SunGard VPM Inc.
Form 424B3
May 06, 2011

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FILED PURSUANT TO RULE 424(B)(3)
File Number 333-166304
SUNGARD DATA SYSTEMS INC.
SUPPLEMENT NO. 9 TO
MARKET-MAKING PROSPECTUS DATED JUNE 18, 2010

THE DATE OF THIS SUPPLEMENT IS MAY 6, 2011

ON MAY 5, 2011, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

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United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2011

OR

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

Commission file numbers:

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

SunGard® Capital Corp.
SunGard® Capital Corp. II
SunGard® Data Systems Inc.
(Exact name of registrant as specified in its charter)

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

680 East Swedesford Road, Wayne, Pennsylvania 19087
(Address of principal executive offices, including zip code)
484-582-2000
(Registrants telephone number, including area code)

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

SunGard Capital Corp.	Yes þ	No o
SunGard Capital Corp. II	Yes þ	No o
SunGard Data Systems Inc.	Yes o	No þ

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

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

SunGard Capital Corp.	Yes o	No o
SunGard Capital Corp. II	Yes o	No o
SunGard Data Systems Inc.	Yes o	No o

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

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

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

SunGard Capital Corp.	Yes o	No þ
SunGard Capital Corp. II	Yes o	No þ
SunGard Data Systems Inc.	Yes o	No þ

The number of shares of the registrants common stock outstanding as of March 31, 2011:

SunGard Capital Corp.	255,421,947 shares of Class A common stock and 28,380,147 shares of Class L common stock
SunGard Capital Corp. II	100 shares of common stock
SunGard Data Systems Inc.	100 shares of common stock

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SunGard Capital Corp.
SunGard Capital Corp. II
SunGard Data Systems Inc.
And Subsidiaries
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Part I. FINANCIAL INFORMATION

Explanatory Note

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

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Item 1. Financial Statements

SunGard Capital Corp.
Consolidated Balance Sheets
(In millions except share and per-share amounts)
(Unaudited)

	December 31, 2010	**March 31, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 776**
Trade receivables, less allowance for doubtful accounts of $41 and $51	894	**781**
Earned but unbilled receivables	167	**193**
Prepaid expenses and other current assets	178	**209**
Clearing broker assets	230	**316**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,285**
Property and equipment, less accumulated depreciation of $1,135 and $1,199	918	**923**
Software products, less accumulated amortization of $1,301 and $1,366	809	**766**
Customer base, less accumulated amortization of $1,158 and $1,223	2,000	**1,948**
Other intangible assets, less accumulated amortization of $23 and $22	187	**178**
Trade name, less accumulated amortization of $7 and $9	1,023	**1,021**
Goodwill	5,774	**5,813**
Total Assets	$ 12,968	**$ 12,934**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**55**
Accrued compensation and benefits	302	**224**
Accrued interest expense	103	**107**
Other accrued expenses	421	**336**
Clearing broker liabilities	210	**291**
Deferred revenue	997	**987**
Total current liabilities	2,106	**2,010**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,212	**1,206**
Total liabilities	11,364	**11,284**
Commitments and contingencies		

Noncontrolling interest in preferred stock of SCCII subject to a put option		54		**48**
Class L common stock subject to a put option		87		**69**
Class A common stock subject to a put option		11		**9**
Stockholders equity:				
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $4,699 million and $4,857 million; 50,000,000 shares authorized, 28,670,331 and 28,706,654 shares issued				
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 258,037,523 and 258,364,528 shares issued				
Capital in excess of par value		2,703		**2,726**
Treasury stock, 326,329 and 326,507 shares of Class L common stock; and 2,940,981 and 2,942,581 shares of Class A common stock		(34)		**(34)**
Accumulated deficit		(2,970)		**(3,047)**
Accumulated other comprehensive income (loss)		(29)		**36**
Total SunGard Capital Corp. stockholders deficit		(330)		**(319)**
Noncontrolling interest in preferred stock of SCCII		1,782		**1,843**
Total equity		1,452		**1,524**
Total Liabilities and Equity	$	12,968	**$**	**12,934**

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

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

	Three Months Ended March 31, 2010	2011
Revenue:		
Services	$ 1,104	**$ 1,104**
License and resale fees	68	**74**
Total products and services	1,172	**1,178**
Reimbursed expenses	28	**32**
	1,200	**1,210**
Costs and expenses:		
Cost of sales and direct operating	568	**559**
Sales, marketing and administration	271	**283**
Product development	96	**108**
Depreciation and amortization	74	**72**
Amortization of acquisition-related intangible assets	120	**125**
	1,129	**1,147**
Operating income	71	**63**
Interest income		**1**
Interest expense and amortization of deferred financing fees	(159)	**(137)**
Other expense		**(2)**
Loss from continuing operations before income taxes	(88)	**(75)**
Benefit from income taxes	32	**52**
Loss from continuing operations	(56)	**(23)**
Income from discontinued operations, net of tax	2	
Net loss	(54)	**(23)**
Income attributable to the noncontrolling interest (including $6 million and $1 million in temporary equity)	(47)	**(54)**
Net loss attributable to SunGard Capital Corp.	$ (101)	**$ (77)**

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

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

(in millions)	Three Months ended March 31, 2010	**2011**
Cash flow from operations:		
Net loss	$ (54)	**$ (23)**
Income from discontinued operations, net of tax	2	
Loss from continuing operations	(56)	**(23)**
Reconciliation of loss from continuing operations to cash flow from operations:		
Depreciation and amortization	194	**197**
Deferred income tax benefit	(29)	**(18)**
Stock compensation expense	8	**6**
Amortization of deferred financing costs and debt discount	11	**10**
Other noncash items	1	**3**
Accounts receivable and other current assets	155	**60**
Accounts payable and accrued expenses	(194)	**(167)**
Clearing broker assets and liabilities, net	1	**(4)**
Deferred revenue	(25)	**(11)**
Cash flow from continuing operations	66	**53**
Cash flow from discontinued operations	13	
Cash flow from operations	79	**53**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(19)**
Cash paid for property and equipment and software	(76)	**(64)**
Other investing activities	8	**1**
Cash used in continuing operations	(81)	**(82)**
Cash provided by (used in) discontinued operations		
Cash used in investment activities	(81)	**(82)**
Financing activities:		
Cash received from issuance of common stock	1	
Cash received from borrowings, net of fees	3	**14**
Cash used to repay debt	(22)	**(1)**
Other financing activities		**(2)**
Cash provided by (used in) continuing operations	(18)	**11**
Cash provided by (used in) discontinued operations		

Cash provided by (used in) financing activities		(18)		**11**
Effect of exchange rate changes on cash		(7)		**16**
Decrease in cash and cash equivalents		(27)		**(2)**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)		664		**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$	637	**$**	**776**

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

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SunGard Capital Corp. II
Consolidated Balance Sheets
(In millions except share and per-share amounts)
(Unaudited)

	December 31, 2010	**March 31, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 776**
Trade receivables, less allowance for doubtful accounts of $41 and $51	894	**781**
Earned but unbilled receivables	167	**193**
Prepaid expenses and other current assets	178	**209**
Clearing broker assets	230	**316**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,285**
Property and equipment, less accumulated depreciation of $1,135 and $1,199	918	**923**
Software products, less accumulated amortization of $1,301 and $1,366	809	**766**
Customer base, less accumulated amortization of $1,158 and $1,223	2,000	**1,948**
Other intangible assets, less accumulated amortization of $23 and $22	187	**178**
Trade name, less accumulated amortization of $7 and $9	1,023	**1,021**
Goodwill	5,774	**5,813**
Total Assets	$ 12,968	**$ 12,934**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**55**
Accrued compensation and benefits	302	**224**
Accrued interest expense	103	**107**
Other accrued expenses	422	**336**
Clearing broker liabilities	210	**291**
Deferred revenue	997	**987**
Total current liabilities	2,107	**2,010**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,211	**1,206**
Total liabilities	11,364	**11,284**
Commitments and contingencies		
Preferred stock subject to a put option	37	**30**

Stockholders equity:				
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,818 million and $1,873 million; 14,999,000 shares authorized, 9,924,392 and 9,936,969 issued				
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and outstanding				
Capital in excess of par value		3,747		**3,758**
Treasury stock, 112,987 and 113,048 shares		(14)		**(14)**
Accumulated deficit		(2,137)		**(2,160)**
Accumulated other comprehensive income (loss)		(29)		**36**
Total stockholders equity		1,567		**1,620**
Total Liabilities and Stockholders Equity	$	12,968	**$**	**12,934**

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

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SunGard Capital Corp. II
Consolidated Statements of Operations
(In millions)
(Unaudited)

	Three months ended March 31, 2010	**2011**
Revenue:		
Services	$ 1,104	**$ 1,104**
License and resale fees	68	**74**
Total products and services	1,172	**1,178**
Reimbursed expenses	28	**32**
	1,200	**1,210**
Costs and expenses:		
Cost of sales and direct operating	568	**559**
Sales, marketing and administration	271	**283**
Product development	96	**108**
Depreciation and amortization	74	**72**
Amortization of acquisition-related intangible assets	120	**125**
	1,129	**1,147**
Operating income	71	**63**
Interest income		**1**
Interest expense and amortization of deferred financing fees	(159)	**(137)**
Other expense		**(2)**
Loss from continuing operations before income taxes	(88)	**(75)**
Benefit from income taxes	32	**52**
Loss from continuing operations	(56)	**(23)**
Income from discontinued operations, net of tax	2	
Net loss	$ (54)	**$ (23)**

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

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

(in millions)	Three Months ended March 31, 2010	**2011**
Cash flow from operations:		
Net loss	$ (54)	**$ (23)**
Income from discontinued operations, net of tax	2	
Loss from continuing operations	(56)	**(23)**
Reconciliation of loss from continuing operations to cash flow from operations:		
Depreciation and amortization	194	**197**
Deferred income tax benefit	(29)	**(18)**
Stock compensation expense	8	**6**
Amortization of deferred financing costs and debt discount	11	**10**
Other noncash items	1	**3**
Accounts receivable and other current assets	155	**60**
Accounts payable and accrued expenses	(193)	**(167)**
Clearing broker assets and liabilities, net	1	**(4)**
Deferred revenue	(25)	**(11)**
Cash flow from continuing operations	67	**53**
Cash flow from discontinued operations	13	
Cash flow from operations	80	**53**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(19)**
Cash paid for property and equipment and software	(76)	**(64)**
Other investing activities	8	**1**
Cash used in continuing operations	(81)	**(82)**
Cash provided by (used in) discontinued operations		
Cash used in investment activities	(81)	**(82)**
Financing activities:		
Cash received from borrowings, net of fees	3	**14**
Cash used to repay debt	(22)	**(1)**
Other financing activities		**(2)**
Cash provided by (used in) continuing operations	(19)	**11**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(19)	**11**

Effect of exchange rate changes on cash		(7)		**16**
Decrease in cash and cash equivalents		(27)		**(2)**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)		664		**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$	637	**$**	**776**

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

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SunGard Data Systems Inc.
Consolidated Balance Sheets
(In millions except share and per-share amounts)
(Unaudited)

	December 31, 2010	**March 31, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 776**
Trade receivables, less allowance for doubtful accounts of $41 and $51	894	**781**
Earned but unbilled receivables	167	**193**
Prepaid expenses and other current assets	178	**209**
Clearing broker assets	230	**316**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,285**
Property and equipment, less accumulated depreciation of $1,135 and $1,199	918	**923**
Software products, less accumulated amortization of $1,301 and $1,366	809	**766**
Customer base, less accumulated amortization of $1,158 and $1,223	2,000	**1,948**
Other intangible assets, less accumulated amortization of $23 and $22	187	**178**
Trade name, less accumulated amortization of $7 and $9	1,023	**1,021**
Goodwill	5,774	**5,813**
Total Assets	$ 12,968	**$ 12,934**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**55**
Accrued compensation and benefits	302	**224**
Accrued interest expense	103	**107**
Other accrued expenses	423	**338**
Clearing broker liabilities	210	**291**
Deferred revenue	997	**987**
Total current liabilities	2,108	**2,012**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,207	**1,201**
Total liabilities	11,361	**11,281**
Commitments and contingencies		
Stockholder s equity:		

Common stock, par value $.01 per share; 100 shares authorized, issued and outstanding		
Capital in excess of par value	3,773	**3,777**
Accumulated deficit	(2,137)	**(2,160)**
Accumulated other comprehensive income (loss)	(29)	**36**
Total stockholder s equity	1,607	**1,653**
Total Liabilities and Stockholder s Equity	$ 12,968	**$ 12,934**

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

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SunGard Data Systems Inc.
Consolidated Statements of Operations
(In millions)
(Unaudited)

	Three months ended March 31, 2010	Three months ended March 31, 2011
Revenue:		
Services	$ 1,104	**$ 1,104**
License and resale fees	68	**74**
Total products and services	1,172	**1,178**
Reimbursed expenses	28	**32**
	1,200	**1,210**
Costs and expenses:		
Cost of sales and direct operating	568	**559**
Sales, marketing and administration	271	**283**
Product development	96	**108**
Depreciation and amortization	74	**72**
Amortization of acquisition-related intangible assets	120	**125**
	1,129	**1,147**
Operating income	71	**63**
Interest income		**1**
Interest expense and amortization of deferred financing fees	(159)	**(137)**
Other expense		**(2)**
Loss from continuing operations before income taxes	(88)	**(75)**
Benefit from income taxes	32	**52**
Loss from continuing operations	(56)	**(23)**
Income from discontinued operations, net of tax	2	
Net loss	$ (54)	**$ (23)**

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

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SunGard Data Systems Inc.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months ended March 31, 2010	**2011**
Cash flow from operations:		
Net loss	$ (54)	**$ (23)**
Income from discontinued operations, net of tax	2	
Loss from continuing operations	(56)	**(23)**
Reconciliation of loss from continuing operations to cash flow from operations:		
Depreciation and amortization	194	**197**
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Other noncash items	1	**3**
Accounts receivable and other current assets	155	**60**
Accounts payable and accrued expenses	(193)	**(167)**
Clearing broker assets and liabilities, net	1	**(4)**
Deferred revenue	(25)	**(11)**
Cash flow from continuing operations	67	**53**
Cash flow from discontinued operations	13	
Cash flow from operations	80	**53**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(19)**
Cash paid for property and equipment and software	(76)	**(64)**
Other investing activities	8	**1**
Cash used in continuing operations	(81)	**(82)**
Cash provided by (used in) discontinued operations		
Cash used in investment activities	(81)	**(82)**
Financing activities:		
Cash received from borrowings, net of fees	3	**14**
Cash used to repay debt	(22)	**(1)**
Other financing activities		**(2)**
Cash provided by (used in) continuing operations	(19)	**11**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(19)	**11**

Effect of exchange rate changes on cash		(7)		**16**
Decrease in cash and cash equivalents		(27)		**(2)**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)		664		**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$	637	**$**	**776**

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

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SUNGARD CAPITAL CORP.
SUNGARD CAPITAL CORP. II
SUNGARD DATA SYSTEMS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation:

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

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp. (SCC). All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company.

The Company has four reportable segments: Financial Systems (FS), Higher Education (HE), Public Sector (PS) and Availability Services (AS). Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The balances at December 31, 2010 and for the three months ended March 31, 2010 have been revised to include this business in HE. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2010. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The presentation of certain prior year amounts has been revised to conform to the current year presentation.

2. Acquisitions and Discontinued Operations:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During the three months ended March 31, 2011, the Company completed two acquisitions in its FS segment. Cash paid, net of cash acquired and subject to certain adjustments, was $19 million.

Discontinued Operations

In December 2010, the Company sold its PS UK business. The results for the discontinued operations for the three months ended March 31, 2010 were as follows (in millions):

	Three Months ended March 31, 2010
Revenue	$ 49
Operating income	3
Income before income taxes	3
Provision for income taxes	(1)
Income from discontinued operations	$ 2

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3. Goodwill:

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

	Cost					Cumulative Impairment				
	FS	**HE**	**PS**	**AS**	**Subtotal**	**HE**	**PS**	**AS**	**Subtotal**	**Total**
Balance at December 31, 2010	$ 3,450	$ 1,048	$ 436	$ 2,203	$ 7,137	$ (32)	$ (205)	$ (1,126)	$ (1,363)	$ 5,774
2011 acquisitions	4				4					4
Adjustments related to the Transaction and prior year acquisitions	(1)				(1)					(1)
Effect of foreign currency translation	28			8	36					36
Balance at March 31, 2011	$ 3,481	$ 1,048	$ 436	$ 2,211	$ 7,176	$ (32)	$ (205)	$ (1,126)	$ (1,363)	$ 5,813

Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The balances at December 31, 2010 have been revised to include this business in HE.

4. Clearing Broker Assets and Liabilities:

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

	December 31, 2010	**March 31, 2011**
Segregated customer cash and treasury bills	$ 57	**$ 67**
Collateral for securities borrowed	154	**231**
Receivables from customers and other	19	**18**
Clearing broker assets	$ 230	**$ 316**
Payables to customers	$ 19	**$ 19**
Collateral for securities loaned	137	**213**
Payable to brokers and dealers	54	**59**
Clearing broker liabilities	$ 210	**$ 291**

Segregated customer cash and treasury bills are held by the Company on behalf of customers. Securities borrowed and loaned are collateralized financing transactions which are cash deposits made to or received from other broker/dealers. Receivables from and payables to customers represent amounts due or payable on cash and margin transactions.

5. Debt and Derivatives:

On January 31, 2011, SunGard entered into the First Refinancing Amendment to its Amended and Restated Senior Secured Credit Agreement, dated as of June 9, 2009 (Credit Agreement) to, among other things, (a) eliminate the LIBOR and base rate floors and (b) reduce the Eurocurrency rate spread from 3.75% to 3.5% and the base rate spread from 2.75% to 2.5% with no impact on maturity.

On March 11, 2011, SunGard entered into the Second Refinancing and Incremental Amendment to its Credit Agreement to, among other things, obtain new revolving credit commitments in an aggregate amount equal to $300 million that will terminate on May 11, 2013, thereby increasing the Company s revolving credit commitments by $50 million, to $880 million, all of which now have been extended to (or expire on) May 11, 2013.

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The Company uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the senior secured credit facilities. Each of these swap agreements is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. The net receipt or payment from the interest rate swap agreements is included in interest expense. The Company does not enter into interest rate swaps for speculative or trading purposes. A summary of the Company s interest rate swaps follows:

Inception	Maturity	Notional Amount (in millions)	Interest rate paid	Interest rate received (LIBOR)
January/February 2009	February 2012	$ 1,200	1.78%	1-Month
February 2010	May 2013	500	1.99%	3-Month
Total / Weighted Average interest rate		$ 1,700	1.84%	

The fair values of interest rate swaps above designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are $38 million and $26 million as of December 31, 2010 and March 31, 2011, respectively.

The table below summarizes the impact of the effective portion of interest rate swaps on the balance sheets and statements of operations for the three months ended March 31, 2010 and 2011 (in millions):

	Classification	Three Months ended March 31, 2010	**2011**
Loss recognized in Accumulated Other Comprehensive Loss (OCI)	OCI	$ (20)	**$ (1)**
Loss reclassified from accumulated OCI into income	Interest expense and amortization of deferred financing fees	22	**13**

The Company has no ineffectiveness related to its swap agreements.

The Company expects to reclassify in the next twelve months approximately $25 million from OCI into earnings related to the Company s interest rate swaps based on the borrowing rates at March 31, 2011.

6. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2011 (in millions):

	Fair Value Measures Using Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 278	$	$	$ 278
Liabilities				
Interest rate swap agreements and other	$	$ 22	$	$ 22

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2010 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 210	$	$	$ 210
Clearing broker assets treasury bills	2			2
	$ 212	$	$	$ 212
Liabilities				
Interest rate swap agreements and other	$	$ 34	$	$ 34

A Level 1 fair value measure is based upon quoted prices in active markets for identical assets or liabilities. A Level 2 fair value measure is based upon quoted prices for similar assets and liabilities in active markets or inputs that are observable. A Level 3 fair value measure is based upon inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

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Cash and cash equivalents money market funds and Clearing broker assets U.S. treasury bills are recognized and measured at fair value in the Company s financial statements. Fair values of the interest rate swap agreements are calculated using a discounted cash flow model using observable applicable market swap rates and assumptions and are compared to market valuations obtained from brokers.

The following table presents the carrying amount and estimated fair value of the Company s debt, including current portion and excluding the interest rate swaps, as of December 31, 2010 and March 31, 2011 (in millions):

	December 31, 2010		March 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ **4,707**	$ **4,644**	$ **4,727**	$ **4,702**
Fixed rate debt	**3,348**	**3,432**	**3,351**	**3,481**

The fair value of the Company s floating rate and fixed rate long-term debt is primarily based on market rates.

7. Comprehensive Income (Loss):

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

	Three Months Ended March 31,	
	2010	**2011**
Net loss	$ (54)	**$ (23)**
Foreign currency translation gains (losses)	(61)	**57**
Unrealized gains on derivative instruments	2	**8**
Comprehensive income (loss)	$ (113)	**$ 42**

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8. Equity:

A rollforward of SCC s equity for 2011 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2010	$ 87	$ 11	$ (330)	$ (232)	$ 54	$ 1,782	$ 1,836
Net income (loss)			(77)	(77)	1	53	54
Foreign currency translation			57	57			
Net unrealized gain on derivative instruments			8	8			
Comprehensive income (loss)			(12)	(12)	1	53	54
Stock compensation expense			6	6			
Termination of put options due to employee terminations and other	(20)	(2)	22		(8)	8	
Transfer intrinsic value of vested restricted stock units	2		(3)	(1)	1		1
Other			(2)	(2)			
Balance at March 31, 2011	$ 69	$ 9	$ (319)	$ (241)	$ 48	$ 1,843	$ 1,891

A rollforward of SCC s equity for 2010 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2009	$ 88	$ 11	$ 321	$ 420	$ 51	$ 1,593	$ 1,644
Net income (loss)			(101)	(101)	6	41	47
Foreign currency translation			(61)	(61)			
Net unrealized gain on derivative instruments			2	2			
Comprehensive income (loss)			(160)	(160)	6	41	47
Stock compensation expense			8	8			
Transfer intrinsic value of vested restricted stock units	2		(4)	(2)	1		1
Balance at March 31, 2010	$ 90	$ 11	$ 165	$ 266	$ 58	$ 1,634	$ 1,692

In the case of termination of employment resulting from disability or death, an employee or his/her estate may exercise a put option which would require the Company to repurchase vested shares at the current fair market value.

These common or preferred shares must be classified as temporary equity (between liabilities and equity) on the balance sheet of SCC and SCCII. At vesting or exercise, grant-date intrinsic value or exercise value, respectively, is reclassified to temporary equity. On termination of employment, the value included in temporary equity is reclassified to permanent equity.

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9. Segment Information:

The Company has four reportable segments: FS, HE and PS, which together form the Company s Software & Processing Solutions business, and AS. The Company evaluates the performance of its segments based on operating results before interest, income taxes, amortization of acquisition-related intangible assets, stock compensation and certain other costs. Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The results for 2010 have been revised to include this business in HE. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. The operating results for each segment follow (in millions):

	Three Months Ended March 31, 2010	**2011**
Revenue:		
Financial systems	$ 660	**$ 672**
Higher education	136	**140**
Public sector	35	**34**
Software & processing solutions	831	**846**
Availability services	369	**364**
	$ 1,200	**$ 1,210**
Depreciation and amortization:		
Financial systems	$ 19	**$ 21**
Higher education	4	**4**
Public sector	1	**1**
Software & processing solutions	24	**26**
Availability services	50	**46**
	$ 74	**$ 72**
Income (loss) from operations:		
Financial systems	$ 114	**$ 115**
Higher education	34	**27**
Public sector	8	**10**
Software & processing solutions	156	**152**
Availability services	70	**73**
Corporate and other items [1]	(145)	**(150)**
Other costs	(10)	**(12)**
	$ 71	**$ 63**
Cash paid for property and equipment and software:		
Financial systems	$ 20	**$ 23**
Higher education	2	**3**
Public sector	2	**1**

Software & processing solutions		24		**27**
Availability services		51		**35**
Corporate administration		1		**2**
	$	76	**$**	**64**

(1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $120 million and $125 million for the three month periods ended March 31, 2010 and 2011, respectively.

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

	Three Months Ended March 31,	
	2010	**2011**
Amortization of acquisition-related intangible assets:		
Financial systems	$ 64	**$ 69**(1)
Higher education	10	**10**
Public sector	4	**3**
Software & processing solutions	78	**82**
Availability services	42	**43**
	$ 120	**$ 125**

(1) Amortization of acquisition-related intangible assets in 2011 includes approximately $3 million and $4 million of impairment charges related to customer base and software, respectively, for a subsidiary in the FS segment.

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

	Three Months Ended March 31,	
	2010	**2011**
Position, Risk & Operations	$ 152	**$ 175**
Global Trading	146	**131**
Wealth Management	92	**91**
Asset Management	85	**89**
Banking	43	**47**
Corporate Liquidity	45	**41**
Insurance	38	**39**
Global Services	32	**30**
Technology, Deployment & Distribution	19	**22**
Computer Services	8	**7**
Total Financial Systems	$ 660	**$ 672**

10. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $4 million of management fees in sales, marketing and administration expenses during each of the three month periods ended March 31, 2010 and 2011. At December 31, 2010 and March 31, 2011, $6 million and $4 million, respectively, was included in other accrued expenses.

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11. Supplemental Cash Flow Information:

Supplemental cash flow information for the three months ended March 31, 2010 and 2011 follows (in millions):

	Three Months ended March 31, 2010	Three Months ended March 31, **2011**
Supplemental information:		
Acquired businesses:		
Property and equipment	$ 2	**$ 1**
Software products	3	**11**
Customer base	10	**8**
Goodwill	2	**4**
Other tangible and intangible assets	3	
Deferred income taxes	(2)	**(4)**
Purchase price obligations and debt assumed	(1)	**(1)**
Net current liabilities assumed	(4)	
Cash paid for acquired businesses, net of cash acquired of $1 and $3, respectively	$ 13	**$ 19**

12. Supplemental Guarantor Condensed Consolidating Financial Statements:

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

The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2010 and March 31, 2011, and for the three-month periods ended March 31, 2010 and 2011 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties nor guarantors to the debt issued as described in the notes to consolidated financial statements included in the Company s Form 10-K for the year ended December 31, 2010.

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Supplemental Condensed Consolidating Balance Sheet
December 31, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 179	$	$ 599	$	$ 778
Intercompany balances	(7,500)	6,659	841		
Trade receivables, net	2	702	357		1,061
Prepaid expenses, taxes and other current assets	2,729	85	309	(2,705)	418
Total current assets	(4,590)	7,446	2,106	(2,705)	2,257
Property and equipment, net		602	316		918
Intangible assets, net	150	3,330	539		4,019
Intercompany balances	(4)		4		
Goodwill		4,657	1,117		5,774
Investment in subsidiaries	14,012	2,456		(16,468)	
Total Assets	$ 9,568	$ 18,491	$ 4,082	$ (19,173)	$ 12,968
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 2	$ 7	$	$ 9
Accounts payable and other current liabilities	203	3,661	940	(2,705)	2,099
Total current liabilities	203	3,663	947	(2,705)	2,108
Long-term debt	7,607	2	437		8,046
Intercompany debt	(195)	65	249	(119)	
Deferred income taxes	346	749	112		1,207
Total liabilities	7,961	4,479	1,745	(2,824)	11,361
Total stockholder s equity	1,607	14,012	2,337	(16,349)	1,607
Total Liabilities and Stockholder s Equity	$ 9,568	$ 18,491	$ 4,082	$ (19,173)	$ 12,968

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Supplemental Condensed Consolidating Balance Sheet
March 31, 2011

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 222	$ 8	$ 546	$	$ 776
Intercompany balances	(6,227)	5,381	846		
Trade receivables, net	1	656	317		974
Prepaid expenses, taxes and other current assets	1,337	93	454	(1,349)	535
Total current assets	(4,667)	6,138	2,163	(1,349)	2,285
Property and equipment, net	1	600	322		923
Intangible assets, net	144	3,232	537		3,913
Intercompany balances	(7)		7		
Goodwill		4,656	1,157		5,813
Investment in subsidiaries	14,127	2,511		(16,638)	
Total Assets	$ 9,598	$ 17,137	$ 4,186	$ (17,987)	$ 12,934
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 2	$ 8	$	$ 10
Accounts payable and other current liabilities	192	2,141	1,018	(1,349)	2,002
Total current liabilities	192	2,143	1,026	(1,349)	2,012
Long-term debt	7,608	2	458		8,068
Intercompany debt	(200)	127	250	(177)	
Deferred income taxes	345	738	118		1,201
Total liabilities	7,945	3,010	1,852	(1,526)	11,281
Total stockholder s equity	1,653	14,127	2,334	(16,461)	1,653
Total Liabilities and Stockholder s Equity	$ 9,598	$ 17,137	$ 4,186	$ (17,987)	$ 12,934

Supplemental Condensed Consolidating Schedule of Operations
Three Months ended March 31, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 874	$ 359	$ (33)	$ 1,200

Costs and expenses:					
Cost of sales and direct operating		386	215	(33)	568
Sales, marketing and administration	28	138	105		271
Product development		45	51		96
Depreciation and amortization		54	20		74
Amortization of acquisition-related intangible assets		101	19		120
	28	724	410	(33)	1,129
Operating income (loss)	(28)	150	(51)		71
Net interest income (expense)	(147)	(56)	44		(159)
Other income (expense)	60	(3)		(57)	
Income (loss) before income taxes	(115)	91	(7)	(57)	(88)
Benefit from (provision for) income taxes	61	(31)	2		32
Income (loss) from continuing operations	$ (54)	$ 60	$ (5)	$ (57)	$ (56)
Income from discontinued operations, net of tax			2		2
Net loss	$ (54)	$ 60	$ (3)	$ (57)	$ (54)

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	Supplemental Condensed Consolidating Schedule of Operations Three Months ended March 31, 2011				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 845	$ 366	$ (1)	$ 1,210
Costs and expenses:					
Cost of sales and direct operating		358	202	(1)	559
Sales, marketing and administration	26	146	111		283
Product development		29	79		108
Depreciation and amortization		50	22		72
Amortization of acquisition-related intangible assets		97	28		125
	26	680	442	(1)	1,147
Operating income (loss)	(26)	165	(76)		63
Net interest income (expense)	(87)	(35)	(14)		(136)
Other income (expense)	49	(62)		11	(2)
Income (loss) before income taxes	(64)	68	(90)	11	(75)
Benefit from (provision for) income taxes	41	(17)	28		52
Net income (loss)	$ (23)	$ 51	$ (62)	$ 11	$ (23)

	Supplemental Condensed Consolidating Schedule of Cash Flows Three Months ended March 31, 2010				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (54)	$ 60	$ (3)	$ (57)	$ (54)
Income from discontinued operations			2		2
Income (loss) from continuing operations	(54)	60	(5)	(57)	(56)
Non cash adjustments	(40)	130	39	57	186
Changes in operating assets and liabilities	(75)	8	4		(63)
Cash flow provided by (used in) continuing operations	(169)	198	38		67
Cash flow provided by discontinued operations			13		13
Cash flow provided by (used in) operations	(169)	198	51		80

Investment activities:					
Intercompany transactions	153	(153)			
Cash paid for businesses acquired by the Company, net of cash acquired			(13)		(13)
Cash paid for property and equipment and software		(56)	(20)		(76)
Other investing activities	(1)	6	3		8
Cash provided by (used in) continuing operations	152	(203)	(30)		(81)
Cash provided by (used in) discontinued operations					
Cash provided by (used in) investment activities	152	(203)	(30)		(81)
Financing activities:					
Net repayments of long-term debt	(11)	(2)	(6)		(19)
Other financing activities					
Cash provided by (used in) continuing operations	(11)	(2)	(6)		(19)
Cash provided by (used in) discontinued operations					
Cash provided by (used in) financing activities	(11)	(2)	(6)		(19)
Effect of exchange rate changes on cash			(7)		(7)
Increase (decrease) in cash and cash equivalents	(28)	(7)	8		(27)
Beginning cash and cash equivalents	126	(9)	547		664
Ending cash and cash equivalents	$ 98	$ (16)	$ 555	$	$ 637

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(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Three months ended March 31, 2011 Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (23)	$ 51	$ (62)	$ 11	$ (23)
Non cash adjustments	(38)	198	49	(11)	198
Changes in operating assets and liabilities	73	(160)	(35)		(122)
Cash flow provided by (used in) operations	12	89	(48)		53
Investment activities:					
Intercompany transactions	39	(33)	(6)		
Cash paid for businesses acquired by the Company, net of cash acquired		(6)	(13)		(19)
Cash paid for property and equipment and software	(1)	(43)	(20)		(64)
Other investing activities		1			1
Cash provided by (used in) investment activities	38	(81)	(39)		(82)
Financing activities:					
Net repayments of long-term debt	(5)		18		13
Other financing activities	(2)				(2)
Cash provided by (used in) financing activities	(7)		18		11
Effect of exchange rate changes on cash			16		16
Increase (decrease) in cash and cash equivalents	43	8	(53)		(2)
Beginning cash and cash equivalents	179		599		778
Ending cash and cash equivalents	$ 222	$ 8	$ 546	$	$ 776

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis supplements the management s discussion and analysis in the Company s Annual Report on Form 10-K for the year ended December 31, 2010 and presumes that readers have read or have access to the discussion and analysis in this filing. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of SCC, which are materially the same as the results of operations and financial condition of SCCII and SunGard. Therefore, the discussion provided is applicable to each of SCC, SCCII and SunGard unless otherwise noted.

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Results of Operations:

The following table sets forth, for the periods indicated, certain amounts included in our Consolidated Statements of Operations, the relative percentage that those amounts represent to consolidated revenue (unless otherwise indicated), and the percentage change in those amounts from period to period.

(in millions)	Three Months Ended March 31, 2010	percent of revenue	Three Months Ended March 31, 2011	percent of revenue	Percent Increase (Decrease) 2011 vs. 2010
Revenue					
Financial systems (FS)	$ 660	55%	$ 672	56%	2%
Higher education (HE)	136	11%	140	12%	3%
Public sector (PS)	35	3%	34	3%	(3)%
Software & processing solutions	831	69%	846	70%	2%
Availability services (AS)	369	31%	364	30%	(1)%
	$ 1,200	100%	$ 1,210	100%	1%
Costs and Expenses					
Cost of sales and direct operating	$ 568	47%	$ 559	46%	(2)%
Sales, marketing and administration	271	23%	283	23%	4%
Product development	96	8%	108	9%	13%
Depreciation and amortization	74	6%	72	6%	(3)%
Amortization of acquisition-related intangible assets	120	10%	125	10%	4%
	$ 1,129	94%	$ 1,147	95%	2%
Operating Income (Loss)					
Financial systems [(1)]	$ 114	17%	$ 115	17%	1%
Higher education [(1)]	34	25%	27	19%	(21)%
Public sector [(1)]	8	23%	10	29%	25%
Software & processing solutions [(1)]	156	19%	152	18%	(3)%
Availability services [(1)]	70	19%	73	20%	4%
Corporate administration	(17)	(1)%	(19)	(2)%	12%
Amortization of acquisition-related intangible assets	(120)	(10)%	(125)	(10)%	4%
Stock compensation expense	(8)	(1)%	(6)	%	(25)%
Other costs [(2)]	(10)	(1)%	(12)	(1)%	20%

$	71	6%	$	63	5%	(11)%

(1) Percent of revenue is calculated as a percent of revenue from FS, HE, PS, Software and Processing Solutions, and AS, respectively.

(2) Other costs include certain purchase accounting adjustments, management fees paid to the Sponsors and certain other costs, partially offset in each year by capitalized software development costs.

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The following table sets forth, for the periods indicated, certain supplemental revenue data, the relative percentage that those amounts represent to total revenue and the percentage change in those amounts from period to period.

(in millions)	Three Months Ended March 31, 2010	percent of revenue	Three Months Ended March 31, 2011	percent of revenue	Percent Increase (Decrease) 2011 vs. 2010
Financial Systems					
Services	$ 593	49%	$ 592	49%	%
License and resale fees	45	4%	54	4%	20%
Total products and services	638	53%	646	53%	1%
Reimbursed expenses	22	2%	26	2%	18%
	$ 660	55%	$ 672	56%	2%
Higher Education					
Services	$ 116	10%	$ 122	10%	5%
License and resale fees	18	2%	16	1%	(11)%
Total products and services	134	11%	138	11%	3%
Reimbursed expenses	2	%	2	%	%
	$ 136	11%	$ 140	12%	3%
Public Sector					
Services	$ 30	3%	$ 29	2%	(3)%
License and resale fees	4	%	4	%	%
Total products and services	34	3%	33	3%	(3)%
Reimbursed expenses	1	%	1	%	%
	$ 35	3%	$ 34	3%	(3)%
Software & Processing Solutions					
Services	$ 739	62%	$ 743	61%	1%
License and resale fees	67	6%	74	6%	10%
Total products and services	806	67%	817	68%	1%
Reimbursed expenses	25	2%	29	2%	16%
	$ 831	69%	$ 846	70%	2%

Availability Services							
Services	$	365	30%	$	361	30%	(1)%
License and resale fees		1	%			%	(100)%
Total products and services		366	31%		361	30%	(1)%
Reimbursed expenses		3	%		3	%	%
	$	369	31%	$	364	30%	(1)%
Total Revenue							
Services	$	1,104	92%	$	1,104	91%	%
License and resale fees		68	6%		74	6%	9%
Total products and services		1,172	98%		1,178	97%	1%
Reimbursed expenses		28	2%		32	3%	14%
	$	1,200	100%	$	1,210	100%	1%

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Results of operations, excluding broker/dealer business

We assess our performance both with and without one of our global trading businesses, a broker/dealer with an inherently lower margin than our other software and processing businesses, whose performance is a function of market volatility and customer mix (the Broker/Dealer). By excluding the Broker/Dealer s results, we are able to perform additional analysis of our business which we believe is important in understanding the results of both the Broker/Dealer and the software and processing businesses. We use the information excluding the Broker/Dealer business for a variety of purposes and we regularly communicate our results excluding this business to our board of directors.

The following is a reconciliation of revenue excluding the Broker/Dealer and operating income (loss) excluding the Broker/Dealer, which are each non-GAAP measures, to the corresponding reported GAAP measures that we believe to be most directly comparable. While these adjusted results are useful for analysis purposes, they should not be considered as an alternative to our reported GAAP results.

	Three Months Ended March 31,		
	2010	**2011**	% change
	(In millions)		
Revenue			
Total	$ 1,200	**$ 1,210**	1%
Less Broker/Dealer business	53	**31**	
Total excluding Broker/Dealer business	$ 1,147	**$ 1,179**	3%
Financial Systems	$ 660	**$ 672**	2%
Less Broker/Dealer business	53	**31**	
Financial Systems excluding Broker/Dealer business	$ 607	**$ 641**	6%
Operating Income (Loss)			
Total	$ 71	**$ 63**	(11)%
Less Broker/Dealer business	(6) (1)	**(4)**(1)	
Total excluding Broker/Dealer business	$ 77	**$ 67**	(13)%
Financial Systems	$ 114	**$ 115**	1%
Less Broker/Dealer business	(5) (1)	**(2)**(1)	
Financial Systems excluding Broker/Dealer business	$ 119	**$ 117**	(2)%

(1) The operating income related to the Broker/Dealer excluded from Total and FS differ because we evaluate performance of our segments based on operating results before amortization of acquisition-related intangible assets, stock compensation and certain other costs.

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Three Months Ended March 31, 2011 Compared To Three Months Ended March 31, 2010

Income from Operations:

Our total operating margin was 5% for the three month period ended March 31, 2011, compared to 6% for the three month period ended March 31, 2010. Excluding one of our global trading businesses, a broker/dealer, which we refer to as the Broker/Dealer , total operating margin was 6% for the three month period ended March 31, 2011, compared to 7% for the three month period ended March 31, 2010. The decrease is primarily due to an increase in employment-related expenses in FS, an increase in investment in international and product development resources in HE and an increase in amortization of acquisition-related intangible assets due to the $7 million impairment of certain FS customer base and software assets, partially offset by an $8 million increase in software license revenue.

Financial Systems:

The FS operating margin was 17% for the three month periods ended March 31, 2011 and 2010, respectively. Excluding the impact of the Broker/Dealer, the FS operating margin was 18% and 20% in the three month periods ended March 31, 2011 and 2010, respectively. This decrease is due mainly to a change in revenue mix, increased development and employment-related costs and the impact of changes in currency exchange rates, partially offset by a $10 million increase in software license fees.

Higher Education:

The HE operating margin was 19% and 25% for the three month periods ended March 31, 2011 and 2010, respectively. The operating margin decreased primarily due to increases in employment-related expense in our solutions business, including investments in international and product development resources, and a $2 million decrease in software license revenue; a decrease in managed services revenue primarily resulting from customer attrition; and the impact of a customer conference held in the first quarter of 2011 that was held in the second quarter of the prior year.

Public Sector:

The PS operating margin was 29% and 23% for the three month periods ended March 31, 2011 and 2010, respectively, due primarily to decreased employment-related expense driven by the reduction of administrative overhead functions.

Availability Services:

The AS operating margin was 20% and 19% for the three month periods ended March 31, 2011 and 2010, respectively. The higher margin was primarily due to decreases in employee-related costs, mostly in North America, and reduced depreciation and amortization. In North America, the margin in our recovery services business increased due mainly to employee cost savings, reduced equipment and facilities expenses and reduced depreciation and amortization. The margin in our managed services business increased due mainly to increased revenue and decreased depreciation and amortization, partially offset by increased facilities, employee-related and equipment expenses. Partially offsetting these margin improvements was a decrease in the consulting business margin, due mainly to lower revenue, and higher administrative costs, primarily due to increased advertising. In Europe, cost containment on higher revenue resulted in an improved operating margin.

Revenue:

Total revenue increased $10 million or 1% for the three month periods ended March 31, 2011 compared to the first quarter of 2010. Organic revenue decreased 1% in the first quarter of 2011 compared to the prior year period, primarily because of a $22 million decline in the Broker/Dealer s revenue, partially offset by the increase in license fees, software maintenance and professional services revenue. Excluding the Broker/Dealer, organic revenue increased 1%. Organic revenue is defined as revenue from businesses owned for at least one year and further adjusted for both the effects of businesses sold in the previous twelve months and the impact of currency exchange rates, and excludes revenue from discontinued operations in all periods presented. When assessing our financial results, we focus on growth in organic revenue because overall revenue growth is affected by the timing and magnitude of acquisitions, dispositions and by currency exchange rates.

Financial Systems:

FS revenue increased $12 million or 2% in the first quarter of 2011 from the prior year period. Organic revenue was unchanged in the quarter. Excluding the Broker/Dealer, organic revenue increased 3%, driven by increases in software license, processing, professional services and software maintenance revenue. Processing revenue increased $7 million, or 4%, due mainly to increases in transaction volumes and additional hosted services. Professional services revenue increased $6 million, or 5%, due mainly to increased demand from existing clients as well as new projects. Software maintenance revenue increased $5 million, or 4%, due mainly to sales of new licenses in the past twelve months and annual rate increases. Revenue from license and resale fees included software license revenue of $50 million, an increase of $10 million compared to the same quarter in 2010.

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Higher Education:

HE revenue increased $4 million or 3% for the three month periods ended March 31, 2011 compared to the corresponding period in 2010 due mainly to a customer conference held in the first quarter of 2011 that was held in the second quarter of 2010 and an increase in software maintenance revenue due mainly to annual rate increases, partially offset by a decrease in managed services revenue due to customer attrition. Organic revenue increased 2%. Revenue from license and resale fees included software license revenue of $4 million in the three months ended March 31, 2011, a $2 million decrease from the prior year period.

Public Sector:

PS revenue decreased $1 million or 3% for the three month periods ended March 31, 2011 compared to the corresponding period in 2010 due mainly to a decrease in professional services revenue largely resulting from local governments budget constraints. Organic revenue decreased 2%. Revenue from license and resale fees included software license revenue of $2 million in the three months ended March 31, 2011, unchanged from the prior year period.

Availability Services:

AS revenue decreased $5 million, or 1%, in the first quarter of 2011 from the prior year period. Organic revenue decreased 3% in the quarter. In North America, which accounts for approximately 80% of our AS business, revenue decreased 3% overall and organically, driven by decreases in recovery services and professional services revenue, partially offset by growth in managed services revenue. Revenue in Europe, primarily from our U.K. operations, increased 4%, and was unchanged organically, driven by an increase in managed services revenue which was mostly offset by a decrease in recovery services revenue. Most of our recovery services revenue is derived from tape-based solutions. Industry-wide, recovery services has been shifting from tape-based solutions to disk-based and managed service solutions. We expect this shift to continue in the future.

Costs and Expenses:

Cost of sales and direct operating expenses as a percentage of total revenue was 46% and 47% in the three-month periods ended March 31, 2011 and 2010, respectively, largely the result of the lower volumes of the Broker/Dealer. Excluding the Broker/Dealer s expenses of $32 million in 2011 and $54 million in 2010, cost of sales and direct operating expenses as a percentage of total revenue (also excluding the Broker/Dealer) was 45% in each of the three month periods ended March 31, 2011 and 2010. Impacting the period were higher FS employment-related expenses and increased costs associated with the HE customer user conference that was held in the first quarter of 2011 compared to the second quarter of 2010, partially offset by lower AS employment-related costs.

Sales, marketing and administration expenses as a percentage of total revenue were 23% in each of the three-month periods ended March 31, 2011 and 2010. Increases in sales, marketing and administration expenses were primarily due to increases in FS employment-related expense, partially offset by a decrease in currency transaction losses.

Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For the three months ended March 31, 2011 and 2010, product development costs were 13% and 11% of revenue from software and processing solutions, respectively. The increase is primarily related to increased FS employment-related expenses to maintain higher-margin products, and enhance functionality to attract and retain customers.

Amortization of acquisition-related intangible assets was 10% of total revenue in each of the three month periods ended March 31, 2011 and 2010. During 2011, we recorded impairment charges of our customer base and software assets of $3 million and $4 million, respectively. These impairments are the result of reduced cash flow projections of the applicable businesses to which the software and customer base assets relate.

Interest expense was $137 million and $159 million for the three month periods ended March 31, 2011 and 2010, respectively. The decrease in interest expense was due primarily to decreased term loan borrowings resulting from prepayments that occurred in December 2010 and interest rate decreases mainly due to refinancing the senior notes due 2013.

The effective income tax rates for the three months ended March 31, 2011 and 2010 were a benefit of 69% and 36%, respectively. The rate in 2011 reflects the impact on the effective tax rate of certain items, including nondeductible expenses and state income taxes, due to the small base of overall projected pretax income. Changes in the actual mix of income or the total amount of income for 2011 may significantly impact the estimated effective income tax rate for the year. The rate in the first quarter of 2010 reflects the expected mix of taxable income in various jurisdictions.
Accreted dividends on SCCII s cumulative preferred stock were $54 million and $47 million for the three months ended March 31, 2011 and 2010, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

Liquidity and Capital Resources:

At March 31, 2011, cash and equivalents were $776 million, a decrease of $2 million from December 31, 2010. Cash flow from continuing operations was $53 million in the three months ended March 31, 2011 compared to $66 million in the three months ended March 31, 2010. The decrease in cash flow from continuing operations from the prior year period is due primarily to a $50 million tax refund received in the first quarter of 2010 and higher collections in the first quarter of 2010 due to timing of billings and cash collections compared to the current year. These decreases were partially offset by $79 million less of interest payments in the first quarter of 2011 due mainly to decreased term loan borrowings, and the change of the interest payment dates from February to November and a reduction in the interest rate related to the refinancing of the senior notes due 2013.
Net cash used by continuing operations in investing activities was $82 million in the three months ended March 31, 2011, comprised of cash paid for property and equipment and other assets and two businesses acquired in our FS segment. Net cash used by continuing operations in investing activities was $81 million in the three months ended March 31, 2010, comprised mainly of cash paid for property and equipment and other assets and one business acquired in each of our FS and AS segments.
Net cash provided by continuing operations in financing activities was $11 million for the three months ended March 31, 2011, primarily related to borrowing under our accounts receivables facility. Net cash used by continuing operations in financing activities was $18 million for the three months ended March 31, 2010, primarily related to quarterly principal payments on the term loans. At March 31, 2011, no amount was outstanding under the revolving credit facility and $330 million was outstanding under the receivables facility, which represented the full amount available for borrowing based on the terms and conditions of the facility.
On January 31, 2011, SunGard entered into the First Refinancing Amendment to its Amended and Restated Senior Secured Credit Agreement dated as of June 9, 2009 (Credit Agreement) to, among other things, (a) eliminate the LIBOR and base rate floors and (b) reduce the Eurocurrency rate spread from 3.75% to 3.5% and the base rate spread from 2.75% to 2.5% with no impact on maturity. We expect to save approximately $14 million per year of interest expense as a result of this amendment.
On March 11, 2011, SunGard entered into the Second Refinancing and Incremental Amendment to its Senior Secured Credit Agreement to, among other things, obtain new revolving credit commitments in an aggregate amount equal to $300 million that will terminate on May 11, 2013, thereby increasing the Company s revolving credit commitments by $50 million, to $880 million, all of which now have been extended to (or expire on) May 11, 2013.
At March 31, 2011, we have outstanding $8.08 billion in aggregate indebtedness, with additional borrowing capacity of $850 million under the revolving credit facility (after giving effect to outstanding letters of credit). Also at March 31, 2011, we have outstanding letters of credit and bid bonds that total approximately $42 million.
We expect our available cash balance and cash flows from operations, combined with availability under the revolving credit facility and receivables facility, to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes at least the next 12 months.

Covenant Compliance

Adjusted EBITDA is used to determine compliance with certain covenants contained in the indentures governing SunGard s senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015 and in SunGard s senior secured credit facilities. Adjusted EBITDA is defined as EBITDA, which we define as earnings before interest, taxes, depreciation, amortization and goodwill impairment, further adjusted to exclude certain adjustments permitted in calculating covenant compliance under the indentures and senior secured credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants.

The breach of covenants in SunGard s senior secured credit facilities that are tied to ratios based on Adjusted EBITDA could result in a default under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under the indentures. Additionally, under SunGard s debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.

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Adjusted EBITDA is calculated as follows (in millions):

	Three Months Ended March 31,		Last Twelve Months
	2010	2011	March 31, 2011
Income (loss) from continuing operations	$ (56)	$ (23)	$ (357)
Interest expense, net	159	136	613
Benefit from income taxes	(32)	(52)	(49)
Depreciation and amortization	194	197	778
Goodwill impairment charge			237
EBITDA	265	258	1,222
Purchase accounting adjustments (a)	4	3	12
Non-cash charges (b)	8	6	36
Restructuring and other charges (c)	9	8	49
Acquired EBITDA, net of disposed EBITDA (d)	3		6
Pro forma expense savings related to acquisitions (e)	1		1
Loss on extinguishment of debt and other (f)	5	7	71
Adjusted EBITDA senior secured credit facilities, senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015	$ 295	$ 282	$ 1,397

(a) Purchase accounting adjustments include the adjustment of deferred revenue and lease reserves to fair value at the date of the LBO and subsequent acquisitions made by the Company and certain acquisition-related compensation expense.
(b) Non-cash charges include stock-based compensation and loss on the sale of assets.
(c) Restructuring and other charges include debt refinancing costs, severance and related payroll taxes, reserves to consolidate certain facilities, settlements with former owners of acquired companies and certain other expenses associated with acquisitions made by the Company.
(d) Acquired EBITDA net of disposed EBITDA reflects the EBITDA impact of businesses that were acquired or disposed of during the period as if the acquisition or disposition occurred at the beginning of the period.
(e) Pro forma adjustments represent the full-year impact of savings resulting from post-acquisition integration activities.
(f) Loss on extinguishment of debt and other includes the loss on extinguishment of $1.6 billion of senior notes due 2013, gains or losses related to fluctuation of foreign currency exchange rates impacting the foreign-denominated debt, management fees paid to the Sponsors and franchise and similar taxes reported in operating expenses, partially offset by certain charges relating to the receivables facility.

The covenant requirements and actual ratios for the twelve months ended March 31, 2011 are as follows. SunGard is in compliance with all covenants.

	Covenant Requirements	Actual Ratios
Senior secured credit facilities (1)		
Minimum Adjusted EBITDA to consolidated interest expense ratio	1.80x	2.50x
Maximum total debt to Adjusted EBITDA	6.25x	5.04x
Senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015 (2)		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	2.66x

(1) The senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.80x for the four-quarter period ended December 31, 2010 and increasing over time to 1.95x by the end of 2011 and 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain non-cash or non-recurring interest expense and the elimination of interest expense and fees associated with SunGard s receivables facility. Beginning with the four-quarter period ending December 31, 2010, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 6.25x and decreasing over time to 5.75x by the end of 2011 and to 4.75x by the end of 2013. Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on our balance sheet in excess of $50 million. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If our lenders failed to waive any such default, our repayment obligations under the senior secured credit facilities could be accelerated, which would also constitute a default under our indentures.

(2) SunGard s ability to incur additional debt and make certain restricted payments under our indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of $5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of March 31, 2011, we had $4.40 billion outstanding under the term loan facilities and available commitments of $850 million under the revolving credit facility), to acquire persons engaged in a similar business that become restricted subsidiaries and to make other investments equal to 6% of our consolidated assets. Fixed charges is defined in the indentures governing the Senior Notes due 2015, 2018 and 2020 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the receivables facility.

Certain Risks and Uncertainties

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

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Item 3. Quantitative and Qualitative Disclosures about Market Risk:

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, with a substantial portion having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At March 31, 2011, we had total debt of $8.08 billion, including $4.73 billion of variable rate debt. We have entered into interest rate swap agreements which fix the interest rates for $1.70 billion of our variable rate debt. Swap agreements expiring in February 2012 with a notional value of $1.2 billion effectively fix our interest rates at 1.78%. Swap agreements expiring in May 2013 with a notional value of $500 million effectively fix our interest rates at 1.99%. Our remaining variable rate debt of $3.03 billion is subject to changes in underlying interest rates, and, accordingly, our interest payments will fluctuate. During the period when all of our interest rate swap agreements are effective, a 1% change in interest rates would result in a change in interest of approximately $30 million per year. Upon the expiration of each interest rate swap agreement in February 2012 and May 2013, a 1% change in interest rates would result in a change in interest of approximately $42 million and $47 million per year, respectively.

Item 4. Controls and Procedures:

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

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

Part II Other Information:

Item 1. 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.

Item 1A. Risk Factors: There have been no material changes to SCC s, SCCII s or SunGard s Risk Factors as previously disclosed in their Form 10-K for the year ended December 31, 2010.

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

Item 3. Defaults Upon Senior Securities: None.

Item 4. (Removed and Reserved)

Item 5. Other Information:

(a) None.

(b) None.

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Item 6. Exhibits:

Number	Document
10.1	Second Refinancing and Incremental Amendment, dated as of March 11, 2011 to the Amended and Restated Credit Agreement, dated as of June 9, 2009.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert F. Woods, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.
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SIGNATURES

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

SUNGARD CAPITAL CORP.
SUNGARD CAPITAL CORP. II

Dated: May 5, 2011	By: /s/ Robert F. Woods
	Robert F. Woods Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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

SUNGARD DATA SYSTEMS INC.

Dated: May 5, 2011	By: /s/ Robert F. Woods
	Robert F. Woods Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)

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Exhibit Index

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he unvested portion of this award was forfeited in connection with Mr. Litt's termination in March 2015.

Estimated Possible Payouts under Non-Equity Incentive Plan Awards (Columns d, e, and f)

The amounts in these columns represent the estimated possible payouts for awards under our STIP. Payout could have been zero if specified performance goals were not met. The actual payout that we provided to each executive under STIP awards is reported above under the heading "*2014 Summary Compensation Table*" in the column entitled "Non-Equity Incentive Plan Compensation." In early 2014, Mr. Jornayvaz requested that the Compensation Committee reduce his 2014 target bonus under our Short-Term Incentive Plan to zero. The Compensation Committee approved the reduction.

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All Other Stock Awards (Column g)

The amounts in this column represent shares of restricted stock granted under our Equity Incentive Plan. The shares vest in three equal annual installments beginning one year after the grant date, subject to the executive's continued employment with us on the applicable vesting dates. Under the change-in-control severance agreements that we have entered into with our executives, the shares also vest in full upon a qualifying change in control of Intrepid (and, for Mr. Frantz, a qualifying employment termination event). You can find more information about these agreements below under the heading "*Termination and Change-in-Control Payments*." In addition, the shares vest in the event of death or disability. The Compensation Committee may provide for the accelerated vesting of any shares of restricted stock in its discretion at any time. Prior to vesting, the shares may not be sold, assigned, or transferred in any way, other than by will or the laws of descent and distribution.

Except as described above, upon an executive's termination of service for any reason, any unvested shares of restricted shares held by the executive will be immediately forfeited.

Holders of restricted stock generally have all of the same voting, regular dividend, and other rights as holders of our common stock. With respect to any dividends to which holders are entitled under their award agreements, the dividend payment or distribution will be withheld and accrued by us and will be subject to the same vesting schedule as is applicable to the restricted stock and will be forfeited if the underlying restricted stock is forfeited.

Grant Date Fair Value of Stock Awards (Column h)

The amounts in this column represent the grant date fair value of restricted stock awards as calculated for financial statement reporting purposes. We estimated each award's grant date fair value using the closing market price of our common stock on the grant date.

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Outstanding Equity Awards at the End of 2014

The following table provides information regarding outstanding restricted stock, performance stock units, and stock options held by each of our executives as of December 31, 2014.

		OPTION AWARDS			STOCK AWARDS	
Name	Grant Date	Number of Securities Underlying Unexercised Options (Exercisable)	Option Exercise Price(1)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested(2)
Robert P. Jornayvaz III	2/23/2011(3)	12,761	$ 35.69	2/23/2021		
	2/4/2010(3)	4,448	$ 25.47	2/4/2020		
	2/25/2009(3)	42,964	$ 20.80	2/25/2019		
	2/25/2014(4)				51,903(5)	$ 720,414
	2/25/2013(6)				3,395(7)	$ 47,123
	2/25/2013(6)				17,307(5)	$ 240,221
	3/5/2012(8)				1,055(9)	$ 14,643
	3/5/2012(8)				6,901(5)	$ 95,786
John G. Mansanti	2/23/2011(3)	4,734	$ 35.69	2/23/2021		
	2/4/2010(3)	6,761	$ 25.47	2/4/2020		
	2/25/2014(4)				25,467(5)	$ 353,482
	2/25/2013(6)				1,665(7)	$ 23,110
	2/25/2013(6)				8,492(5)	$ 117,869
	3/5/2012(8)				415(9)	$ 5,760
	3/5/2012(8)				2,715(5)	$ 37,684
Kelvin G. Feist	2/23/2011(3)	3,751	$ 35.69	2/23/2021		
	2/25/2014(4)				18,373(5)	$ 255,017
	2/25/2013(6)				1,202(7)	$ 16,684
	2/25/2013(6)				6,127(5)	$ 85,043
	3/5/2012(8)				246(9)	$ 3,414
	3/5/2012(8)				1,610(5)	$ 22,347
Brian D. Frantz	2/23/2011(3)	1,339	$ 35.69	2/23/2021		
	9/2/2014(10)				5,345(5)	$ 74,189
	2/25/2014(4)				5,674(5)	$ 78,755
	2/25/2013(6)				2,838(5)	$ 39,391
	2/22/2012(8)				1,005(5)	$ 13,949
David W. Honeyfield	2/23/2011(3)	17,355	$ 35.69	8/29/2015		
	2/4/2010(3)	15,124	$ 25.47	8/29/2015		
	2/25/2009(3)	14,689	$ 20.80	8/29/2015		
Martin D. Litt	2/23/2011(3)	5,359	$ 35.69	3/6/2016		
	2/4/2010(3)	11,387	$ 25.47	3/6/2016		
	2/25/2009(3)	5,484	$ 20.80	3/6/2016		
	2/25/2014(4)				22,491(5)	$ 312,175
	2/25/2013(6)				1,471(7)	$ 20,417
	2/25/2013(6)				7,500(5)	$ 104,100
	3/5/2012(8)				443(9)	$ 6,149
	3/5/2012(8)				2,899(5)	$ 40,238

(1) Represents the per share amount that the executive would pay upon the exercise of the option.

(2)

Market value is based on the closing market price of our common stock on December 31, 2014 ($13.88).

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(3) Award was fully vested as of December 31, 2014.

(4) Award vests in three equal annual installments beginning on February 25, 2015, subject to continued employment.

(5) Represents shares of restricted stock.

(6) Award vests in three equal annual installments beginning on February 25, 2014, subject to continued employment.

(7) Represents shares of common stock that will be paid out upon the vesting of awards of performance stock units production granted in 2013. In January 2014, the Compensation Committee certified a payout percentage of 78.5% under the awards (representing the number of shares shown above).

(8) Award vests in three equal annual installments beginning on February 25, 2013, subject to continued employment.

(9) Represents shares of common stock that will be paid out upon the vesting of awards of performance stock units production that were granted in 2012. In January 2013, the Compensation Committee certified a payout percentage of 61.2% under the awards (representing the number of shares shown above).

(10) Award vests in three equal annual installments beginning on September 2, 2015, subject to continued employment.

Option Exercises and Stock Vested in 2014

The following table provides information about restricted stock and performance stock units that vested in 2014 for each of our executives. None of our executives exercised stock options in 2014.

	STOCK AWARDS	
Name	**Number of Shares Acquired on Vesting(1)**	**Value Realized on Vesting(2)**
Robert P. Jornayvaz III	20,641	$ 298,262
John G. Mansanti	13,367	$ 191,349
Kelvin G. Feist	6,206	$ 89,677
Brian D. Frantz	2,668	$ 38,553
David W. Honeyfield	20,866	$ 301,514
Martin D. Litt	13,102	$ 187,520

(1) The amounts shown in the table represent the total number of shares that vested. Under the terms of the awards, unless the executive delivered cash to us to cover the payment of taxes due upon the vesting, we withheld some of the acquired shares to cover these taxes, as described below.

Name	**Number of Shares Withheld from Acquired Shares to Cover Taxes**
Robert P. Jornayvaz III	
John G. Mansanti	4,231
Kelvin G. Feist	1,944
Brian D. Frantz	997
David W. Honeyfield	6,676

Martin D. Litt	4,146

(2) Value was calculated by multiplying the number of shares that vested by the closing market price of our common stock on the vesting date.

Pension Benefits for 2014

None of our executives participates in, or has any accrued benefits under, any qualified or non-qualified defined benefit plans sponsored by us. We do not currently intend to provide pension benefits to our executives, although we may decide to do so in the future if we determine that it would be in our best interests.

Non-Qualified Deferred Compensation for 2014

None of our executives participates in, or has any account balances in, non-qualified defined contribution plans or other deferred compensation plans maintained by us. We do not currently intend to provide deferred compensation benefits to our executives, although we may decide to do so in the future if we determine that it would be in our best interests.

Employment Agreement with Robert P. Jornayvaz III

We have entered into an employment agreement with Mr. Jornayvaz. In February 2013, the Compensation Committee approved an amendment to the agreement to extend its term for three years until April 18, 2016.

Under the agreement, Mr. Jornayvaz is entitled to an annual salary of $100,000, subject to annual review by the Compensation Committee. The agreement also provides that the general intent is for Mr. Jornayvaz to receive a target annual bonus of $500,000 and an annual equity award with a target grate date fair value of $750,000; provided that his actual target bonus and equity award for any year will be determined by the Compensation Committee in its sole discretion. You can find more information about Mr. Jornayvaz's current compensation above under the heading "*Compensation Discussion and Analysis 2015 Executive Compensation Preview*." Mr. Jornayvaz is entitled to personal use of aircraft that we own or lease to the extent that it does not interfere with our use of the aircraft for business purposes, and the right to use the aircraft under a time-sharing arrangement pursuant to which he reimburses us the cost of the use up to the limits allowed by Federal Aviation Administration regulations. Mr. Jornayvaz also is entitled to all other benefits offered generally to our senior management.

If Mr. Jornayvaz's employment is terminated for any reason, he would be entitled to the following benefits:

- Payment of any salary, bonus, or other compensation earned but not yet paid to him through the date of termination
- Rights to continued healthcare coverage as required by law
- Payment of any amounts due as of the date of termination under any equity-based, welfare, or retirement plan or of any other amounts or benefits under these plans that, by their specific terms, extend beyond the date of termination
- Rights with respect to D&O insurance
- Rights under any separate change-in-control severance agreement or other relevant agreement between us and him

He would not be entitled to severance, except as provided under his change-in-control severance agreement, which is described below under the heading "*Termination and Change-in-Control Payments*."

Mr. Jornayvaz has agreed that during the term of his employment and for a period of 24 months after termination, he will not solicit our employees or compete with us in the potash business and any other business in which we are engaged during the term or at his termination date.

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Termination and Change-in-Control Payments

This section describes and quantifies potential payments that may be made to each of our executives at, following, or in connection with the termination of his employment or as a result of a change in control of Intrepid. We did not make any changes in 2014 to the potential termination and change-in-control payments described in this section.

Employment Agreement

We have entered into an employment agreement with Mr. Jornayvaz that provides for certain benefits upon a termination of his employment. You can find more information about this agreement above under the heading "*Employment Agreement with Robert P. Jornayvaz III*."

Change-in-Control Severance Agreements

We have entered into change-in-control severance agreements with all of our executives. These agreements do not include any excise tax gross-up provisions.

Under these agreements, executives are entitled to the benefits described below.

Change in Control

Executives other than Mr. Frantz are entitled to full vesting on all outstanding equity awards upon a qualifying change in control. Mr. Frantz is entitled to full vesting on all outstanding equity awards upon a qualifying employment termination event within six months following a change in control.

Qualifying Termination Following a Change in Control

If an executive's employment is terminated by us without "Cause" or by him for "Good Reason" within 24 months of a change in control (within six months in the case of Mr. Frantz), the executive would be entitled to the following additional termination benefits:

- A lump sum cash payment equal to (a) two times the executive's salary, plus (b) two times the average of the actual annual bonus paid to him for the two preceding fiscal years (one times salary and bonus in the cash of Mr. Frantz)
  - If the executive has not been employed through two full bonus cycles, the bonus portion of the calculation uses the average of the actual bonus paid for the most recently completed cycle and the current year target bonus
  - If the executive has not been employed through one bonus cycle, the bonus portion of the calculation is based on the current year's target bonus amount
- A lump sum cash payment equal to the current year's target annual bonus/short-term incentive, pro-rated for the length of time the executive was employed during the year prior to termination
- Continuation of standard health and welfare benefits for up to two years (one year for Mr. Frantz)
- Individual outplacement services up to a maximum of $5,000

The executive is not entitled to these benefits upon termination of employment for any other reason following a change in control, including a termination for "Cause," or as a result of death or disability.

To receive the benefits described above, the executive is bound by non-solicitation provisions that prohibit the executive from hiring our employees or soliciting our business relations for a period of one year following the date of termination.

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A "change in control" occurs if any one of the following events occurs:

Any individual, entity, or group (other than Messrs. Jornayvaz, Harvey, or Martin or their affiliates) becomes the beneficial owner of more than 30% of our voting securities.

The directors on our Board on the date on which the agreement was entered into, or directors nominated by those directors, cease to constitute at least two-thirds of the Board.

There is a merger, consolidation or other direct or indirect sale of Intrepid or its assets that will result in the voting securities of the successor entity being owned 30% or less by our voting security holders prior to the transaction.

Our stockholders approve a complete plan of liquidation or dissolution.

"Cause" means any (a) conviction of (or pleading *nolo contendere* to) a felony; (b) engaging in theft, fraud, embezzlement, or willful misappropriation of our property; (c) violation of any of our policies or practices regarding discrimination or harassment that would be grounds for termination of one of our employees in general; or (d) willful failure to perform substantially the executive's material duties that is not cured within 30 days.

"Good Reason" means (a) a reduction in the executive's salary or annual bonus opportunity; (b) a material diminution in the executive's responsibility or authority; (c) a change of more than 30 miles in the location at which the executive primarily performs his services; or (d) any material failure by us to comply with any material term of the executive's change-in-control severance agreement. The executive is required to notify us of any of these events or conditions within 90 days.

Post-Employment or Change-in-Control Payments

The tables below describe generally and quantify the post-employment and change-in-control payments to which our executives would be entitled upon the occurrence of the specified trigger events. For Mr. Jornayvaz, these benefits are provided under his employment agreement, his change-in-control severance agreement, and his equity award agreements. For our other executives, these benefits are provided under their change-in-control severance agreements and equity award agreements. All calculations assume that the termination of employment occurred on December 31, 2014.

Robert P. Jornayvaz III

Type of Compensation	Termination Unrelated to a Change in Control	Change in Control without Termination	Change in Control and Qualifying Termination
Cash Severance			$ 456,000
Prorated Bonus for Year of Termination			
Accelerated Vesting of Restricted Stock(1)		$ 1,056,421	$ 1,056,421
Accelerated Vesting of Performance Stock Units(1)		$ 168,004	$ 168,004
Other Benefits Health & Welfare(2)			$ 51,590
Other Benefits Outplacement Services			$ 5,000
Total Post-Employment or Change-in-Control Compensation		$ 1,224,425	$ 1,737,015

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John G. Mansanti

Type of Compensation	Termination unrelated to a Change in Control	Change in Control without Termination	Change in Control and Qualifying Termination
Cash Severance			$ 822,212
Prorated Bonus for Year of Termination			$ 128,000
Accelerated Vesting of Restricted Stock(1)		$ 509,035	$ 509,035
Accelerated Vesting of Performance Stock Units(1)		$ 77,784	$ 77,784
Other Benefits Health & Welfare(2)			$ 36,117
Other Benefits Outplacement Services			$ 5,000
Total Post-Employment or Change-in-Control Compensation		$ 586,819	$ 1,578,148

Kelvin G. Feist

Type of Compensation	Termination unrelated to a Change in Control	Change in Control without Termination	Change in Control and Qualifying Termination
Cash Severance			$ 748,215
Prorated Bonus for Year of Termination			$ 118,000
Accelerated Vesting of Restricted Stock(1)		$ 362,407	$ 362,407
Accelerated Vesting of Performance Stock Units(1)		$ 53,716	$ 53,716
Other Benefits Health & Welfare(2)			$ 51,590
Other Benefits Outplacement Services			$ 5,000
Total Post-Employment or Change-in-Control Compensation		$ 416,123	$ 1,338,928

Brian D. Frantz

Type of Compensation	Termination unrelated to a Change in Control	Change in Control without Termination	Change in Control and Qualifying Termination
Cash Severance			$ 246,569
Prorated Bonus for Year of Termination			$ 64,575
Accelerated Vesting of Restricted Stock(1)			$ 206,285
Other Benefits Health & Welfare(2)			$ 25,795
Other Benefits Outplacement Services			$ 5,000
Total Post-Employment or Change-in-Control Compensation			$ 548,224

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Martin D. Litt(3)

Type of Compensation	Termination unrelated to a Change in Control	Change in Control without Termination	Change in Control and Qualifying Termination
Cash Severance			$ 838,287
Prorated Bonus for Year of Termination			$ 130,000
Accelerated Vesting of Restricted Stock(1)		$ 456,513	$ 456,513
Accelerated Vesting of Performance Stock Units(1)		$ 72,176	$ 72,176
Other Benefits Health & Welfare(2)			$ 51,590
Other Benefits Outplacement Services			$ 5,000
Total Post-Employment or Change-in-Control Compensation		$ 528,689	$ 1,553,566

(1) Amount is calculated by multiplying the number of shares of restricted stock or unvested performance stock units, as applicable, held on December 31, 2014, by the closing market price of our common stock on that date ($13.88).

(2) Health and welfare benefits continue until the earlier of two years (one year for Mr. Frantz) from the date of termination or when the executive obtains coverage under another employer's medical plan. Values are based on the average actual per-employee cost to us of providing these benefits.

(3) In accordance with SEC rules, this table shows the post-termination and change-in-control payments to which Mr. Litt would have been entitled assuming a termination of employment on December 31, 2014, under then-existing compensation arrangements. On January 8, 2015, we announced that Mr. Litt would be leaving Intrepid to pursue other interests. The post-termination benefits that we provided to Mr. Litt in connection with his termination of employment are described above under the heading "*Compensation Discussion and Analysis 2015 Executive Compensation Preview*."

Mr. Honeyfield resigned from Intrepid in August 2014. He did not receive any termination or post-termination payments in connection with his resignation.

Benefits on Death or Disability

Our salaried employees, including executives, are eligible for group life, accidental death, and disability insurance benefits upon a termination of employment due to death or disability. In addition, executives and other senior employees who hold equity awards are entitled to partial or full accelerated vesting on their unvested equity awards and all vested stock options remain exercisable for 12 months following the termination of employment due to death or disability. Assuming a termination of employment due to death or disability on December 31, 2014, the value of this accelerated vesting for each of our executives would have been as follows:

Name	Accelerated Vesting of Equity Awards
Robert P. Jornayvaz III	$ 1,151,443
John G. Mansanti	$ 532,159
Kelvin G. Feist	$ 379,104
Brian D. Frantz	$ 199,303
Martin D. Litt	$ 476,931

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Mr. Jornayvaz is eligible for long-term care insurance benefits upon a termination of employment due to disability. We estimate that Mr. Jornayvaz would be entitled to up to approximately $3,000 per month in long-term care insurance benefits for the duration of the disability. Executives other than Mr. Jornayvaz are eligible for supplemental disability and long-term care insurance benefits upon a termination of employment due to disability. We estimate that these executives would be entitled to up to approximately $18,000 to $25,000 per month in supplemental disability and long-term care insurance benefits for the duration of the disability.

RISKS ARISING FROM COMPENSATION POLICIES AND PRACTICES

The Compensation Committee is responsible for overseeing the management of risks relating to our compensation policies and practices. We performed, and the Compensation Committee reviewed, an assessment to determine whether the risks arising from any of our compensation policies or practices are reasonably likely to have a material adverse effect on us. We reviewed material elements of both executive and non-executive employee compensation. We concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us.

We believe that we have created a balanced and diverse compensation program that does not encourage excessive or unnecessary risk taking. Below is a summary of some of the more significant risk-mitigating factors that apply to our compensation programs:

- Total compensation is balanced among various elements including, depending on the individual, fixed components like salary and benefits, annual bonuses that reward corporate performance, and equity awards with an emphasis toward rewarding long-term performance.
- Annual bonuses are based on a mix of performance metrics that are closely aligned with our strategic business goals.
- We have the discretion to reduce annual bonus payments, or pay no bonus, based on individual performance or any other factors we may determine to be appropriate in the circumstances.
- Annual bonuses were capped at 200% of target for 2014.
- We maintain internal controls and auditing procedures around most financial and operating information used to evaluate corporate performance for purposes of annual bonuses.
- We periodically benchmark our programs to ensure that they are consistent with industry and general public company practices.
- Executives are subject to stock ownership guidelines that are designed to promote a long-term perspective in managing the business and to help align the interests of executives with those of stockholders.

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DIRECTOR COMPENSATION

Director Compensation Table

The table below sets forth the compensation paid to or earned by our directors, other than Mr. Jornayvaz, whose compensation is reported above under the heading "*Executive Compensation 2014 Summary Compensation Table*." For Mr. Harvey, the amounts reported in the table below represent compensation paid to or earned by him for his employment as our Executive Vice Chairman of the Board. We do not provide any additional compensation to Messrs. Jornayvaz and Harvey for their service on the Board. For all other directors, the amounts reported in the table below represent compensation paid to or earned by them in accordance with our non-employee director compensation policy, which is described below the table.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	All Other Compensation	Total
Hugh E. Harvey, Jr.(2)		$ 749,998	$ 68,122	$ 818,120
Terry Considine	(3)	$ 84,999		$ 84,999
Chris A. Elliott	(3)	$ 84,999		$ 84,999
J. Landis Martin	(3)	$ 84,999		$ 84,999
Barth E. Whitham	(3)	$ 84,999		$ 84,999

(1) For Mr. Harvey, the amount in this column represents the grant date fair value of his annual restricted stock award granted on February 25, 2014. For each of Messrs. Considine, Elliott, Martin, and Whitham, the amount in this column represents the grant date fair value of his annual common stock award on May 28, 2014. We calculated the amounts in this column in accordance with financial statement reporting rules, using the same assumptions as we used for financial statement reporting purposes. For awards of common stock and restricted stock, the grant date fair value equals the number of shares granted multiplied by the closing market price of our common stock on the grant date.

Mr. Harvey held a total of 76,111 shares of restricted stock and 60,173 vested options on December 31, 2014. He also held unvested performance stock units representing 4,450 shares of common stock on December 31, 2014.

None of Messrs. Considine, Elliott, Martin, and Whitham held any shares of restricted stock, performance stock units, or options on December 31, 2014.

(2) As noted above, the amounts reported in the table for Mr. Harvey represent compensation paid to or earned by him for his employment as our Executive Vice Chairman of the Board. You can find additional details about Mr. Harvey's compensation below under the heading "*Hugh E. Harvey, Jr.'s Employee Compensation*."

(3) In light of cost-savings initiatives announced by us in January 2014, non-employee directors requested, and the Board approved, a reduction in their cash compensation to zero for 2014.

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Non-Employee Director Compensation Policy

The Governance Committee periodically reviews director compensation and, if appropriate, recommends any changes to the Board for its approval. Recommendations are typically based on a review of median compensation for non-employee directors of companies of comparable size to us based on general industry data collected by F. W. Cook.

Under our current director compensation program, our non-employee directors are entitled to the following compensation:

Annual cash retainer	$	65,000*
Annual grant of common stock	$	85,000
Additional annual cash retainer to each committee chairperson:		
Audit Committee	$	15,000*
Compensation Committee	$	10,000*
Governance Committee	$	7,500*
Additional annual cash retainer to each committee member:		
Audit Committee	$	10,000*
Compensation Committee	$	10,000*
Governance Committee	$	5,000*

* Reduced to zero for 2014

Cash retainers are paid in quarterly installments. The annual stock grant is made at the first Board meeting after the annual meeting.

Hugh E. Harvey, Jr.'s Employee Compensation

Stock Awards

Mr. Harvey's current employment agreement provides that his annual equity award is generally intended to have a grant date fair value of $750,000; provided that his actual equity award for any year will be determined by the Compensation Committee in its sole discretion. For 2014, Mr. Harvey's equity award was granted entirely in the form of restricted stock that vests over three years. The award has generally the same terms as the awards granted to our executives, which are described above under the heading "*Compensation Discussion and Analysis*."

Non-Equity Incentive Plan Compensation

Mr. Harvey's current employment agreement provides that his target annual bonus is generally intended to be $500,000; provided that his actual target bonus for any year will be determined by the Compensation Committee in its sole discretion. In early 2014, Mr. Harvey requested that the Compensation Committee reduce his 2014 target bonus to zero. The Compensation Committee approved the reduction. You can find more information about our Short-Term Incentive Plan above under the heading "*Compensation Discussion and Analysis*."

All Other Compensation

As described above under the heading "*Compensation Discussion and Analysis*," in January 2014, we announced that we had implemented a number of cost-savings initiatives to better align our cost structure with the current business environment. As part of these initiatives, our executives and certain other key employees including Mr. Harvey proposed, and the Compensation Committee approved, reductions in their compensation for 2014. Mr. Harvey's salary was reduced by 50% as compared to 2013 (from $100,000 to $50,000) and his target annual bonus for 2014 was reduced to zero.

The following table provides details about other compensation paid to or earned by Mr. Harvey for 2014 in connection with his employment with us.

Name	Salary for Employee Position as our Executive Vice Chairman(1)	Perquisites and Other Personal Benefits(2)	Group Life Insurance Premiums(3)	Company Contributions to 401(k) Plan(4)	Total
Hugh E. Harvey, Jr.	$ 54,808	$ 9,279	$ 1,295	$ 2,740	$ 68,122

(1) Mr. Harvey's current employment agreement sets his salary at $100,000, subject to annual review by the Compensation Committee. As noted above, effective February 1, 2014, Mr. Harvey's salary was temporarily reduced to $50,000.

(2) Amount represents payments of $1,000 relating to office parking, reimbursement of $300 for wellness event fees, and the aggregate incremental cost to us of $7,979 for his personal use of aircraft that we own or lease. The calculation of aggregate incremental cost to us for personal use of aircraft is described in the notes to the Summary Compensation Table above.

(3) Amount represents group life insurance premiums for coverage in excess of $50,000.

(4) Amount represents matching contributions made by us under our 401(k) plan.

Employment and Change-in-Control Severance Agreements

On May 18, 2010, we entered into our most recent employment agreement with Mr. Harvey in connection with his employment as our Executive Vice Chairman of the Board. The original term of the agreement was for 18 months, and the term automatically extends by 12 months on the last day of the initial 18-month term and on each anniversary of that date thereafter, unless one party provides written notice of non-renewal to the other party at least 90 days prior to the effective date of an automatic extension. The other terms of this agreement are substantially similar to the terms of our employment agreement with Mr. Jornayvaz, which is described above under the heading "*Employment Agreement with Robert P. Jornayvaz III*." We also have entered into a change-in-control severance agreement with Mr. Harvey, pursuant to which he is entitled to severance benefits in connection with the change in control of Intrepid. The terms of this agreement are substantially similar to the terms of our change-in-control severance agreement with Mr. Jornayvaz, which is described above under the heading "*Termination and Change-in-Control Payments*."

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EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2014, regarding our equity compensation plan:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	341,897(1)	$ 26.19(2)	3,499,717(3)
Equity compensation plans not approved by security holders			
Total	341,897	$ 26.19	3,499,717

(1) Includes (a) 326,375 shares issuable upon the exercise of outstanding nonqualified stock options issued under our Equity Incentive Plan and (b) 15,522 shares potentially issuable upon the vesting of performance stock units issued under our Equity Incentive Plan.

(2) Represents the weighted-average exercise price of outstanding options. Performance stock units do not have an exercise price and therefore are not taken into account in the calculation of weighted-average exercise price.

(3) Represents shares available for future issuance under our Equity Incentive Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth information regarding the beneficial ownership of our common stock as of March 15, 2015 (except where another date is indicated), by the following persons:

- each person or group who is known by us to own beneficially more than 5% of our common stock;
- each member of our board of directors and each of our executives and former executives who is named in the Summary Compensation Table above; and
- all members of our board of directors and our current executive officers as a group.

The table is based on information that we received from the nominees, other directors, and current and former executive officers and information disclosed in filings made with the SEC. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of common stock subject to options that are exercisable as of March 15, 2015, or will be exercisable within 60 days of that date, are considered outstanding and beneficially owned by the person holding the options for the purpose of computing the total and percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

None of our directors or executive officers has pledged as security any of the shares that they beneficially own. Unless otherwise noted, each of the stockholders listed below has sole voting and investment power (or under marital property laws, shares these powers with his spouse) with respect to

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the shares shown in the table below. Unless otherwise noted, the business address of each stockholder is c/o Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202.

Name of Beneficial Owner	Total Shares Beneficially Owned	Percent of Shares Outstanding Beneficially Owned(1)
Stockholders Owning More Than 5%		
Robert P. Jornayvaz III, Executive Chairman of the Board, President, and Chief Executive Officer	10,788,598(2)	14.2%
Hugh E. Harvey, Jr., Executive Vice Chairman of the Board	8,733,376(3)	11.5%
Capital World Investors	5,640,352(4)	7.4%
Heartland Advisors, Inc.	5,580,483(5)	7.3%
Piper Jaffray Companies	5,420,445(6)	7.1%
SouthernSun Asset Management	5,237,359(7)	6.9%
BlackRock, Inc.	4,855,427(8)	6.4%
FMR LLC	4,183,767(9)	5.5%
Current Directors and Executives (in addition to Messrs. Jornayvaz and Harvey, whose information is presented above)		
Terry Considine, Director	71,179(10)	< 1%
Chris A. Elliott, Director	18,304	< 1%
J. Landis Martin, Director	93,415(11)	< 1%
Barth E. Whitham, Director	30,279	< 1%
John G. Mansanti, Senior Vice President of Strategic Transactions and Technical Services	82,214(12)	< 1%
Kelvin G. Feist, Senior Vice President of Sales and Marketing	45,357(13)	< 1%
Brian D. Frantz, Interim Chief Financial Officer	23,829(14)	< 1%
Current directors and executive officers as a group (11 persons including the 9 named above)	19,986,223	26.2%
Former Executives		
David W. Honeyfield, Former President and Chief Financial Officer	97,474(15)	< 1%
Martin D. Litt, Former Executive Vice President, General Counsel, and Secretary	48,572(16)	< 1%

(1) The percentage ownership for each stockholder on March 15, 2015, was calculated by dividing (a) the total number of shares beneficially owned by the stockholder by (b) the number of shares of our common stock outstanding on March 15, 2015 (76,154,149), plus any shares the stockholder has the right to acquire as of March 15, 2015, or within 60 days of that date, through the exercise of stock options.

(2) Includes (a) 10,609,949 shares held by Intrepid Production Corporation that are or may be deemed to be beneficially owned by Robert P. Jornayvaz III as a result of his position as the sole stockholder, sole director and President of Intrepid Production Corporation, (b) 75,220 unrestricted shares held directly by Mr. Jornayvaz, (c) 43,256 shares of restricted stock, and (d) 60,173 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date.

(3) Includes (a) 8,518,051 shares held by Harvey Operating and Production Company that are or may be deemed to be beneficially owned by Hugh E. Harvey, Jr. as a result of his position as the sole stockholder, sole director and President of Harvey Operating and Production Company, (b) 59,375 unrestricted shares held directly by Mr. Harvey, (c) 95,777 shares of restricted stock, and (d) 60,173 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date.

(4)
This information is based on a Schedule 13G filed with the SEC by Capital World Investors (or Capital), a division of Capital Research & Management Company on February 13, 2015, with respect to holdings as of December 31, 2014. Capital reported sole voting and dispositive power with respect to all of the shares. The principal business office of Capital is 333 South Hope Street, Los Angeles, CA 90071.

(5)
This information is based on an Amendment No. 1 to Schedule 13G filed with the SEC by Heartland Advisors, Inc. (or Heartland), on behalf of itself and William J. Nasgovitz, on February 13, 2015, with respect to holdings as of December 31, 2014. Heartland and Mr. Nasgovitz reported shared voting and dispositive power with respect to all of the shares. Mr. Nasgovitz disclaims beneficial ownership of the shares. The principal business office of Heartland and Mr. Nasgovitz is 789 North Water Street, Milwaukee, WI 53202.

(6)
This information is based on an Amendment No. 2 to Schedule 13G filed with the SEC by Piper Jaffray Companies on February 17, 2015, with respect to holdings as of December 31, 2014. Piper Jaffray Companies reported sole voting and dispositive power with respect to the shares. Advisory Research, Inc. (or ARI), a wholly owned subsidiary of Piper Jaffray Companies and a registered investment adviser, is the beneficial owner of the shares as a result of acting as investment adviser to various clients. Piper Jaffray Companies may be deemed to be the beneficial owner of the shares through control of ARI. Piper Jaffray Companies disclaims beneficial ownership of the shares. The principal business office of Piper Jaffray Companies is 800 Nicollet Mall Suite 800, Minneapolis, MN 55402.

(7)
This information is based on a Schedule 13G filed with the SEC by SouthernSun Asset Management LLC (or SouthernSun) on February 13, 2015, with respect to holdings as of December 31, 2014. SouthernSun reported sole voting power with respect to 5,116,139 of the shares and sole dispositive power with respect to all of the shares. The principal business office of SouthernSun is 6070 Poplar Avenue, Suite 300, Memphis, TN 38119.

(8)
This information is based on an Amendment No. 1 to Schedule 13G filed with the SEC by BlackRock, Inc., on behalf of itself and several of its subsidiaries, on January 30, 2015, with respect to holdings as of December 31, 2014. BlackRock reported sole voting power with respect to 4,716,797 of the shares and sole dispositive power with respect to all of the shares. The principal business office of BlackRock is 55 East 52nd Street, New York, NY 10022.

(9)
This information is based on an Amendment No. 1 to Schedule 13G filed with the SEC by FMR LLC (or FMR) on behalf of itself, certain of its subsidiaries and affiliates, and other companies on February 13, 2015, with respect to holdings as of December 31, 2014. The schedule contains the following information regarding beneficial ownership of the shares: (a) FMR has sole voting power with respect to 116,847 shares and sole dispositive power with respect to all of the shares; (b) Edward C. Johnson III and Abigail P. Johnson each has sole dispositive power with respect to all of the shares; (c) members of the Edward C. Johnson III family, including Abigail P. Johnson, are the predominant owners of shares of FMR representing 49% of the voting power of FMR and have entered into a shareholders' voting agreement with certain other shareholders of FMR; as a result, members of the Edward C. Johnson III family may be deemed to form a controlling group with respect to FMR; and (d) none of FMR, Edward C. Johnson III, or Abigail P. Johnson has sole voting or dispositive power of shares owned directly by the various investment companies registered under the Investment Company Act advised by Fidelity Management & Research Company (a wholly owned subsidiary of FMR), which power resides with the funds' boards of trustees. The principal business office of FMR is 245 Summer Street, Boston, MA 02210.

(10)
Represents (a) 22,779 shares held directly by Mr. Considine, (b) 4,840 and 38,720 shares indirectly owned through CIC Retirement Plan and Carbondale Corporation Retirement Plan, respectively, each of which is a qualified retirement plan, which shares were acquired as the result of a pro rata distribution

of stock by Potash Acquisition, LLC on November 11, 2008, and (c) 4,840 shares held by the Considine Family Foundation. Mr. Considine has shared voting and dispositive power over the shares held by the Carbondale Corporation Retirement Plan and the Considine Family Foundation. Mr. Considine disclaims beneficial ownership of the shares held by the Considine Family Foundation.

(11) Represents (a) 9,706 shares held directly by Mr. Martin and (b) 83,709 shares held by Martin Enterprises LLC. Mr. Martin is the sole manager, and Mr. Martin and trusts (of which Mr. Martin is the sole trustee) formed solely for the benefit of his children are the sole members, of Martin Enterprises LLC.

(12) Represents (a) 40,742 unrestricted shares, (b) 29,977 shares of restricted stock, and (c) 11,495 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date.

(13) Represents (a) 7,701 unrestricted shares, (b) 33,905 shares of restricted stock, and (c) 3,751 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date.

(14) Represents (a) 6,201 unrestricted shares, (b) 16,289 shares of restricted stock, and (c) 1,339 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date.

(15) Represents (a) 50,306 unrestricted shares and (b) 47,168 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date. The mailing address of Mr. Honeyfield is c/o Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202.

(16) Represents (a) 26,342 unrestricted shares and (b) 22,230 shares subject to stock options that are exercisable as of March 15, 2015, or within 60 days of that date. The mailing address of Mr. Litt is c/o Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Policy on Transactions with Related Persons

Our Board has adopted a written policy with respect to related person transactions. Under this policy, the Audit Committee must review and approve or ratify any transaction, arrangement, or relationship (including any indebtedness or guarantee of indebtedness) or series of similar transactions, arrangements, or relationships in which (a) we are a participant, (b) the aggregate amount involved will or may be expected to exceed $120,000, and (c) a related person has or will have a direct or indirect material interest. In addition, related person transactions must be on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party. For purposes of this policy, a "related person" means (a) any of our directors, executive officers, or nominees for director, (b) any stockholder that beneficially owns more than 5% of the outstanding shares of our common stock, (c) any immediate family member of the foregoing, and (d) any firm, corporation, or other entity in which any of the foregoing persons is employed or is a partner or other principal or has a substantial ownership interest (more than 10%) or control of the entity. The Audit Committee approves or ratifies only those transactions that it determines in good faith are in, or are not inconsistent with, the best interests of us and our stockholders.

In addition, our Board-adopted Code of Business Conduct and Ethics provides that no director, officer, or employee may pursue for his or her own account a business or investment opportunity if he or she has obtained knowledge of the opportunity through his or her affiliation with us.

Our Board or the Audit Committee approved each of the arrangements described below under the heading "*Related Person Transactions*" when we originally entered into or agreed to it.

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Related Person Transactions

Set forth below is a description of related transactions between us and our officers, directors, and greater than 5% stockholders since the beginning of 2014.

Director Designation and Voting Agreement

You can find more information about this agreement above under the heading "*Corporate Governance Director Designation and Voting Agreement*."

Registration Rights Agreement

Intrepid, IPC, and HOPCO are parties to a Registration Rights Agreement that was entered into in 2008. As noted previously, Mr. Jornayvaz is the sole owner of IPC, and Mr. Harvey is the sole owner of HOPCO. Under this agreement, each of IPC and HOPCO has the right, in certain circumstances, to require us to register for sale some or all of the shares of common stock held by it. Subject to the terms and conditions of the agreement, each of IPC and HOPCO will have the right to make three "demands" for registration, one of which may require a shelf registration statement. In addition, in connection with future registered offerings by us, whether pursuant to a "demand" registration or otherwise, IPC and HOPCO will have the ability to exercise certain "piggyback registration rights" and have some or all of their shares included in the registration statement. We will bear all costs of registration pursuant to the registration rights provided under this agreement.

Aircraft Use Policy

We have adopted an aircraft use policy under which Messrs. Jornayvaz and Harvey, and other executives explicitly approved by Messrs. Jornayvaz or Harvey, are allowed personal use of aircrafts that we own or lease. Additionally, Messrs. Jornayvaz and Harvey may use these aircrafts under time sharing agreements that require them to reimburse us for the lesser of the actual cost of the usage or the maximum amount chargeable under Federal Aviation Administration rules.

In 2009, we entered into an aircraft dry-lease agreement with Intrepid Production Holdings LLC (or IPH), which is indirectly owned by Mr. Jornayvaz. The agreement allows us to use an aircraft owned by IPH for Intrepid business purposes on an as-needed basis. The agreement had an initial one-year term beginning on January 9, 2009, and thereafter automatically renews on a month-to-month basis. Either party may terminate the agreement upon 30 days' notice to the other party. Under the agreement, we agreed to pay $5,950 per flight hour for use of the aircraft. Under an amendment entered into in August 2014, this rate increased to $6,235 per flight hour effective as of September 1, 2014. We are also responsible for taxes and insurance deductibles relating to our use of the aircraft. For 2014, we paid $485,617 to IPH under this agreement.

In August 2014, we entered into an aircraft dry-lease agreement with Odyssey Adventures, LLC (or Odyssey), which is indirectly owned by Mr. Harvey. The agreement allows us to use an aircraft owned by Odyssey for Intrepid business purposes on an as-needed basis. The agreement has an initial one-year term beginning on September 1, 2014, and thereafter automatically renews on a month-to-month basis. Either party may terminate the agreement upon 30 days' notice to the other party. Under the agreement, we agree to pay $6,235 per flight hour for use of the aircraft. We are also responsible for taxes and insurance deductibles relating to our use of the aircraft. For 2014, we paid $8,106 to Odyssey under this agreement.

During 2013, we were also a party to an aircraft dry-lease agreement with BH Holdings LLC (or BH), which was indirectly owned by Messrs. Jornayvaz and Harvey. We entered into our most recent dry-lease agreement with BH in June 2013, and we terminated this agreement effective as of January 1, 2014. This agreement allowed us to use an aircraft owned by BH for Intrepid business purposes. On a monthly basis,

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we paid $3,000 per flight hour and half of the fixed costs for the use of the aircraft. At the end of each calendar year, these amounts were adjusted upwards or downwards to reflect the actual costs attributable to our use of the aircraft during the year. We were also responsible for taxes and insurance deductibles relating to our use of the aircraft. In 2014, we paid $18,900 to BH under this agreement relating to use of the BH aircraft in 2013.

Sublease of Hangar Space from Rare Air Limited, LLC

In 2012, we entered into an agreement with Rare Air Limited, LLC, or Rare Air, to sublease hangar deck and storage space from this entity. Rare Air is indirectly owned in part by Mr. Jornayvaz. We previously subleased hangar deck and storage space from an unaffiliated company that provides aircraft maintenance services to us. In 2012, that company moved its operations to the Rare Air facility. As a result, we decided to enter into the sublease agreement with Rare Air in part so that we could continue to receive aircraft maintenance services from the same company we had been using in the past. For 2014, we paid $51,984 to Rare Air under this agreement.

Transition Services Agreement

In 2008, we entered into a Transition Services Agreement with Intrepid Oil & Gas, LLC (or IOG). IOG is owned in equal parts by IPC and HOPCO. In April 2013, we and IOG entered into an amendment to this agreement to extend the term of the agreement to April 24, 2015. Under this agreement, IOG may request specified employees of Intrepid or its subsidiaries (other than Messrs. Jornayvaz and Harvey) to provide a limited amount of geology, land title, and engineering services in connection with IOG's oil and gas ventures with payment by IOG to Intrepid for these services at cost plus 10%.

IOG is obligated to reimburse us for an amount equal to the sum of the following amounts:

- The number of hours our employees spend performing services under the agreement for a month, multiplied by a cost per hour for each employee that takes into account actual gross wages, salaries, bonuses, incentive compensation and payroll taxes of that employee, employee benefit plans attributable to the employee and other benefits directly attributable to the employee, plus an amount equal to 10% of the employee cost per hour to ensure fairness of the arrangements to us

- All reasonably documented out-of-pocket costs and expenses incurred by us during the month

The aggregate time spent by any employee of Intrepid or its subsidiaries on projects under the agreement is limited to 15%. This limit may be exceeded only with the prior approval of our Board.

In addition, the parties to the Transition Services Agreement (a) acknowledge that IOG owns the rights that permit IOG to drill an oil and gas well at an agreed location near our Moab, Utah, mine; and (b) consent to and authorize the drilling of the well by IOG at its own expense, provided that the drilling does not interfere with our operations. If and to the extent any costs are incurred by us in connection with IOG's drilling of the well, those costs will be reimbursable. If IOG determines in its sole discretion that the well is noncommercial for oil and gas production, and we agree that the well should be converted for use in its potash production, we will buy the well from IOG for a specified amount not to exceed $750,000 or IOG's actual out-of-pocket cost for the drilling and related costs and expenses incurred by IOG to drill the well to the base of the potash zones. IOG has agreed to indemnify us for any damage to the Moab mine that is caused by the drilling of the well. For 2014, IOG paid us $5,388 for services under this agreement.

Surface Use Easement Agreement

In 2009, we entered into a Surface Use Easement and Water Purchase Agreement with IOG in connection with oil and gas rights owned by IOG that exist below the surface of land owned by us. Under

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the agreement, we have granted IOG an easement across a portion of our land to access a drilling site for one of its wells. The easement continues for so long as oil or gas is produced in paying quantities from the well or from any unit or communitized area that includes the well. As consideration for the easement, IOG paid us $9,500 and has agreed to pay us $7,500 (plus an administrative fee) on July 2 of each year during the term of the easement. Among other things, we have agreed to sell IOG water or salt brine to the extent that we have excess water or salt brine available that we may legally sell. For 2014, IOG paid us $8,250 under this agreement.

LIMITATION OF LIABILITY AND INDEMNIFICATION

As permitted by the Delaware General Corporation Law, or DGCL, our certificate of incorporation contains provisions that limit or eliminate the personal liability of our directors and officers for monetary damages for a breach of their fiduciary duty of care as a director or officer. The duty of care generally requires that, when acting on behalf of the corporation, directors and officers exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director or officer will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability for the following:

- Any breach of the person's duty of loyalty to us or our stockholders
- Any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law
- Any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends
- Any transaction from which the person derived an improper personal benefit

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission.

As permitted by the DGCL, our certificate of incorporation and bylaws provide that we will indemnify our current and former directors and officers and anyone who is or was serving at our request as the director, officer, employee or agent of another entity, and may indemnify our current or former employees and other agents, to the fullest extent permitted by the DGCL, subject to limited exceptions. In addition, we may purchase and maintain insurance on behalf of our current or former directors, officers, employees or agents against any liability asserted against them and incurred by them as a result of their positions with Intrepid. We have obtained liability insurance for our directors and officers.

Our certificate of incorporation requires us to advance expenses to our directors and officers in connection with a legal proceeding, subject to receiving an undertaking from the director or officer to repay advanced amounts if it is determined he or she is not entitled to indemnification. Our bylaws provide that we may advance expenses to our employees and other agents, upon any terms and conditions as we deem appropriate.

We have entered into separate indemnification agreements with each of our directors and officers, which may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements require us, among other things, to indemnify our directors and officers against liabilities that may arise by reason of their status or service as directors or officers. These indemnification agreements also require us to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance, if available on reasonable terms.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act, our directors and executive officers, and certain persons who own more than 10% of our common stock, must report their initial ownership of our common stock and any changes in that ownership in reports filed with the SEC. These individuals and entities are required to furnish us with copies of all of these reports. Based solely on a review of reports furnished to us, and written representations from our directors and executive officers that they were not required to file any other reports during 2014, we believe that all of our directors, executive officers, and 10% owners timely filed all reports required to be filed for 2014 under Section 16(a) of the Exchange Act.

AUDIT COMMITTEE REPORT

The following report of the Audit Committee is not "soliciting material," will not be deemed "filed" with the SEC, and will not be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, except to the extent we specifically incorporate it by reference therein.

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to (a) the integrity of Intrepid's financial statements and financial reporting process and systems of internal controls regarding finance, accounting, and compliance with legal and regulatory requirements, (b) the qualifications, independence, and performance of Intrepid's independent accountants, (c) the performance of Intrepid's internal audit function, and (d) other matters as set forth in the charter of the Audit Committee approved by the Board.

Management is responsible for Intrepid's financial statements and the financial reporting process, including the systems of internal controls and disclosure controls and procedures. The independent accountants are responsible for performing an independent audit of Intrepid's financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee reviewed and discussed with management and the independent accountants the audited consolidated financial statements of Intrepid for the fiscal year ended December 31, 2014. The Audit Committee also discussed with the independent accountants the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (which superseded Statement on Auditing Standards No. 61, as amended). In addition, the Audit Committee received the written disclosures and the letter from the independent accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence and has discussed with the independent accountants the independent accountants' independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements of Intrepid be included in Intrepid's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, that was filed with the SEC.

THE AUDIT COMMITTEE OF THE BOARD
OF DIRECTORS OF INTREPID POTASH, INC.

J. Landis Martin, Chairman
Terry Considine
Chris A. Elliott
Barth E. Whitham

HOUSEHOLDING

We have adopted a practice called "householding." This practice allows us to deliver only one copy of certain of our stockholder communications (including proxy-related materials, annual reports and information statements) to stockholders who have the same address and last name and who do not participate in email delivery of these materials, unless one or more of these stockholders notifies us that he or she would like to receive an individual copy. If you share an address with another stockholder and receive only one set of proxy-related materials and would like to request a separate copy for this year's annual meeting or for any future meetings or stockholder communications, please send your written request to Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202, Attention: Secretary, or call us at (303) 296-3006. Upon request, we will promptly deliver a separate copy to you. Similarly, you may also contact us through either of these methods if you receive multiple copies of proxy-related materials and other stockholder communications and would prefer to receive a single copy in the future.

STOCKHOLDER PROPOSALS

A stockholder who would like to have a proposal considered for inclusion in our 2016 proxy statement must submit the proposal so that it is received by us no later than December 11, 2015. SEC rules set standards for eligibility and specify the types of stockholder proposals that may be excluded from a proxy statement. Stockholder proposals should be addressed to the Secretary, Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202.

For stockholder proposals submitted outside of the SEC proposal rules, our bylaws require that advance written notice in proper form of stockholder proposals for matters to be brought before an annual meeting be received by our Secretary not less than 90 days or more than 120 days before the first anniversary date of the immediately preceding annual meeting. Accordingly, notice of stockholder proposals for the 2016 annual meeting must be received by us between January 28, 2016, and February 27, 2016.

ANNUAL REPORT ON FORM 10-K AND OTHER SEC FILINGS

If you request, we will provide you with a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, without charge. You should send your written requests to Secretary, Intrepid Potash, Inc., 707 17th Street, Suite 4200, Denver, CO 80202. The exhibits to the annual report are available upon payment of charges that approximate our cost of reproduction.

You can also obtain copies of the annual report and exhibits, as well as other filings that we make with the SEC, on our website at investors.intrepidpotash.com or on the SEC's website at www.sec.gov.

OTHER MATTERS

The Board does not know of any other matters to be brought before the 2015 annual meeting. If any other matters not mentioned in this proxy statement are properly brought before the meeting, the individuals named in the enclosed proxy intend to use their discretionary voting authority under the proxy to vote the proxy in accordance with their best judgment on those matters.

By Order of the Board of Directors

Margaret E. McCandless
Secretary

April 1, 2015