive shared cloud-based solutions may create greater pressure on our organic revenue growth rate.**

Our AS solutions allow customers to leverage our technology expertise and process-IP, resource management capabilities and substantial infrastructure investments. Technological advances in recent years have significantly reduced the cost and the complexity of developing in-house solutions. Some customers, especially among the very largest having significant IT resources, prefer to develop and maintain their own in-house availability solutions, which can result in a loss of revenue from those customers. If this trend continues or worsens, there will be continued pressure on our organic revenue growth rate. Also, cloud-based solutions are often perceived as inherently redundant and highly available. This is a misconception, as high availability is only provided when expressly engineered into a cloud environment. However, this belief along with the opportunity to leverage inexpensive cloud infrastructure for shared recovery options can, over time, become a more significant competitive threat especially in the area of availability solutions for less critical applications.

### **The trend toward information availability solutions utilizing more single customer dedicated resources likely will lower our overall operating margin rate over time.**

In the information availability services industry, especially among our more sophisticated customers, there is preference for solutions that utilize some level of dedicated resources, such as blended advanced recovery services and managed services. The primary reason for this is that adding dedicated resources, although more costly, provides greater control, increases security, reduces the risk of data loss and facilitates quicker responses to business interruptions. Advanced recovery services often result in greater use of dedicated resources with a modest decrease in operating margin rate. Managed services require significant dedicated resources and, therefore, have an appropriately lower operating margin rate.

### **Our securities brokerage operations are highly regulated and are riskier than our other businesses.**

Domestic and foreign regulatory and self-regulatory organizations, such as the SEC, the Financial Industry Regulatory Authority, and the (U.K.) Financial Services Authority can, among other things, fine, censure, issue cease-and-desist orders against, and suspend or expel a broker-dealer or its officers or employees for failure to comply with the many laws and regulations that govern brokerage activities. Such sanctions may arise out of currently-conducted activities or those conducted in prior periods. Our ability to comply with these laws and regulations is largely dependent on our establishment, maintenance, and enforcement of an effective brokerage compliance program. Failure to establish, maintain, and enforce proper brokerage compliance procedures, even if unintentional, could subject us to significant losses, lead to disciplinary or other actions, and tarnish our reputation. Regulations affecting the brokerage industry may change, which could adversely affect our financial results.

We are exposed to certain risks relating to the execution services provided by our brokerage operations to our customers and counterparties, which include other broker-dealers, active traders, hedge funds, asset managers, and other institutional and non-institutional clients. These risks include, but are not limited to, customers or counterparties failing to pay for or deliver securities, trading errors, the inability or failure to settle trades, and trade execution system failures. In our other businesses, we generally can disclaim liability for trading losses that may be caused by our software, but in our brokerage operations, we may not be able to limit our liability for trading losses or failed trades even when we are not at fault. As a result, we may suffer losses that are disproportionately large compared to the

relatively modest profit contributions of our brokerage operations.

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### **If we fail to comply with government regulations in connection with our business or by providing technology services to certain financial institutions, our business and results of operations may be adversely affected.**

Because we act as a third-party service provider to financial institutions and provide mission-critical applications for many financial institutions that are regulated by one or more member agencies of the Federal Financial Institutions Examination Council ( FFIEC ), we are subject to examination by the member agencies of the FFIEC. More specifically, we are a Multi-Regional Data Processing Servicer of the FFIEC because we provide mission critical applications for financial institutions from several data centers located in different geographic regions. As a result, the FFIEC conducts periodic reviews of certain of our operations in order to identify existing or potential risks associated with our operations that could adversely affect the financial institutions to whom we provide services, evaluate our risk management systems and controls, and determine our compliance with applicable laws that affect the services we provide to financial institutions. In addition to examining areas such as our management of technology, data integrity, information confidentiality and service availability, the reviews also assess our financial stability. Our incurrence of significant debt in connection with the LBO increases the risk of an FFIEC agency review determining that our financial stability has been weakened. A sufficiently unfavorable review from the FFIEC could result in our financial institution customers not being allowed to use our technology services, which could have a material adverse effect on our business and financial condition.

If we fail to comply with any regulations applicable to our business, we may be exposed to unexpected liability and/or governmental proceedings, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results. In addition, the future enactment of more restrictive laws or rules on the federal or state level, or, with respect to our international operations, in foreign jurisdictions on the national, provincial, state or other level, could have an adverse impact on business and financial results.

### **If we are unable to retain or attract customers, our business and financial results will be adversely affected.**

If we are unable to keep existing customers satisfied, sell additional products and services to existing customers or attract new customers, then our business and financial results may suffer. A variety of factors could affect our ability to successfully retain and attract customers, including the level of demand for our products and services, the level of customer spending for information technology, the level of competition from customers that develop their own solutions internally and from other vendors, the quality of our customer service, our ability to update our products and develop new products and services needed by customers, and our ability to integrate and manage acquired businesses. Further, the markets in which we operate are highly competitive and we may not be able to compete effectively. Our services revenue, which has been largely recurring in nature, comes from the sale of our products and services under fixed-term contracts. We do not have a unilateral right to extend these contracts when they expire. Revenue from our broker/dealer businesses is not subject to minimum or ongoing contractual commitments on the part of brokerage customers. If customers cancel or refuse to renew their contracts, or if customers reduce the usage levels or asset values under their contracts, there could be a material adverse effect on our business and financial results.

### **If we fail to retain key employees, our business may be harmed.**

Our success depends on the skill, experience and dedication of our employees. If we are unable to retain and attract sufficiently experienced and capable personnel, especially in product development, sales and management, our business and financial results may suffer. For example, if we are unable to retain and attract a sufficient number of skilled technical personnel, our ability to develop high quality products and provide high quality customer service may be impaired. Experienced and capable personnel in the technology industry remain in high demand, and there is continual competition for their talents. When talented employees leave, we may have difficulty replacing them, and our business may suffer. There can be no assurance that we will be able to successfully retain and attract the personnel

that we need.

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**We are subject to the risks of doing business internationally.**

A portion of our revenue is generated outside the United States, primarily from customers located in Europe. Over the past few years, we have expanded our operations in certain emerging markets in Asia, Africa, Europe, the Middle East and South America. Because we sell our services outside the United States, our business is subject to risks associated with doing business internationally. Accordingly, our business and financial results could be adversely affected due to a variety of factors, including:

changes in a specific country's or region's political and cultural climate or economic condition;

unexpected or unfavorable changes in foreign laws and regulatory requirements;

difficulty of effective enforcement of contractual provisions in local jurisdictions;

inadequate intellectual property protection in foreign countries;

trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the U.S. Department of Commerce and fines, penalties or suspension or revocation of export privileges;

the effects of applicable and potentially adverse foreign tax law changes;

significant adverse changes in foreign currency exchange rates;

longer accounts receivable cycles;

managing a geographically dispersed workforce; and

difficulties associated with repatriating cash in a tax-efficient manner.

In foreign countries, particularly in those with developing economies, certain business practices may exist that are prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act and other anti-corruption laws. Although our policies and procedures require compliance with these laws and are designed to facilitate compliance with these laws, our employees, contractors and agents may take actions in violation of applicable laws or our policies. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business and reputation.



**Our acquisitions may not be successful and we may not be able to successfully integrate and manage acquired businesses.**

Generally, we seek to acquire businesses that broaden our existing product lines and service offerings and expand our geographic reach. There can be no assurance that our acquisitions will be successful or that we will be able to identify suitable acquisition candidates and successfully complete acquisitions. In addition, we may finance any future acquisition with debt, which would increase our overall levels of indebtedness and related interest costs. If we are unable to successfully integrate and manage acquired businesses, then our business and financial results may suffer. It is possible that the businesses we have acquired and businesses that we acquire in the future may perform worse than expected, be subject to an adverse litigation outcome or prove to be more difficult to integrate and manage than expected. If that happens, there may be a material adverse effect on our business and financial results for a number of reasons, including:

we may have to devote unanticipated financial and management resources to the acquired businesses;

we may not be able to realize expected operating efficiencies or product integration benefits from our acquisitions;

we may have to write-off goodwill or other intangible assets; and

we may incur unforeseen obligations or liabilities (including assumed liabilities not fully indemnified by the seller) in connection with acquisitions.

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**We could lose revenue due to fiscal funding or termination for convenience clauses in certain customer contracts, especially in our K-12 and PS businesses.**

Certain of our customer contracts, particularly those with governments and school districts, may be partly or completely terminated by the customer due to budget cuts or sometimes for any reason at all. These types of clauses are often called fiscal funding or termination for convenience clauses. If a customer exercises one of these clauses, the customer would be obligated to pay for the services we performed up to the date of exercise, but would not have to pay for any further services. In addition, governments and school districts may require contract terms that differ from our standard terms. While we have not been materially affected by exercises of these clauses or other unusual terms in the past, we may be in the future. If customers that collectively represent a substantial portion of our revenue were to invoke the fiscal funding or termination for convenience clauses of their contracts, our future business and results of operations could be adversely affected.

**The private equity firms that acquired the Company ( Sponsors ) control us and may have conflicts of interest with us.**

Investment funds associated with or designated by the Sponsors indirectly own, through their ownership in the Parent Companies, a substantial portion of our capital stock. As a result, the Sponsors have control over our decisions to enter into any corporate transaction regardless of whether our bondholders believe that any such transaction is in their own best interests. For example, the Sponsors could cause us to make acquisitions or pay dividends that increase the amount of indebtedness that is secured or that is senior to our senior subordinated notes, or to sell assets.

Additionally, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. One or more of the Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Sponsors continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

**If we are unable to protect our proprietary technologies and defend infringement claims, we could lose one of our competitive advantages and our business could be adversely affected.**

Our success depends in part on our ability to protect our proprietary products and services and to defend against infringement claims. If we are unable to do so, our business and financial results may suffer. To protect our proprietary technology, we rely upon a combination of copyright, patent, trademark and trade secret law, confidentiality restrictions in contracts with employees, customers and others, software security measures, and registered copyrights and patents. Despite our efforts to protect the proprietary technology, unauthorized persons may be able to copy, reverse engineer or otherwise use some of our technology. It also is possible that others will develop and market similar or better technology to compete with us. Furthermore, existing patent, copyright and trade secret laws may afford only limited protection, and the laws of certain countries do not protect proprietary technology as well as United States law. For these reasons, we may have difficulty protecting our proprietary technology against unauthorized copying or use. If any of these events happens, there could be a material adverse effect on the value of our proprietary technology and on our business and financial results. In addition, litigation may be necessary to protect our proprietary technology. This type of litigation is often costly and time-consuming, with no assurance of success.

**We may be sued for violating the intellectual property rights of others.**

The software industry is characterized by the existence of a large number of trade secrets, copyrights and the growing number of issued patents, as well as frequent litigation based on allegations of infringement or other violations of intellectual property rights. We may unknowingly violate the intellectual property rights of others. Some of our competitors or other third parties may have been more aggressive than us in applying for or

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obtaining patent rights for innovative proprietary technologies both in the United States and internationally. In addition, we use a limited amount of open source software in our products and may use more open source software in the future. Because open source software is developed by numerous independent parties over whom we exercise no supervision or control, allegations of infringement for using open source software are possible. Although we monitor our use and our suppliers' use of open source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by United States or other courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products.

As a result of all of these factors, there can be no assurance that in the future third parties will not assert infringement claims against us and preclude us from using a technology in our products or require us to enter into royalty and licensing arrangements on terms that are not favorable to us, or force us to engage in costly infringement litigation, which could result in us paying monetary damages or being forced to redesign our products to avoid infringement. Additionally, our licenses and service agreements with our customers generally provide that we will defend and indemnify them for claims against them relating to our alleged infringement of the intellectual property rights of third parties with respect to our products or services. We might have to defend or indemnify our customers to the extent they are subject to these types of claims. Any of these claims may be difficult and costly to defend and may lead to unfavorable judgments or settlements, which could have a material adverse effect on our reputation, business and financial results. For these reasons, we may find it difficult or costly to add or retain important features in our products and services.

At present, we are vigorously defending a number of patent infringement cases. While we do not believe we have a potential liability for damages or royalties from any known current legal proceedings or claims related to the infringement of patent or other intellectual property rights that would individually or in the aggregate materially adversely affect our financial condition and operating results, the results of such legal proceedings cannot be predicted with certainty. Should we fail to prevail in any of the matters related to infringement of patent or other intellectual property rights of others or should several of these matters be resolved against us in the same reporting period, it could have a material adverse effect on our business and financial results.

### **Defects, design errors or security flaws in our products could harm our reputation and expose us to potential liability.**

Most of our products are very complex software systems that are regularly updated. No matter how careful the design and development, complex software often contains errors and defects when first introduced and when major new updates or enhancements are released. If errors or defects are discovered in our current or future products, we may not be able to correct them in a timely manner, if at all. In our development of updates and enhancements to our products, we may make a major design error that makes the product operate incorrectly or less efficiently.

In addition, certain of our products include security features that are intended to protect the privacy and integrity of customer data. Despite these security features, our products and systems, and our customers' systems may be vulnerable to break-ins and similar problems caused by third parties, such as hackers bypassing firewalls and misappropriating confidential information. Such break-ins or other disruptions could jeopardize the security of information stored in and transmitted through our computer systems and those of our customers, subject us to liability and tarnish our reputation. We may need to expend significant capital resources in order to eliminate or work around errors, defects, design errors or security problems. Any one of these problems in our products may result in the loss of or a delay in market acceptance of our products, the diversion of development resources, a lower rate of license renewals or upgrades and damage to our reputation, and in turn may increase service and warranty costs.

**A material weakness in our internal controls could have a material adverse affect on us.**

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial

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reports and effectively prevent fraud, our reputation and operating results could be harmed. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Further, the complexities of our quarter- and year-end closing processes increase the risk that a weakness in internal control over financial reporting may go undetected. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC, any one of which could adversely affect our business prospects.

### **Unanticipated changes in our income tax provision or the enactment of new tax legislation, issuance of regulations or relevant judicial decisions could affect our profitability or cash flow.**

We are subject to income taxes in the United States and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. We regularly are under examination by tax authorities. Although we believe our income tax provision is reasonable, the final determination of our tax liability could be materially different from our historical income tax provisions, which could have a material effect on our financial position, results of operations or cash flows. In addition, tax-law amendments in the U.S. and other jurisdictions could significantly impact how U.S. multinational corporations are taxed. Although we cannot predict whether or in what form such legislation will pass, if enacted, it could have a material adverse effect on our business and financial results.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

### **ITEM 2. PROPERTIES**

We lease space in many locations worldwide, primarily for availability services facilities, data centers, sales offices, customer support offices and administrative offices. We also own some of our computer and office facilities. Our principal facilities include our leased Availability Services facilities in Philadelphia, Pennsylvania (748,700 square feet), Carlstadt, New Jersey (517,300 square feet), and Hounslow, England (195,000 square feet) and include our financial systems application service provider centers in Voorhees, New Jersey; Burlington, Massachusetts; Hopkins, Minnesota; Salem, New Hampshire; Ridgefield, New Jersey; and Wayne, Pennsylvania. We believe that our leased and owned facilities are adequate for our present operations.

### **ITEM 3. LEGAL PROCEEDINGS**

We are presently a party to certain lawsuits arising in the ordinary course of our business. We believe that none of our current legal proceedings will be material to our business, financial condition or results of operations. Information with respect to this item may be found in Note 17 of the Notes to Consolidated Financial Statements in this Report, which information is incorporated into this Item 3 by reference.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**Table of Contents****PART II****ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of March 1, 2014, there were 632 holders of record of each of Class A common stock and Class L common stock of SCC, and there was one holder of record of common stock of SunGard.

See ITEM 7-LIQUIDITY AND CAPITAL RESOURCES COVENANT COMPLIANCE for a description of restrictions on our ability to pay dividends.

**ITEM 6. SELECTED FINANCIAL DATA****SunGard Capital Corp.**

	2009	2010	2011	2012	2013
	<i>(in millions)</i>				
<b>Income Statement Data <sup>(1)</sup></b>					
Revenue	\$ 4,694	\$ 4,378	\$ 4,381	\$ 4,213	\$ 4,134
Operating income (loss)	(686)	199	341	71	460
Income (loss) from continuing operations	(1,183)	(418)	(66)	(398)	50
Income (loss) from discontinued operations	66	(152)	(85)	332	12
Net income (loss)	(1,117)	(570)	(151)	(66)	62
<b>Cash Flow Data</b>					
Cash flow from continuing operations	N/A <sup>(2)</sup>	\$ N/A <sup>(2)</sup>	\$ 608	\$ 634	\$ 734
Cash flow from discontinued operations	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>	70	(390)	11
Cash flow from operations	\$ 640	\$ 721	\$ 678	\$ 244	\$ 745
<b>Balance Sheet Data</b>					
Total assets	\$ 13,980	\$ 12,968	\$ 12,550	\$ 10,021	\$ 9,779
Total short-term and long-term debt	8,315	8,055	7,829	6,662	6,392
Equity	1,914	1,452	1,375	614	695

**SunGard Capital Corp. II**

	2009	2010	2011	2012	2013
	<i>(in millions)</i>				
<b>Income Statement Data <sup>(1)</sup></b>					
Revenue	\$ 4,694	\$ 4,378	\$ 4,381	\$ 4,213	\$ 4,134
Operating income (loss)	(686)	199	341	71	461
Income (loss) from continuing operations	(1,184)	(418)	(66)	(398)	51
Income (loss) from discontinued operations	66	(152)	(85)	332	12



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Net income (loss)	(1,118)	(570)	(151)	(66)	<b>63</b>
<b>Cash Flow Data</b>					
Cash flow from continuing operations	N/A <sup>(2)</sup>	\$ N/A <sup>(2)</sup>	\$ 608	\$ 634	<b>\$ 735</b>
Cash flow from discontinued operations	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>	70	(390)	<b>11</b>
Cash flow from operations	\$ 640	\$ 721	\$ 678	\$ 244	<b>\$ 746</b>
<b>Balance Sheet Data</b>					
Total assets	\$ 13,980	\$ 12,968	\$ 12,550	\$ 10,021	<b>\$ 9,779</b>
Total short-term and long-term debt	8,315	8,055	7,829	6,662	<b>6,392</b>
Stockholders' equity	2,026	1,567	1,433	688	<b>780</b>

**Table of Contents****SunGard Data Systems Inc.**

	2009	2010	2011	2012	2013
	<i>(in millions)</i>				
<b>Income Statement Data <sup>(1)</sup></b>					
Revenue	\$ 4,694	\$ 4,378	\$ 4,381	\$ 4,213	\$ <b>4,134</b>
Operating income (loss)	(686)	199	341	71	<b>461</b>
Income (loss) from continuing operations	(1,184)	(418)	(64)	(398)	<b>51</b>
Income (loss) from discontinued operations	66	(152)	(85)	332	<b>12</b>
Net income (loss)	(1,118)	(570)	(149)	(66)	<b>63</b>
<b>Cash Flow Data</b>					
Cash flow from continuing operations	N/A <sup>(2)</sup>	\$ N/A <sup>(2)</sup>	\$ 608	\$ 634	\$ <b>735</b>
Cash flow from discontinued operations	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>	70	(390)	<b>11</b>
Cash flow from operations	\$ 639	\$ 721	\$ 678	\$ 244	\$ <b>746</b>
<b>Balance Sheet Data</b>					
Total assets	\$ 13,980	\$ 12,968	\$ 12,550	\$ 10,021	\$ <b>9,779</b>
Total short-term and long-term debt	8,315	8,055	7,829	6,662	<b>6,392</b>
Stockholder's equity	2,067	1,607	1,461	716	<b>821</b>

(1) Included in the 2009 loss from continuing operations is a goodwill impairment charge of \$1.13 billion and the write-off of intangible assets of \$35 million.

Included in the 2010 loss from continuing operations is a goodwill impairment charge of \$205 million and a loss on the extinguishment of debt of \$58 million, including tender and call premiums of \$39 million, associated with the early retirement of \$1.6 billion senior notes due 2013 and euro denominated term loans. Included in the 2010 loss from discontinued operations is a goodwill impairment charge of \$123 million and a loss on disposal of discontinued operations of \$94 million.

Included in the 2011 loss from continuing operations are goodwill impairment charges of \$48 million related to prior-year periods, which have been corrected in 2011, and an income tax benefit of \$48 million reflecting amortization of the deferred tax liability, which benefit would have been reflected in prior years in the statement of comprehensive income. Included in the 2011 income (loss) from discontinued operations is \$135 million of deferred tax expense related to the book-over-tax basis difference of a Higher Education ( HE ) subsidiary that was classified as held for sale at December 31, 2011, and a goodwill impairment charge of \$3 million.

Included in the 2012 loss from continuing operations is a goodwill impairment charge of \$385 million and a loss on extinguishment of debt of \$82 million, including tender and call premiums of \$48 million, due primarily to the early extinguishments of the senior notes due 2015 and the senior subordinated notes due 2015, and the partial repayment of term loans in January and December 2012. Included in the 2012 income from discontinued operations are gains on the sale of discontinued operations of \$571 million primarily related to the sale of HE.

See Notes 1, 3, 5 and 8 of Notes to Consolidated Financial Statements.

- (2) The split of cash flow from continuing operations and cash flow from discontinued operations is not available for 2009 and 2010 due to reclassifications of businesses into discontinued operations.

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### **Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** **Overview**

We are one of the world's leading software and technology services companies. We provide software and technology services to financial services, education and public sector organizations. We also provide disaster recovery services, managed services, information availability consulting services and business continuity management software. We serve approximately 23,000 customers in more than 70 countries. Our high quality software solutions, excellent customer support and specialized technology services result in strong customer retention rates across all of our business segments, and create long-term customer relationships.

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

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp (SCC). SCCII and SCC are collectively referred to as the Parent Companies. All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. The use of we, our, us and similar terms is meant to refer to each of SCC, SCCII and SunGard.

We operate our business in three segments: Financial Systems (FS), Availability Services (AS) and Public Sector & Education (PS&E).

FS provides mission-critical software and technology services to virtually every type of financial services institution, including, buy-side and sell-side institutions, third-party administrators, wealth managers, retail banks, insurance companies, corporate and government treasuries and energy trading firms. Our broad range of complementary software solutions and associated technology services help financial services institutions automate the business processes associated with trading, managing portfolios and accounting for investment assets.

In FS, we have been generating organic growth by shifting our development, marketing and sales resources to address faster growing products, services and geographic markets. We are investing in development to bring more innovative solutions to market, addressing the specific demands of our clients. We are also investing in sales to expand our customer base and to sell more of our solutions to existing clients. We are particularly focused on the emerging markets, which now exceed ten percent of FS revenue. Emerging markets include the emerging areas of Asia (China, India, Southeast Asia) as well as the Middle East, Africa, Latin America and Eastern Europe.

Offsetting our organic growth are two headwinds. First, we have intentionally exited certain slower growing products or markets in order to enhance our growth rate and improve our profitability. In some instances, these exits have been discrete and sizable enough to warrant discontinued operations treatment in our financial statements. In other cases, the reduction in revenue and spending are less significant on an individual product basis and are included in continuing operations. These product exits have negatively impacted our revenue growth but have helped to enhance our profit margins.

The second headwind is an increased level of customer attrition, partially due to the 2008 financial crisis. Often, this attrition was due to mergers and acquisitions in the industry but also included some notable customer bankruptcies. Since our systems are so deeply embedded in our customer operations, transitions can take years to accomplish, generating a prolonged headwind in our FS business. Nonetheless, as the industry has been slowly recovering, we expect this attrition to be reduced in the future.



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AS provides disaster recovery services, managed IT services, information availability consulting services and business continuity management software to customers in North America and Europe. With approximately five million square feet of data center and operations space, AS assists IT organizations across virtually all industry and government sectors to prepare for and recover from emergencies by helping them optimize their computer uptime. Through direct sales and channel partners, AS helps organizations ensure their people and customers have uninterrupted access to the information systems they need in order to conduct business.

In AS, recovery services revenue has been declining due to customers shifting from traditional backup and recovery solutions to either in-house, disk-based, cloud-based or managed recovery solutions. In this environment, we have introduced a series of advanced recovery-as-a-service offerings. For example, the Managed Recovery Program ( MRP ) brings SunGard's expertise to our customers' disaster recovery operations. MRP automates and facilitates the outsourcing of traditional disaster recovery services offerings, providing a unique value proposition to our customers. In addition, we offer Recover2Cloud®, Managed Backup and other recovery-as-a-service offerings which address our customers' changing computing landscape and their requirement for business continuity.

As disclosed in the Form 8-K filed on January 24, 2014, we intend to split-off the AS business from SunGard on a tax-free basis to our existing stockholders, including our private equity owners. The split-off is expected to be completed as early as March 2014, subject to the satisfaction of various customary conditions, including the receipt of financing for AS, opinions of counsel as to the tax-free nature of the split-off and related transactions, and final approval from our board of directors.

The split-off of AS from SunGard will result in the strategic separation of SunGard into two financially strong, independent companies and will bring greater clarity and alignment to each company's mission. While both businesses have been part of SunGard for a long time, they serve vastly different customer needs and have very different business profiles, with distinct capital requirements, sales forces and competitors. With the split-off of AS, AS can, among other things, provide its key managers with incentives that directly align them with the AS business, allowing AS to retain and motivate those managers and attract future key AS managers. The two more focused and autonomous companies, each with significant size, capabilities and financial strength, will be better positioned to drive long-term growth and value for customers, employees and investors.

Our PS&E segment provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, public and private schools, utilities, nonprofits, and other public sector institutions.

In PS&E, we are seeing strong demand for our software offerings and related professional services. As a result of the increase in demand for professional services, additional resources are being added to work through our backlog and accelerate customer start dates providing both revenue and profit growth.

In January 2012, the Company completed the sale of its Higher Education ( HE ) business, which is included in discontinued operations for purposes of this Report. The net cash proceeds (as defined in the Credit Agreement) of \$1.22 billion were used to repay, on a pro-rata basis, \$396 million, \$689 million and \$137 million of tranche A, tranche B and the incremental term loan, respectively.

We are managing our business very carefully in this environment by selectively investing in areas of future organic growth. We have taken advantage of the attractive credit markets to refinance the majority of our debt, and have retired a portion of our higher cost debt, resulting in significantly reduced interest expense. We are actively managing working capital to improve cash generation. Altogether, this has resulted in improved cash flow, reduced debt and greater value to our shareholders.



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**Results of Operations:**

We evaluate our performance using both accounting principles generally accepted in the United States ( GAAP ) and non-GAAP measures. Our primary non-GAAP measure is Adjusted EBITDA, whose corresponding GAAP measure is operating income. Adjusted EBITDA is defined as operating income excluding the following items:

depreciation;

amortization of acquisition-related intangible assets;

goodwill impairment;

severance and facility closure charges;

stock compensation;

management fees; and

certain other costs.

We believe Adjusted EBITDA is an effective tool to measure our operating performance since it excludes non-cash items and certain variable charges. We use Adjusted EBITDA extensively to measure both SunGard and its reportable segments within the Company and also to report our results to our board of directors. We use a similar measure, as defined in our senior secured credit agreement, for purposes of computing our debt covenants.

While Adjusted EBITDA is useful for analysis purposes, it should not be considered as an alternative to our reported GAAP results. Also, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

Except as otherwise noted, all explanations below exclude the impacts from changes in currency translation, which we refer to as constant currency, a non-GAAP measure. We believe presenting our results on a constant currency basis is meaningful for assessing how our underlying businesses have performed due to the fact that we have international operations that are material to our overall operations. As a result, total revenues and expenses are affected by changes in the U.S. Dollar against international currencies. To present our constant currency information, current period results for entities reporting in currencies other than U.S. Dollars are converted to U.S. Dollars at the average exchange rate used in the prior year period rather than the actual exchange rates in effect during the current year period. In each of the tables below, we present the percent change based on actual, unrounded results in reported currency and in constant currency.

The following discussion reflects the results of operations and financial condition of SunGard, which are materially the same as the results of operations and financial condition of SCC and SCCII. Therefore, the discussions provided are applicable to each of SunGard, SCC and SCCII, unless otherwise noted. Also, the following discussion includes



historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements and related footnotes and the discussion of certain risks and uncertainties (see ITEM 1A RISK FACTORS) that could cause future operating results to differ materially from historical results or the expected results indicated by forward looking statements.

**Table of Contents****Year Ended December 31, 2013 Compared to Year Ended December 31, 2012**

The table below presents SunGard's financial results, including Adjusted EBITDA, and a reconciliation of Adjusted EBITDA to GAAP operating income, which we believe to be a comparable measure.

**SunGard:**

	2012	2013	Year over Year Change Reported	Constant Currency
	(in millions)			
Revenue	\$ 4,213	\$ 4,134	(2)%	(2)%
Adjusted EBITDA	1,229	1,202	(2)%	(3)%
Adjusted EBITDA margin	29.2%	29.1%	(0.1)pts	(0.4)pts
Reconciliation of Adjusted EBITDA to Operating Income:				
Depreciation <sup>(1)</sup>	(287)	(303)	(6)%	(6)%
Amortization of acquisition-related intangible assets	(382)	(334)	13%	13%
Goodwill impairment	(385)		100%	100%
Severance and facility closure costs	(46)	(27)	42%	42%
Stock compensation	(37)	(46)	(24)%	(24)%
Management fees	(14)	(12)	10%	10%
Other costs	(7)	(19)	(135)%	(136)%
Operating income	\$ 71	\$ 461	552%	533%
Operating margin	1.7%	11.2%	9.5pts	9.1pts

(1) Includes amortization of capitalized software.

Pts = percentage points

*Total Revenue:*

	2012	2013	Year over Year Change Reported	Constant Currency
	(in millions)			
Services revenue	\$ 3,878	\$ 3,802	(2)%	(2)%
License & resale revenue	274	276	1%	%
Reimbursed expense revenue	61	56	(9)%	(9)%
Total Revenue	\$ 4,213	\$ 4,134	(2)%	(2)%

During the past three fiscal years, services revenue has averaged approximately 92% of total revenue. About 80% of services revenue is highly recurring as a result of multi-year contracts and is generated from software-related services including software maintenance, support and rentals, and managed and recovery services. The remaining services revenue includes professional services, which are mainly generated from implementation and consulting services in connection with the sale of our products, and from broker/dealer fees. Our revenue is highly diversified by customer, product and geography. During each of the past three years, in total and in each of our segments, no single customer has accounted for more than 3% of revenue.

Reported services revenue decreased \$76 million, or 2%, in 2013 from 2012. On a constant-currency basis, services revenue decreased \$72 million, or 2%. The decrease in services revenue is primarily due to customer attrition in our traditional AS recovery services business and due to certain headwinds in our FS revenues, as discussed above.

Offsetting this, to some degree, is increased revenue in AS managed services, primarily due to a new customer in Europe, increased revenue in some FS product lines, from the 2012 acquisition of a business in our FS segment and from the sale in 2013 of a customer b 150,000 0 0 Marjorie

Hernandez 100,000 \* 100,000 100,000 100,000 0 0 Eduardo

Robayo<sup>(7)</sup> 165,000 \* 165,000 125,000 125,000 0 0 Julio A.

Torres<sup>(8)</sup> 172,000 \* 172,000 125,000 125,000 0 0 Robert Stevens 6,000 \* 6,000 0 0 0 0 B. Luke

Weil<sup>(9)</sup> 1,075,255 4.2% 800,255<sup>(10)</sup> <sup>(11)</sup> 275,000<sup>(11)</sup> 1.1% Nicholas B.

Weil 78,401 \* 78,401 0 0 78,401 0 EarlyBirdCapital,

Inc.<sup>(12)</sup> 947,538 3.7% 450,705<sup>(20)</sup> 450,705<sup>(20)</sup> 450,705 496,833<sup>(21)</sup> \* Altairis Offshore

Levered<sup>(13)</sup> 1,258,178 4.9% 1,258,178 608,796 608,796 0 0 The Cascade Fund

LLLP/Ascent<sup>(14)</sup> 253,859 1.0% 168,961<sup>(22)</sup> 168,961<sup>(23)</sup> 168,961 84,898<sup>(24)</sup> \* Hoak Public Equities,

LP<sup>(15)</sup> 981,369 3.9% 653,169<sup>(25)</sup> 653,169<sup>(26)</sup> 653,169 328,200<sup>(27)</sup> 1.2% Pinnacle Partners

LLC<sup>(16)</sup> 879,868 3.5% 462,327<sup>(28)</sup> 462,327<sup>(29)</sup> 462,327 417,541<sup>(30)</sup> 1.6% Ptolemy Capital,

LLC<sup>(17)</sup> 318,584 1.3% 213,873<sup>(31)</sup> 213,873<sup>(32)</sup> 213,873 104,711<sup>(33)</sup> \* The Red Oak Fund,

LP<sup>(18)</sup> 1,858,516 7.3% 504,959<sup>(34)</sup> 504,959<sup>(35)</sup> 504,959 1,353,557<sup>(36)</sup> 5.3% J. Randall

Waterfield<sup>(19)</sup> 226,239 \* 213,873<sup>(31)</sup> 213,873<sup>(32)</sup> 213,873 12,366<sup>(33)</sup> \* A. Lorne

Weil<sup>(37)</sup> 95,693 \* 95,693 0 0 0 0

\*

Less than 1%.

(1) Unless otherwise indicated, the business address of each of the individuals and entities is c/o Tecnoglass Inc., Avenida Circunvalar a 100 mts de la Via 40, Barrio Las Flores Barranquilla, Colombia.

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For purposes of calculating the percent of shares beneficially owned by each holder, the number of ordinary shares (2) issuable upon the exercise of warrants and/or unit purchase options was included in the number of shares outstanding.

(3) Ms. Byorum has served as one of our directors since November 2011.

Dr. Rudolf M. Hommes, who served on our board of directors from our inception until December 2013, is a partner (4) and managing director for this Selling Stockholder. The business address for this Selling Stockholder is Carrera 10 No. 28-49, Torre A. Oficina 20-05, Bogota, Colombia.

(5) Mr. John C. Novogrod and Mr. Richard Weil, trustees for this Selling Stockholder, share voting and dispositive power with respect to these securities.

(6) Graubard Miller has served as our general counsel since our inception. David Alan Miller, Esq. exercises voting and dispositive power over securities held by such Selling Stockholder, as the firm's managing partner.

Mr. Robayo served as one of our directors from our inception until December 2013. Mr. Robayo also served as (7) co-chief executive officer from October 2011 to January 2013. The business address for this Selling Stockholder is Calle 100 No. 19-54/Bogotá, Colombia.

(8) Mr. Torres has served on our board of directors since our inception. Mr. Torres also served as co-chief executive officer from October 2011 to January 2013.

(9) Mr. Weil served as our chief executive officer from January 2013 until December 2013. He also served on our board of directors from September 2011 until March 2012.

(10) Does not include securities underlying 137,500 unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part.

(11) Represents ordinary shares underlying 137,500 unit purchase options (including ordinary shares underlying the warrants included in the unit purchase options), which are not registered for resale pursuant to the registration statement of which this prospectus forms a part.

(12) EarlyBirdCapital, Inc. acted as representative of the underwriters for our initial public offering, as well as one of our investment bankers in connection our business combination with Tecnoglass Holding. The business address of EarlyBirdCapital, Inc. is 275 Madison Avenue, 27<sup>th</sup> Floor, New York, New York 10016. Steven Levine, chief executive officer of EarlyBirdCapital, Inc., has voting and dispositive power with respect to these securities.

(13) The business address of this Selling Stockholder is 1 First Canadian Place, P.O. Box 150, Toronto, Ontario M5X1H3, Canada. Polar Securities, Inc. is the investment advisor with respect to the securities held by this Selling Stockholder, with voting and dispositive power over such securities.

(14) The business address of this Selling Stockholder is 2810 N Speer Blvd., Denver, CO 80211. As Manager of the general partner of this Selling Stockholder, Charles Bernard exercises voting and dispositive power over such entity's securities.

(15) The business address of this Selling Stockholder is Reagan Place at Old Parkland, 3963 Maple Avenue, Suite 450, Dallas, TX 75219. J. Hale Hoak, president of Hoak & Co., which is the general partner of Hoak Fund Management LP, which is the general partner of this Selling Stockholder, has voting and dispositive power over securities held by this Selling Stockholder.

(16) The business address of this Selling Stockholder is 2810 North Speer Boulevard, Denver, CO 80211. David Sandberg, as the controlling member of Red Oak Partners, LLC, which serves as a managing member of Pinnacle Partners LLC, the general partner of Pinnacle Opportunities Fund, LP, has voting and dispositive power over such entity's securities.

(17) The business address of this Selling Stockholder is c/o Freestyle Capital, 1250 Prospect St, Suite 200, La Jolla, CA 92037. This Selling Stockholder is managed by Ortelius, LLC, which is managed by Thomas Hagerty. Thomas Hagerty and Mitchell Otoliski, as an agent, have voting and dispositive power over securities held by this Selling Stockholder.

(18) The business address of this Selling Stockholder is 304 Park Avenue South, 11<sup>th</sup> Floor, New York, NY 10010. David Sandberg, as the controlling member of Red Oak Partners, LLC, which serves as the general partner of the Red Oak Fund, LP, has voting and dispositive power over such entity's securities.



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- (19) The business address of this Selling Stockholder is 4775 Collins Ave, #4401, Miami Beach, FL 33140. Includes securities underlying 450,705 unit purchase options. Does not include securities underlying 23,064 unit
- (20) purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes ordinary shares underlying 23,064 unit purchase options (including ordinary shares underlying the
- (21) warrants included in the unit purchase options), which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 3,757 ordinary shares underlying 3,757 unit purchase options (including the ordinary shares underlying the warrants included in the unit purchase options). Does not include ordinary shares underlying 3,005 unit
- (22) purchase options and 3,757 ordinary shares underlying warrants included in 3,757 unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 3,757 warrants underlying 3,757 unit purchase options. Does not include warrants underlying 3,005 unit
- (23) purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 6,010 ordinary shares underlying 3,005 unit purchase options (including the ordinary shares underlying the warrants included in the unit purchase options).
- (24) Includes 14,522 ordinary shares underlying 14,522 unit purchase options (including the ordinary shares underlying the warrants included in the unit purchase options). Does not include ordinary shares underlying
- (25) 11,618 unit purchase options and 14,522 ordinary shares underlying warrants included in 14,522 unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 14,522 warrants underlying 14,522 unit purchase options. Does not include warrants underlying 11,618
- (26) unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 23,236 ordinary shares underlying 11,618 unit purchase options (including the ordinary shares
- (27) underlying the warrants included in the unit purchase options). Includes 10,279 ordinary shares underlying 10,279 unit purchase options (including the ordinary shares
- (28) underlying the warrants included in the unit purchase options). Does not include ordinary shares underlying 8,223 unit purchase options and 10,279 ordinary shares underlying warrants included in 10,279 unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 10,279 warrants underlying 10,279 unit purchase options. Does not include warrants underlying 8,223
- (29) unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 185,234 ordinary shares underlying warrants and 16,446 ordinary shares underlying unit purchase
- (30) options (including the ordinary shares underlying the warrants included in the unit purchase options) not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 4,755 ordinary shares underlying 4,755 unit purchase options (including the ordinary shares underlying the warrants included in the unit purchase options). Does not include ordinary shares underlying 3,804 unit
- (31) purchase options and 4,755 ordinary shares underlying warrants included in 4,755 unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 4,755 warrants underlying 4,755 unit purchase options. Does not include warrants underlying 3,804 unit
- (32) purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part. Includes 7,608 ordinary shares underlying 3,804 unit purchase options, which are not registered for resale
- (33) pursuant to the registration statement of which this prospectus forms a part. Includes 11,227 ordinary shares underlying 11,227 unit purchase options. Does not include ordinary shares
- (34) underlying 8,982 unit purchase options and 11,227 ordinary shares underlying warrants included in 11,227 unit purchase options, which are not registered for resale pursuant to the registration statement of which this

prospectus forms a part.

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Includes 11,227 warrants underlying 11,227 unit purchase options. Does not include warrants underlying 8,982 (35) unit purchase options, which are not registered for resale pursuant to the registration statement of which this prospectus forms a part.

Includes 216,560 ordinary shares underlying warrants and 17,964 ordinary shares underlying unit purchase (36) options (including the ordinary shares underlying the warrants included in the unit purchase options) not registered for resale pursuant to this registration statement.

(37) Mr. Weil has served as our Non-Executive Chairman of the Board since September 2011.

Each of the Selling Securityholders that is an affiliate of a broker-dealer has represented to us that it purchased the shares offered by this prospectus in the ordinary course of business and, at the time of purchase of those shares, did not have any agreements, understandings or other plans, directly or indirectly, with any person to distribute those shares.

## **Acquisition of Resale Securities**

The securities offered for resale by the Selling Securityholders were acquired in different transactions since our inception described below.

### **Insider Shares**

In connection with our formation, we issued 1,437,500 ordinary shares, the insider shares, for an aggregate purchase price of \$25,000. An aggregate of 387,500 insider shares were returned to us for cancellation in connection with our initial public offering, resulting in an aggregate of 1,050,000 insider shares remaining outstanding.

The following Selling Securityholders acquired insider shares, which are included herein for resale, in connection with our formation: Martha Byorum, Captial Advisory Partners L.A., Eric Carrera, Child Trust f/b/o Francesca Weil u/a dated March 4, 2010, Child Trust f/b/o Alexander Weil u/a dated March 4, 2010, LWEH LLC, Eduardo Robayo, Julio A. Torres, Robert Stevens and B. Luke Weil. Except as described below, all insider shares were acquired in September and October 2011.

In January 2013, LWEH LLC distributed 30,000 of its insider shares to certain of its members as follows: 20,000 insider shares to Ms. Byorum, 3,000 insider shares to Mr. Carrera and 7,000 insider shares to Mr. Torres. Each of Ms. Byorum and Messrs. Carrera s and Torres number of insider shares includes the insider shares acquired from LWEH LLC. Ms. Byorum received from another of the initial shareholders 20,000 insider shares as consideration of past and future advisory services to be performed by her related to such shareholder s investment vehicles. LWEH LLC thereafter transferred its remaining 10,000 shares in December 2014 to two third parties.

### **Insider Warrants and Working Capital Warrants**

In a private placement taking place simultaneously with the consummation of our initial public offering, we sold 4,800,000 insider warrants at a price of \$0.50 per warrant. Each insider warrant is exercisable for \$8.00 per share. The following Selling Securityholders acquired insider warrants included herein for resale (including the ordinary shares underlying such warrants) in such private placement: The A. Lorne Weil 2006 Irrevocable Trust-Family Investment Trust, Martha L. Byorum, Capital Advisory Partners L.A, Graubard Miller, Marjorie Hernandez, Eduardo Robayo, Julio A. Torres and B. Luke Weil.

On May 20, 2013, the Trust loaned us an aggregate of \$100,000, evidenced by a convertible promissory note that was non-interest bearing and payable at the consummation of our initial business combination. The Trust exercised its



conversion right (which conversion was also approved by our shareholders at the meeting held on December 20, 2013 to approve the merger agreement), and was issued 200,000 working capital warrants.

The A. Lorne Weil 2006 Irrevocable Trust-Family Investment Trust ( Trust ) purchased 3,250,000 insider warrants in the private placement; however, the Trust has since transferred all of these warrants (2,576,663 warrants as described below in the subsection entitled *December 2013 Agreements*, 200,000 warrants to Nicholas B. Weil as a gift in January 2014 and 473,337 warrants to Energy Holding Corp. in July 2014). Nicholas Weil subsequently exercised these warrants on a cashless basis and received 78,401 ordinary shares.

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B. Luke Weil also transferred 315,745 warrants in July 2014.

Martha L. Byorum sold 15,000 warrants in August 2015.

**Unit Purchase Options**

EarlyBirdCapital, Inc. (and its designees) purchased two unit purchase options from us in connection with our initial public offering. Only the securities underlying the second unit purchase option (500,000 ordinary shares, 500,000 warrants and 500,000 ordinary shares underlying these warrants) are included in this prospectus for resale. EarlyBirdCapital, Inc. paid us \$500,000 for the second purchase option, or \$1.00 per unit underlying each option. The second purchase option is exercisable for \$10.00 per unit, and may be exercised on a cashless basis. The second purchase option became exercisable on December 20, 2013 (the date of the consummation of our initial business combination) and expires March 16, 2017.

EarlyBirdCapital, Inc. transferred 49,295 of such unit purchase options as described in the subsection entitled *December 2013 Agreements*.

**December 2013 Agreements**

In December 2013, Altaris Offshore and Altaris Offshore Levered purchased from us in a private placement 649,382 ordinary shares at a price of \$10.18 per share, or an aggregate of \$6,610,709. Concurrently therewith, the Trust transferred an aggregate of 608,796 insider warrants to these two investors.

Also in December 2013 pursuant to an agreement entered into in connection with the merger, the Trust transferred an aggregate of 2,167,867 insider warrants to: The Cascade Fund LLLP/Ascent, Hoak Public Equities, LP, Pinnacle Partners LLC, Ptolemy Capital, LLC, The Red Oak Fund, LP and J. Randall Waterfield. EarlyBirdCapital, Inc. transferred to such Selling Securityholders an aggregate of 49,295 of the unit purchase options described above, which are included in this prospectus for resale.

**March 2014 Private Placement**

In a private placement pursuant to a subscription agreement entered into on March 5, 2014, the A. Lorne Weil 2006 Irrevocable Trust-Family Investment Trust purchased 95,693 ordinary shares at an aggregate price of \$1,000,000, or approximately \$10.45 per share (which shares were subsequently transferred to Mr. Weil upon the trust's liquidation).

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## PLAN OF DISTRIBUTION

We are registering the securities covered by this prospectus to permit the resale of these securities by the holders thereof from time to time after the date of this prospectus.

The Selling Securityholders may sell all or a portion of the securities beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the securities are sold through underwriters or broker-dealers, the Selling Securityholders will be responsible for underwriting discounts or commissions or agent's commissions. The securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in transactions otherwise than on these exchanges or systems or in the over-the-counter market;  
through the writing of options, whether such options are listed on an options exchange or otherwise;  
in ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;  
through block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;  
in purchases by a broker-dealer as principal and resale by the broker-dealer for its account;  
on an exchange distribution in accordance with the rules of the applicable exchange;  
in privately negotiated transactions;  
through short sales;  
in sales pursuant to Rule 144;

by broker-dealers that may agree with the Selling Securityholders to sell a specified number of such shares at a stipulated price per share;

in a combination of any such methods of sale; and  
by any other method permitted pursuant to applicable law.

If the Selling Securityholders effect such transactions by selling securities to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Securityholders or commissions from purchasers of the securities for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the securities or otherwise, the Selling Securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the securities in the course of hedging in positions they assume. The Selling Securityholders may also sell the securities short and deliver securities covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Securityholders may also loan or pledge ordinary shares to broker-dealers that in turn may sell such shares.

The Selling Securityholders may pledge or grant a security interest in some or all of the securities owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the securities from time to time pursuant to this prospectus or any supplement or amendment to this prospectus under Rule 424(b) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Securityholders to include the pledgee, transferee or other successors in interest as Selling Securityholders under this prospectus. The Selling Securityholders also may transfer and donate the securities in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be Selling Securityholders for purposes of this prospectus.



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The Selling Securityholders and any broker-dealer participating in the distribution of the securities may be deemed to be underwriters within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the securities is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of ordinary shares being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling securityholder and any discounts, commissions or concessions allowed or reallocated or paid to broker-dealers.

Under the securities laws of some states, the securities may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the securities may not be sold unless such securities have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

The Selling Securityholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the securities by the Selling Securityholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the securities to engage in market-making activities with respect to the securities. All of the foregoing may affect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

We will pay all expenses of the registration of the securities, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or blue sky laws; provided, however, that the Selling Securityholders will pay all underwriting discounts and selling commissions, if any. We have agreed to indemnify certain of the Selling Securityholders against liabilities, including some liabilities under the Securities Act, in accordance with the registration rights agreement for the insider securities and unit purchase option securities, or such Selling Securityholders will be entitled to contribution. We may be indemnified by certain of the Selling Securityholders against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the Selling Securityholders specifically for use in this prospectus or we may be entitled to contribution.

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## DESCRIPTION OF SECURITIES

### Ordinary Shares

As of September 30, 2015, 25,833,210 ordinary shares are outstanding, held by 315 shareholders of record. Our shareholders of record are entitled to one vote for each share held on all matters to be voted on by shareholders.

Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares eligible to vote for the election of directors can elect all of the directors.

Our shareholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the ordinary shares.

The ordinary shares are listed on the NASDAQ Capital Market under the symbol TGLS. We cannot assure you that our ordinary shares will continue to be listed on the NASDAQ Capital Market as we might not in the future meet certain continued listing standards.

### Warrants

Each public warrant entitles the registered holder to purchase one ordinary share at a price of \$8.00 per share, subject to adjustment as discussed below. The warrants became exercisable on December 20, 2013 (the date of the consummation of our initial business combination). Warrants may be exercised for cash or, at the option of the holder, on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act by surrendering the warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the fair market value (defined below) by (y) the fair market value. The fair market value shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the day prior to the date of exercise; provided, however, that in the event the warrants are being called for redemption, the fair market value shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. Notwithstanding the foregoing, no public warrants will be exercisable for cash unless we have an effective and current registration statement covering the ordinary shares issuable upon exercise of the warrants and a current prospectus, relating to such ordinary shares. The warrants expire December 20, 2016 (three years following the date of consummation of our initial business combination) at 5:00 p.m., New York City time.

The insider warrants are identical to the public warrants except that such warrants may be exercisable for cash even if a registration statement covering the ordinary shares issuable upon exercise of such warrants is not effective and will not be redeemable by us, in each case so long as they are still held by the initial purchasers or their affiliates.

We may call the warrants for redemption (excluding the insider warrants and any warrants issued upon exercise of the second purchase option sold to EarlyBirdCapital, but including any warrants issued upon exercise of the first purchase option granted to EarlyBirdCapital), in whole and not in part, at a price of \$0.01 per warrant,

at any time while the warrants are exercisable,

upon not less than 30 days prior written notice of redemption to each warrant holder, if, and only if, the reported last sale price of the ordinary shares (or the closing bid price of our ordinary shares in the event the ordinary shares are not traded on any specific trading day) equals or exceeds \$14.00 per share, for any 20 trading days within a 30-day trading period ending on the third business day prior to the notice of redemption to warrant holders, and if, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants commencing five business days prior to the 30-day trading period and continuing each day thereafter until the date of redemption.

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The right to exercise will be forfeited unless the warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's warrant upon surrender of such warrant.

The redemption criteria for our warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the warrant exercise price so that if the share price declines as a result of our redemption call, the redemption will not cause the share price to drop below the exercise price of the warrants.

The warrants have been issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval, by written consent or vote, of the holders of a majority of the then outstanding public warrants in order to make any change that adversely affects the interests of the registered holders.

If the number of outstanding ordinary shares is increased by a share dividend payable in ordinary shares, or by a split-up of ordinary shares or other similar event, then, on the effective date of such share dividend, split-up or similar event, the number of ordinary shares issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding ordinary shares. A rights offering to holders of ordinary shares entitling holders to purchase ordinary shares at a price less than the fair market value will be deemed a share dividend of a number of ordinary shares equal to the product of (i) the number of ordinary shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for ordinary shares) multiplied by (ii) one (1) minus the quotient of (x) the price per ordinary share paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for ordinary shares, in determining the price payable for ordinary shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of ordinary shares as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the ordinary shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights. In addition, if we, at any time while the warrants are outstanding, pay a dividend or make a distribution in cash, securities or other assets to the holders of ordinary shares on account of such ordinary shares (or other shares into which the warrants are convertible), other than (a) as described above or (b) certain ordinary cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each ordinary share in respect of such event.

If the number of outstanding ordinary shares is decreased by a consolidation, combination, reverse shares split or reclassification of ordinary shares or other similar event, then, on the effective date of such consolidation, combination, reverse shares split, reclassification or similar event, the number of ordinary shares issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding ordinary shares. Whenever the number of ordinary shares purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of ordinary shares purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of ordinary shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding ordinary shares (other than those described above or that solely affects the par value of such ordinary shares), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that



does not result in any reclassification or reorganization of its outstanding ordinary shares), or in the case of any sale or conveyance to another corporation or entity of our assets or other property as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the

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terms and conditions specified in the warrants and in lieu of ordinary shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. The warrant agreement provides for certain modifications to what holders of warrants will have the right to purchase and receive upon the occurrence of certain events, and that if more than 30% of the consideration receivable by the holders of ordinary shares in the applicable event is payable in the form of ordinary shares in the successor entity that is not listed for trading on a national securities exchange or on the OTC Bulletin Board, or is not to be so listed for trading immediately following such event, then the warrant exercise price will be reduced in accordance with a formula specified in the warrant agreement.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

Except as described above, no public warrants will be exercisable and we will not be obligated to issue ordinary shares unless at the time a holder seeks to exercise such warrant, a prospectus relating to the ordinary shares issuable upon exercise of the warrants is current and the ordinary shares have been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we have agreed to use our best efforts to meet these conditions and to maintain a current prospectus relating to the ordinary shares issuable upon exercise of the warrants until the expiration of the warrants.

Warrant holders may elect to be subject to a restriction on the exercise of their warrants such that an electing warrant holder would not be able to exercise their warrants to the extent that, after giving effect to such exercise, such holder would beneficially own in excess of 9.8% of the ordinary shares outstanding.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round up or down to the nearest whole number the number of ordinary shares to be issued to the warrant holder.

The warrants are quoted on the OTC Pink marketplace under the symbol TGLSW.

## **Transfer Agent and Warrant Agent**

The transfer agent for our ordinary shares and warrant agent for our warrants is Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004.

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## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Islands courts to be contrary to public policy, such as to provide indemnification against willful fraud, willful default, civil fraud or the consequences of committing a crime. Our third amended and restated memorandum and articles of association provides for indemnification of our officers and directors to the maximum extent permitted by law, including for any liability incurred in their capacities as such, except through their own actual fraud or willful neglect or willful default.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

## **LEGAL MATTERS**

The validity of the ordinary shares offered in this prospectus is being passed upon for us by Maples and Calder, Cayman Islands. The validity of the warrants offered in this prospectus is being passed upon for us by Graubard Miller, New York, New York.

## **EXPERTS**

The financial statements of the Tecnoglass Inc. and Subsidiaries for the year ended December 31, 2013, incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2014, have been audited by Marcum LLP, an independent registered public accounting firm, as set forth in their report thereon appearing in the Annual Report on Form 10-K for the year ended December 31, 2014. The financial statements and the report of Marcum LLP are incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2014, in reliance upon such report given on the authority of Marcum LLP as an expert in auditing and accounting.

The financial statements as of December 31, 2014 and for the year ended December 31, 2014 incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers Ltda., an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Any information that we file after the date of this prospectus with the SEC will automatically update and supersede the information contained in this prospectus. This prospectus incorporates by reference our documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the securities are sold:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2014;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015;
- our Current Report on Form 8-K filed on January 6, 2015 and amended on February 4, 2015;
- our Current Report on Form 8-K filed on April 16, 2015;
- our Current Report on Form 8-K filed on May 11, 2015; and

the description of our ordinary shares on Form 8-A, effective March 16, 2012, registering our ordinary shares pursuant to Section 12(b) of the Securities Exchange Act, including any amendment(s) or report(s) filed for the purpose of updating such description.

You may obtain a copy of any or all of the documents which may have been or may be incorporated by reference into this prospectus (excluding any exhibits to the documents that are not incorporated by reference into this prospectus) at no cost to you by writing or telephoning us at the following address:

Tecnoglass Inc.  
Avenida Circunvalar a 100 mts de la Via 40  
Barrio Las Flores  
Barranquilla, Colombia  
(57)(5)3734000

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**TECNOGLASS INC.**

**6,081,686 Ordinary Shares and 4,011,663 Warrants (for  
Resale)**

**9,600,693 Ordinary Shares and 400,000 Warrants (for  
Issuance)**

**PROSPECTUS**

**, 2015**

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## PART II

# INFORMATION NOT REQUIRED IN PROSPECTUS

## Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses (other than underwriting discounts and commissions), all of which will be paid by the registrant, to be incurred in connection with the registration and sale of the ordinary shares and warrants that are the subject of this registration statement:

Securities and Exchange Commission registration fee	\$ 47,350
Legal fees and expenses	25,000
Accounting fees and expenses	5,000
Miscellaneous	2,650
Total	\$ 80,000

## Item 15. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Islands courts to be contrary to public policy, such as to provide indemnification against willful fraud, willful default, civil fraud or the consequences of committing a crime. Our third amended and restated memorandum and articles of association provides for indemnification of our officers and directors to the maximum extent permitted by law, including for any liability incurred in their capacities as such, except through their own actual fraud or willful neglect or willful default.

## Item 16. Exhibits

Reference is hereby made to the attached Exhibit Index, which is incorporated herein by reference.

## Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
- (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Act"); to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;
  - (ii)

- (iii) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement; *provided, however*, that subparagraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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- That, for the purpose of determining any liability under the Act, each such post-effective amendment shall be
- (2) deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Act to any purchaser:
- (i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which
- (ii) that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.
- That, for the purpose of determining liability of the registrant under the Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the
- (5) underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
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(b) The undersigned registrant hereby undertakes that, for the purpose of determining any liability under the Act, each filing of the registrant's annual report pursuant to Sections 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the registrant, pursuant to the provisions described under Item 15 or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Barranquilla, Colombia, on November 10, 2015.

**TECNOGLASS INC.**

/s/ Joaquin Fernandez

By: Name: Joaquin Fernandez  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned officers and directors of Tecnoglass Inc. hereby severally constitute and appoint Jose M. Daes and Joaquin Fernandez and each of them, attorneys-in-fact for the undersigned, in any and all capacities, with the power of substitution, to sign any amendments to this registration statement (including post-effective amendments) and any subsequent registration statement for the same offering which may be filed under Rule 462(e) under the Securities Act of 1933, as amended, and to file the same with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all interests and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Jose M. Daes Jose M. Daes	Chief Executive Officer (Principal Executive Officer) and Director	November 10, 2015
/s/ Joaquin Fernandez Joaquin Fernandez	Chief Financial Officer (Principal Financial and Accounting Officer)	November 10, 2015
/s/ Christian Daes Christian Daes	Chief Operating Officer and Director	November 10, 2015
/s/ Martha L. Byorum Martha L. Byorum	Director	November 10, 2015
/s/ A. Lorne Weil A. Lorne Weil	Director	November 10, 2015

A. Lorne Weil  
/s/ Julio A. Torres

Director

November 10, 2015

Julio A. Torres  
/s/ Samuel R. Azout

Director

November 10, 2015

Samuel R. Azout  
/s/ Juan Carlos Vilarino

Director

November 10, 2015

Juan Carlos Vilarino

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Exhibit No.	Description	Included	Form	Filing Date
2.1	Agreement and Plan of Reorganization dated as of August 17, 2013 and as amended November 6, 2013, by and among the Company, Andina Merger Sub, Inc., TG S.A., C.I. Energía Solar S.A. E.S. Windows and Tecno Corporation	By Reference	Schedule 14A	December 4, 2013
3.1	Third Amended and Restated Memorandum and Articles of Association.	By Reference	Schedule 14A	December 4, 2013
4.1	Specimen Ordinary Share Certificate.	By Reference	S-1/A	January 23, 2012
4.2	Specimen Warrant Certificate.	By Reference	S-1/A	December 28, 2011
4.3	Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant.	By Reference	8-K	March 22, 2012
4.4	Form of First Unit Purchase Option issued to EarlyBirdCapital, Inc. and its designees	By Reference	S-1/A	March 12, 2012
4.5	Form of Second Unit Purchase Option issued to EarlyBirdCapital, Inc. and its designees	By Reference	S-1/A	March 7, 2012
5.1	Opinion of Maples & Calder	*	S-1/A	May 20, 2014
5.2	Opinion of Graubard Miller	*	S-1/A	May 20, 2014
10.1	Form of Escrow Agreement between the Company, Continental Stock Transfer & Trust Company and the Initial Shareholders.	By Reference	S-1/A	March 12, 2012
10.2	Amended and Restated Registration Rights Agreement among the Company, the Initial Shareholders and Energy Holding Corporation.	By Reference	8-K	December 27, 2013
10.3	Form of Subscription Agreements among the Company, Graubard Miller and the Purchasers of Private Placement Warrants.	By Reference	S-1/A	March 7, 2012
10.4	Promissory Note issued to A. Lorne Weil 2006 Irrevocable Trust Family Investment Trust	By Reference	10-K	June 13, 2013
10.5	Indemnity Escrow Agreement dated as of December 20, 2013, by and among the Company, Representative, Committee and Continental Stock Transfer and Trust Company.	By Reference	8-K	December 27, 2013
10.6	Additional Shares Escrow Agreement dated as of December 20, 2013, by and among the Company, Representative, Committee and	By Reference	8-K	December 27, 2013

	Continental Stock Transfer and Trust Company.			
10.7	Form of Lock-Up Agreement between the Company and Energy Holding Corporation	By Reference	8-K	August 22, 2013
10.8	Form of Subscription Agreement	By Reference	8-K	December 19, 2013
10.9	Form of Warrant/UPO Transfer Agreement	By Reference	10-K	April 16, 2014

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Exhibit No.	Description	Included	Form	Filing Date
10.10	Advisory Services Agreement between the Company and Morgan Joseph TriArtisan LLC	By Reference	10-K/A	June 17, 2013
10.11	2013 Long-Term Incentive Equity Plan	By Reference	Schedule 14A	December 4, 2013
10.12	Form of Indemnification Agreement	By Reference	8-K	March 6, 2014
21	List of Subsidiaries	By Reference	10-K	April 16, 2014
23.1	Consent of Maples & Calder	*	S-1/A	May 20, 2014
23.2	Consent of Graubard Miller	*	S-1/A	May 20, 2014
23.3	Consent of PricewaterhouseCoopers Ltda.	Herewith		
23.4	Consent of Marcum LLP	Herewith		
24.1	Power of Attorney	Herewith		

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Previously filed.