

Richards Steven W  
Form 4  
February 15, 2007

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Richards Steven W

2. Issuer Name and Ticker or Trading Symbol  
TTM TECHNOLOGIES INC  
[TTMI]

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)  
  
\_\_\_\_ Director      \_\_\_\_ 10% Owner  
 Officer (give title below)      \_\_\_\_ Other (specify below)  
CFO, VP, and Secretary

(Last)      (First)      (Middle)  
  
2630 SOUTH HARBOR BOULEVARD  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
02/14/2007

SANTA ANA, CA 92704

(City)      (State)      (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/14/2007		M		1,000	A	\$ 2.63
Common Stock	02/14/2007		S <sup>(1)</sup>		1,000	D	\$ 12.2

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 2.63	02/14/2007		M	1,000	<u>(2)</u> 04/28/2010	Common Stock	1,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Richards Steven W 2630 SOUTH HARBOR BOULEVARD SANTA ANA, CA 92704			CFO, VP, and Secretary	

## Signatures

Todd E. Amy,  
Attorney-in-Fact

02/15/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The shares were sold pursuant to a 10b5-1 Sales Plan.

(2) The options were fully vested as of December 16, 2004.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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Gain on bond repurchase

(1,384)

Asset impairment charge

5,425 7,831

WebCT commission income

(2,700)

Depreciation and amortization

15,358 20,540 27,754  
 Provision for doubtful accounts  
 412 2,127 5,129  
 Deferred tax provision (benefit)  
 6,818 2,547 (11,529)  
 Noncash charges related to retirement and restructuring charges  
 327 1,525 604  
 Noncash charges related to discontinued operations  
 392 1,645 3,150  
 Loss on disposal of property and equipment  
 □ 595 1,022  
 Income tax benefit from exercise of nonqualified stock options  
 306 345 2,077  
 Changes in operating assets and liabilities:

(Increase) decrease in receivables  
 (1,793) (7,065) 8,407  
 Decrease (increase) in prepaid income taxes  
 8,549 (19,810) 8,421  
 Decrease (increase) in other current assets  
 103 675 (14,800)  
 (Decrease) increase in accounts payable  
 (1,395) (2,330) 1,249  
 (Decrease) increase in income taxes payable  
 320 (6,601) 19,015  
 Decrease in accrued expenses  
 (23,954) (8,194) (13,090)  
 Increase (decrease) in other long-term liabilities  
 3,145 (117) 2,878  
 Increase (decrease) in deferred revenue  
 1,024 4,230 (5,832)  
 Decrease in other operating assets and deferred charges  
 (845) 881 3,834  
 Decrease in net assets of discontinued operations  
 8,739 □ □

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Net Cash Provided by Operating Activities  
 28,616 1,615 24,972

Investing Activities

Purchase of property and equipment  
 (5,004) (5,646) (9,910)

Explanation of Responses:

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Proceeds from the sale of property and equipment

□ 1,450 □

Capitalized computer software costs

□ (751) (962)

Purchase of investments available for sale

(55,932) (88,902) (97,920)

Proceeds from the sale or maturity of investments available for sale

61,369 91,124 52,172

Purchase of businesses, net of cash acquired

(27,648) (36,019) (3,009)

Proceeds from sale of discontinued operations

34,701 7,476 85,000

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Net Cash Provided By (Used In) Investing Activities

7,486 (31,268) 25,371

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Financing Activities

Repayment of borrowings

(42,871) (2,771) (712)

Issuance of Company stock, under ESPP

418 442 35

Decrease in notes receivables from stockholders

□ 500 110

Proceeds from exercise of stock options

3,580 2,827 2,544

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Net Cash (Used in) Provided By Financing Activities

(38,873) 998 1,977

Explanation of Responses:

(Decrease) increase in cash & cash equivalents  
(2,771) (28,655) 52,320

Cash and cash equivalents at beginning of year  
72,820 101,475 49,155

Cash and cash equivalents at end of year  
\$70,049 \$72,820 \$101,475

Supplemental Information

Noncash investing and financing activities:

Noncash expense, primarily extension of stock options

Explanation of Responses:

\$ 2,356 \$

Purchase of subsidiary assets noncash portion

500

Conversion of subordinated debentures to common stock

27

See notes to consolidated financial statements.

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## Consolidated Statements of Stockholders' Equity

(in thousands)	Common Stock Par Value	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Notes Receivable from Stock- holders	Total Stock- holders' Equity
Balance at September 30, 2000	\$ 372	\$ 115,247	\$ 111,879	\$ (540)	\$ (24,911)	\$ (610)	\$ 201,437
Stock issued under stock option plans, including tax benefits, 369 shares	4	4,766	0	0	0	0	4,770
Stock issued on bond conversion, 1 share	0	27	0	0	0	0	27
Stock issued under ESPP, 23 shares	0	0	0	0	183	0	183
Collections on notes receivable from shareholders	0	0	0	0	(148)	110	(38)
Comprehensive income	0	0	0	200	0	0	200
Other comprehensive income	0	0	0	200	0	0	200
Net income, year ended September 30, 2001	0	0	14,818	0	0	0	14,818
Total comprehensive income	0	0	0	0	0	0	15,018
Balance at September 30, 2001	376	120,040	126,697	(340)	(24,876)	(500)	221,397
Stock issued under stock option plans, including tax benefits, 395 shares	4	5,546	0	0	0	0	5,550
Stock issued under ESPP, 48 shares	0	0	0	0	442	0	442
Collections on notes receivable from shareholders	0	0	0	0	0	500	500
Comprehensive loss	0	0	0	(243)	0	0	(243)
Other comprehensive loss	0	0	0	(243)	0	0	(243)
Net loss, year ended September 30, 2002	0	0	(9,075)	0	0	0	(9,075)
Total comprehensive loss	0	0	0	0	0	0	(9,318)
Balance at September 30, 2002	380	125,586	117,622	(583)	(24,434)	0	218,571
Stock issued under stock option plans, including tax benefits, 467 shares	4	3,912	0	0	0	0	3,916
Stock issued under ESPP, 59 shares	0	0	0	0	418	0	418
Comprehensive income	0	0	0	565	0	0	565
Other comprehensive income	0	0	0	565	0	0	565

Explanation of Responses:

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Net income, year ended September 30, 2003	□	□	17,502	□	□	□	<u>17,502</u>		
Total comprehensive income							<u>18,067</u>		
Balance at September 30, 2003	\$	384	\$ 129,498	\$ 135,124	\$	(18)	\$ (24,016)	\$	<u>□ 240,972</u>

See notes to consolidated financial statements.



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**Notes to Consolidated Financial Statements  
(in thousands, except per share amounts)**

NOTE A □ SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation:* During the quarter ended March 31, 2003 the Company completed the sale of its Global Energy and Utilities Solutions (□EUS□) business, which was declared a discontinued business in the quarter ended June 30, 2002. Additionally, the Company completed the sales of its Global Manufacturing & Distribution Solutions (□MDS□) business during the quarter ended June 30, 2002 and Global Government Systems (□GGS□) business during the quarter ended June 30, 2001. The EUS, MDS, and GGS businesses are accounted for as discontinued operations, and, accordingly, amounts in the consolidated balance sheets and statements of operations and related notes for all periods presented reflect discontinued-operations accounting.

Certain prior year amounts have been reclassified to conform to this year's presentation. These reclassifications relate to (i) certain assets and liabilities, which were ultimately retained by the Company, related to the discontinued operations of the EUS business; (ii) a reclassification between accounts receivable and deferred revenue; (iii) a reclassification of purchased software amortization from selling, general and administrative to cost of sales software, maintenance and enhancements; and (iv) a reclassification of non-operating income and expense from revenues and expenses to other income and other expense.

*Consolidation Policy:* The accompanying consolidated financial statements include the accounts of Systems & Computer Technology Corporation and its subsidiaries (the □Company□). Intercompany items have been eliminated in consolidation.

*Nature of Operations:* The Company develops, licenses, and supports a suite of enterprise software; offers a series of related services including systems implementation, systems integration, and maintenance and enhancements; and provides a range of information technology outsourcing services. The Company's market is higher education. The Company's focus on one vertical market enables it to develop and utilize a base of industry expertise to deliver products and services that address specific client requirements.

*Risks and Uncertainties:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in preparation of the financial statements and actual results could differ from the estimates and assumptions used. Credit risk with respect to trade accounts receivable is generally diversified due to the large number of entities comprising the Company's client base. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific clients, historical trends, and other information.

*Revenue Recognition:* The Company licenses software under license agreements and provides services including installation, training, consulting, maintenance and enhancements, and outsourcing. When the Company enters into client arrangements with multiple elements, the elements typically include license fees, software services, and maintenance. The Company uses the □residual method□ of revenue recognition under which the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is allocated to the delivered elements and is recognized as revenue. The Company establishes vendor specific objective evidence of fair market value and applies the residual method as follows: (i) software services □ vendor specific objective evidence of fair market value is established for software services based on the price charged when this element is sold separately. The Company establishes rates for the various types of professional services available, and the rates charged to clients are consistent whether the professional services are sold in conjunction with a software sale or sold separately, subsequent to a software sale; (ii) maintenance □ vendor specific objective evidence of fair market value is established for maintenance based on the price charged when this element is sold separately. This element is sold separately at the time of a renewal of the maintenance agreement; and (iii) software sales □ the fair value of the undelivered elements (software services and maintenance) is deferred and the remaining portion of the arrangement fee is allocated to the delivered element (software license). For an undelivered element not yet being sold separately, the fair market value is established by the Company's management having the relevant authority.

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From time to time, the Company may enter into a multiple element arrangement subject to "fiscal funding" clauses, which entitle the client, in the event of budgetary constraints, to reduce the level of services to be provided by the Company, with a corresponding reduction in the fee the client must pay. The fiscal funding clause applies to the undelivered elements of the arrangement, which include software services and maintenance, for which revenue is recognized as earned. Revenues are recognized under such contracts only when the Company considers the likelihood of cancellation to be remote. The fiscal funding clauses provide that the client must pay for all delivered services and maintenance up to the date of exercise of the fiscal funding clause. Exercise of the clause would either reduce or terminate undelivered services or terminate maintenance in response to a loss of funding. This would have the effect of reducing backlog, but would have no effect on revenues recognized up to that point. If a fiscal funding clause were to be exercised, the client would be obligated to pay for all services and maintenance performed up to the date of exercise.

License fee revenues are recognized when a license agreement has been signed, the software product has been shipped, the fees are fixed and determinable, collection is considered probable, and no significant vendor obligations remain. Because licensing of the software is not dependent on the professional services portions of the contract, the software revenue is recognized upon shipment. In limited cases where license fee payment terms exceed twelve months, the Company's practice is generally to recognize those license fees when the payment is received. In certain license arrangements, the Company ships the product and recognizes revenue, but has not billed the complete contract amount because of contractual payment terms, resulting in an excess of revenues over billings in such periods. The resulting excess is reflected as unbilled receivables in the consolidated balance sheet.

Maintenance and enhancement agreements provide for telephone support and error correction for current versions of licensed systems, as well as regulatory updates and functional and technical enhancements to licensed systems if and when they become generally available. Revenues for maintenance and enhancements agreements are recognized ratably over the term of the agreements. Maintenance and enhancement agreements are billed annually and often billed in arrears, resulting in revenues in excess of billings. The resulting excess is reflected as unbilled accounts receivable in the consolidated balance sheet.

The Company provides software-related services, including systems implementation and integration services. The number of hours and duration for engagements fluctuates depending on the SCT product line, number of modules purchased, and the scope of services stated in the software arrangement contract. Services are generally provided under time and materials contracts and revenue is recognized as the services are provided. In some circumstances, services are provided under fixed-price arrangements in which revenue is recognized on the proportionate performance method, which relies on estimates of total expected contract revenues and costs. Since accounting for these contracts depends on estimates, which are assessed continually during the term of these contracts, recognized revenues and profit are subject to revisions as the contract progresses to completion. Revisions in estimates of costs to complete are reflected in operations in the period in which facts requiring those revisions become known. In certain software services contracts, the Company performs services but cannot immediately bill for them. Since revenue is generally recognized as work is performed, an excess of revenues over billings occurs in such periods. The resulting excess is reflected as unbilled accounts receivable in the consolidated balance sheet. Billings in these software services contracts cause a decrease in the unbilled accounts receivable, although additional unbilled accounts receivable will continue to be recorded based on the terms of the contracts.

Most of the Company's outsourcing service contracts are fixed-price, multi-year contracts, and revenue for these contracts is measured and recognized utilizing the proportionate performance method over the contract term based on the percentage of services that are provided during the period compared with the total estimated services to be provided over the entire contract. During the first several years of a typical outsourcing services contract, the Company performs services to identify and implement changes to optimize the client's technology environment. Once these changes are complete, less effort and expense is required towards the end of multi-year outsourcing contracts to maintain the streamlined client operations. During the first several years, the Company performs services and incurs expenses at a greater rate than in the later years of the contract. Since billings usually remain constant during the term of the contract, and revenue is recognized as work is performed, revenues usually exceed billings in the early years of the contract. The resulting excess is reflected as unbilled accounts receivable in the consolidated balance sheet. In some cases when a contract term is extended, the billing period is also extended over the new life of the contract. As a contract proceeds, services are performed, and expenses are incurred at a diminishing rate, resulting in billings exceeding revenue recognized, which causes a decrease in the unbilled accounts receivable balance. These contracts require an estimate of periodic revenue

earned and costs to be incurred to deliver products or services and are subject to revision as work progresses. Revisions in the estimates are reflected in operations in the period in which facts requiring those revisions become known.

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Certain of the Company's outsourcing services contracts are subject to "fiscal funding" clauses, which entitle the client, in the event of budgetary constraints, to reduce the level of services to be provided by the Company, with a corresponding reduction in the fee the client must pay. In certain circumstances, the client may terminate the services altogether. Revenues are recognized under such contracts only when the Company considers the likelihood of cancellation to be remote. If a fiscal funding clause were to be exercised, the client would be obligated to pay for all services performed up to the date of exercise.

*Other Expense:* Other expense is comprised primarily of interest expense on the Company's outstanding convertible subordinated debentures, which mature on October 15, 2004.

*Cash Equivalents:* Cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less at the date of purchase.

*Short-Term Investments:* In accordance with SFAS 115, management determines the appropriate classification of debt securities at the time of purchase. Available-for-sale securities are stated at fair value.

*Fair Value of Financial Instruments:* The following methods and assumptions were used to estimate the fair values of each class of financial instruments.

The fair values of cash, accounts receivable, and accounts payable approximate their carrying amounts due to their immediate or short-term periods to maturity.

The fair values of short-term investments (as disclosed in Note B) and long-term debt (as disclosed in Note J) are estimated using quoted market values.

*Property and Equipment:* Property and equipment are recorded at cost. Equipment is depreciated over its estimated useful life, for periods ranging from three to 10 years, using the straight-line method. Buildings and related improvements are depreciated using the straight-line method, for periods up to 30 years.

*Long-Lived Assets:* Through September 30, 2001, goodwill and other intangible assets were amortized using the straight-line method over lives ranging from five to 20 years. Effective October 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), which resulted in discontinuing the amortization of goodwill. Under SFAS 142, goodwill is carried at its book value, and any future impairment of goodwill will be recognized as an operating expense in the period of impairment. However, under the terms of the Statement, identifiable intangibles with identifiable lives continue to be amortized for periods ranging from three to ten years (See Note H).

The Company evaluates goodwill and other intangibles for potential impairment on an annual basis unless circumstances indicate the need for impairment testing between the annual tests. The judgments regarding the existence of impairment indicators are based on legal factors, market conditions, and operational performance of the Company. In assessing the recoverability of the Company's goodwill and other intangibles, the Company would make valuation assumptions to determine the fair value of the respective assets.

*Capitalized Computer Software Costs:* The Company capitalizes direct and certain qualifying indirect costs associated with development of software for resale. Amortization of such capitalized costs is the greater of the amount computed using (i) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues of that product or (ii) the straight-line method over the remaining estimated economic life of the product, including the period being reported on. Amortization begins when the product is available for general release to customers.

*Business Segments:* As a result of the sale of the EUS business during the second quarter of fiscal year 2003, and the sales of the MDS and GGS businesses in the third quarters of fiscal years 2002 and 2001, respectively, the Company currently has one reportable segment: Global Education Solutions. The accompanying financial statements and related notes, exclusive of discontinued operations, reflect the operations of the Global Education Solutions business.



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The following table presents revenues from continuing operations by country based on location of the customer and property by country based on location of the asset (in thousands):

	2003		2002		2001	
	Long-Lived Revenues	Assets	Long-Lived Revenues	Assets	Long-Lived Revenues	Assets
United States	\$ 242,998	\$ 115,598	\$ 211,207	\$ 89,569	\$ 184,071	\$ 63,344
Other Countries	26,641	312	22,350	545	19,022	1,280
Total	\$ 269,639	\$ 115,910	\$ 233,557	\$ 90,114	\$ 203,093	\$ 64,624

*Income Per Share:* Net income per common share excludes the dilutive effect of both stock options and convertible debentures. Net income per share – assuming dilution includes the dilutive effect of both stock options and convertible debentures even if the dilutive effect is immaterial. A reconciliation of the numerators and the denominators of net income per common share and net income per share – assuming dilution follows (in thousands, except per share amounts):

	Year Ended September 30,		
	2003	2002	2001
<b>Numerator</b>			
Income from continuing operations available to common stockholders	\$ 17,380	\$ 7,485	\$ 6,387
Discontinued operations:			
Loss from discontinued operations, net of income taxes	(2,486)	(6,939)	(11,724)
Gain (loss) on sale of discontinued operations, net of income taxes	2,608	(9,621)	20,155
Income from discontinued operations	122	(16,560)	8,431
Net income (loss) available to common stockholders after assumed conversions	\$ 17,502	\$ (9,075)	\$ 14,818
<b>Denominator</b>			
Weighted average common shares	33,653	33,240	32,842
Effect of dilutive securities:			
Employee stock options	74	368	436
Weighted average common shares assuming dilution	33,727	33,608	33,278
Income from continuing operations per common share	\$ 0.52	\$ 0.23	\$ 0.19
per share – assuming dilution	\$ 0.52	\$ 0.22	\$ 0.19
Income (loss) from discontinued operations per common share	\$ 0.00	\$ (0.50)	\$ 0.26
per share – assuming dilution	\$ 0.00	\$ (0.49)	\$ 0.25
Net income (loss) per common share	\$ 0.52	\$ (0.27)	\$ 0.45
per share – assuming dilution	\$ 0.52	\$ (0.27)	\$ 0.45

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The Company has \$32.0 million of convertible debentures bearing interest at 5% and maturing on October 15, 2004, that were issued in October 1997. If these debentures were converted, 1.2 million additional shares would be added to common shares outstanding. These debentures were antidilutive for fiscal years 2003, 2002 and 2001 and therefore are not included in the above denominators for income from continuing operations per share – assuming dilution, income (loss) from discontinued operations per share – assuming dilution, or net income per share – assuming dilution.

*Stock-based Compensation:* The Company accounts for employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations. Under APB 25, because the exercise price of the stock options equaled the fair value of the underlying common stock on the date of grant, no compensation cost was recognized. In accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), the Company does not recognize compensation cost based on the fair value of the options granted at grant date.

As required under SFAS 123, the Company provides pro forma disclosure of net income and earnings per share. The following pro forma amounts were determined as if the Company had accounted for its stock options using the fair value method as described in that statement (in thousands, except per share amounts):

<b>Year Ended September 30,</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Net income (loss), as reported	\$ 17,502	\$ (9,075)	\$ 14,818
Less: stock-based employee compensation expense determined under fair value method, net of related tax effects	(2,325)	(1,892)	(3,434)
Pro forma net income (loss)	<u>\$ 15,177</u>	<u>\$ (10,967)</u>	<u>\$ 11,384</u>
Earnings (loss) per share:			
per common share, as reported	\$ 0.52	\$ (0.27)	\$ 0.45
per common share, pro forma	\$ 0.45	\$ (0.33)	\$ 0.35
per share – assuming dilution, as reported	\$ 0.52	\$ (0.27)	\$ 0.45
per share – assuming dilution, pro forma	\$ 0.45	\$ (0.33)	\$ 0.34

The pro forma amount in the above table removes the impact of options outstanding at September 30, 2002 held by employees of the MDS business, which was sold on May 31, 2002. The Company extended the term of the options held by employees of the MDS business at the time of the sale beyond the contractual term, as a result, the Company recognized compensation expense of \$0.7 million in fiscal year 2002 reported net income.

*Accumulated Other Comprehensive Income:* Accumulated other comprehensive income (loss) as of September 30, 2003, 2002, and 2001 is as follows (in thousands):

	<b>Foreign Currency Translation Adjustments</b>	<b>Unrealized Gain (Loss) on Marketable Securities</b>	<b>Total</b>
Balance at September 30, 2000	\$ (536)	\$ (4)	\$ (540)
Current-period change	10	190	200
Balance at September 30, 2001	(526)	186	(340)
Current-period change	(402)	159	(243)
Balance at September 30, 2002	(928)	345	(583)
Current-period change	739 <sup>(a)</sup>	(174)	565
Balance at September 30, 2003	<u>\$ (189)</u>	<u>\$ 171</u>	<u>\$ (18)</u>

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(a) \$390 relates to previously recognized translation losses reclassified to income as a result of the liquidation of foreign entities.

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*Foreign Currency Translation:* The local currencies are the functional currencies of the Company's foreign subsidiaries. Assets and liabilities of the foreign subsidiaries are translated into U.S. dollars at current exchange rates and resulting translation adjustments are included in, and are the major components of, accumulated other comprehensive loss. Revenue and expense accounts of these operations are translated at average exchange rates prevailing during the year. Transaction gains and losses, which were not material, are included in the results of operations of the period in which they occur.

*New Accounting Standards:* In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections" (SFAS 145). SFAS 145 required that gains and losses on extinguishments of debt be classified as income or loss from continuing operations rather than as extraordinary items as previously required under Statement No. 4. The provisions of SFAS 145 related to the rescission of Statement No. 4 are effective for fiscal years beginning after May 15, 2002, so the Company adopted SFAS 145 at the beginning of fiscal year 2003. As a result, the gain on the repurchase of debt during fiscal year 2003, as discussed in Note J, has been reported as other income in continuing operations.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), which is effective for exit or disposal activities that are initiated after December 31, 2002. The Company adopted SFAS 146 during fiscal year 2003. SFAS 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)," and requires that a liability for costs associated with an exit or disposal activity be recognized as incurred. The impact of SFAS 146 will be dependent upon decisions made by the Company in the future.

In January 2003, the Company adopted Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34" (FIN No. 45). The interpretation requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. The initial recognition and measurement provisions of FIN No. 45 are effective for guarantees issued or modified after December 31, 2002. The Company has not entered into any guarantees after the effective date of FIN No. 45. The disclosure requirements of FIN No. 45 are included in Note M. The adoption of this interpretation has not had a material impact on the Company's consolidated financial position, consolidated results of operations, or liquidity.

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46). This interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. The Company is currently completing its analysis of the provisions of FIN No. 46 and does not expect its December 15, 2003 adoption to have material impact on its consolidated financial position, consolidated results of operations, or liquidity.

#### NOTE B—CASH AND SHORT-TERM INVESTMENTS

Cash equivalents are short-term, highly liquid investments with maturities of three months or less at the date of purchase.

Short-term investments consist of corporate, state and municipal, and federal debt securities. Management determines the appropriate classification of the securities at the time of purchase. At September 30, 2003 and 2002, the portfolio of securities was classified as available for sale. These securities are carried at fair value, based on quoted market values, with the unrealized gains and losses, net of income taxes, reported as a component of accumulated other comprehensive income (loss). The available-for-sale portfolio is comprised of highly liquid investments available for current operations and general corporate purposes and, accordingly, is classified as a current asset.

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The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion, as well as realized gains and losses, are included in Other Income. For the purpose of determining gross realized gains and losses, the cost of securities sold is based on the specific identification method. Gross realized gains and losses on sales of available-for-sale securities were immaterial in fiscal years 2003 and 2002.

Cash and short-term investments at September 30, 2003 and 2002, respectively, are comprised of (in thousands):

<u>September 30,</u>	<u>2003</u>	<u>2002</u>
<b>(in thousands)</b>		
Cash and cash equivalents	\$ 70,049	\$ 72,820
Short-term investments, including accrued interest of \$766 and \$701, respectively:		
Corporate debt securities	22,634	23,846
State and municipal debt securities	22,331	36,908
Federal debt securities	9,798	
	<hr/>	<hr/>
Short-term investments	54,763	60,754
	<hr/>	<hr/>
Cash and short-term investments	\$ 124,812	\$ 133,574
	<hr/>	<hr/>

The contractual maturities of short-term investments held at September 30, 2003, are (in thousands):

	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Weighted Average Contractual Interest Rate</u>
Less than 1 year	\$ 26,751	\$ 23,474	1.7%
1 – 3 years	22,718	22,398	4.1%
Greater than 3 years	5,294	5,151	5.1%
	<hr/>	<hr/>	
Total	\$ 54,763	\$ 51,023	
	<hr/>	<hr/>	

#### NOTE C LONG-TERM INVESTMENTS

The Company has made investments for strategic business purposes in the common and preferred stock of WebCT, a privately held provider of web-based course tools for the higher education market. The fair value of the investment in WebCT, which is classified as a long-term asset, is not readily determinable; therefore, it is carried at cost adjusted for other-than-temporary impairments discussed below. The Company evaluates its investment in WebCT for other-than-temporary impairment on a quarterly basis. In assessing impairment, the Company reviews the operating performance, cash flow and cash flow forecasts, and private equity transactions of WebCT, and stock prices and equity values of publicly traded peers of WebCT (as determined by the Company). During fiscal years 2002 and 2001, the Company recorded asset impairment charges of \$5.4 million and \$7.8 million, respectively, related to this investment and in fiscal year 2002, the Company wrote-off the non-compete agreement with WebCT, which had a carrying value of \$1.5 million. In fiscal year 2001, the Company earned \$2.7 million in shares of WebCT as a result of the joint marketing agreement with WebCT pursuant to which schools with cumulative enrollments totaling one million students licensed a product jointly developed by the Company and WebCT. The common stock received by the Company was recorded at its estimated fair value as determined in the fiscal year 2001 quarter when the Company recorded an impairment charge to the initial investment in WebCT. The carrying value of the investment in WebCT at September 30, 2003 is \$4.0 million, which is included in other assets and deferred charges in the consolidated balance sheet. Future charges would be recorded if, at a future measurement date, an additional impairment was found to be other than temporary. At September 30, 2003, the Company owns approximately 11% of the voting shares of WebCT.



[Back to Contents](#)**NOTE D** ACQUISITIONS

Effective September 11, 2003, the Company acquired the assets of Newfront Software, Inc. ("Newfront") for cash consideration of \$0.6 million. As a result, the Company acquired the fsaAtlas product and related resources based in Cambridge, MA. Under the terms of the agreement, the Company shall make payments up to three years following the acquisition date contingent upon (i) maintenance fees collected for Newfront customers existing as of the closing date and (ii) license fees earned on sales of the Newfront product. As a result of the fair value of the identifiable acquired net assets being in excess of the cash consideration at September 30, 2003, the Company recorded an accrual of \$0.8 million for potential earnout provision payments. Payments in excess of this amount will be included as additional consideration and will likely increase the amount recorded as goodwill. Intangible assets acquired include \$0.8 million of purchased software and \$0.9 million for customer relationships. The amortization period is five years for both purchased software and customer relationships. The completion of this transaction strengthens the Company's ability to help U.S. institutions comply with certain federal regulations as well as manage enrollment and visa processing for foreign students, professors, and researchers.

Effective October 23, 2002, the Company acquired Campus Pipeline, Inc. ("Campus Pipeline") for \$36.4 million cash and the assumption by the Company of certain employee bonus and severance obligations totaling \$5.2 million (the "Merger Consideration"). Campus Pipeline was a privately held corporation that provided digital and information systems products and services to colleges and universities. In accordance with the merger agreement, \$3.5 million of the Merger Consideration was to be held in escrow until December 31, 2003 to secure certain indemnification obligations of the former stockholders of Campus Pipeline in favor of the Company in case of certain breaches of the merger agreement by Campus Pipeline. However, as the Company has made certain claims against the escrow, no funds will be released until these claims are resolved. Pursuant to the merger agreement and Campus Pipeline's Certificate of Incorporation, holders of common stock of Campus Pipeline were not entitled to receive any portion of the Merger Consideration. The total amount of funds used to pay the Merger Consideration was obtained from the working capital of the Company.

The allocation of the Campus Pipeline purchase price is as follows (in thousands):

Total cost of Campus Pipeline acquisition	\$ 36,391
Employee bonus and severance obligations	5,191
Accrued acquisition costs	9,011
	<hr/>
	50,593
Net tangible assets acquired	12,088
Customer relationships	6,000
Purchased software	3,000
Trade names and trademarks	2,000
Deferred taxes	10,024
	<hr/>
	33,112
	<hr/>
Total Goodwill	<u>\$ 17,481</u>

In the first quarter of fiscal year 2003, the Company recorded goodwill of \$16.7 million related to the Campus Pipeline acquisition. During the remainder of fiscal year 2003, the Company recorded adjustments to certain accrued acquisition costs, net tangible assets acquired, and deferred taxes, resulting in a net increase to goodwill of \$0.8 million. None of the goodwill is deductible for tax purposes. Goodwill includes \$9.0 million of costs, including professional fees and other costs directly related to the acquisition. Some of these additional acquisition costs are estimates that may change and cause an adjustment to goodwill. Intangible assets acquired included \$6.0 million of customer relationships, \$3.0 million of purchased software and \$2.0 million of trade names and trademarks. Intangible assets acquired have a weighted-average amortization period of eight years. Additionally the Company recorded a deferred tax asset of \$10.0 million primarily to reflect the future benefit of net operating losses of Campus Pipeline. The acquired net operating losses will be used to offset the Company's future taxable income and expire in various periods ending on or before September 30, 2022. The completion of this transaction provides the Company with core technologies for the e-Education Infrastructure with portal, platform, integration, and content management technologies designed specifically for higher education. Based on open standards, these technologies can be integrated with an institution's systems to connect information, resources,

and constituents.

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Concurrent with the acquisition of Campus Pipeline, the Company began a detailed evaluation of Campus Pipeline's operations, resulting in a plan to terminate approximately 35 redundant employees and vacate space in a leased facility. The Company provided a reserve of \$4.7 million for these actions and anticipates making payments for severance through the second quarter of fiscal year 2004 and for the leased facility through fiscal year 2012. This reserve is included in the \$9.0 million accrued acquisition costs discussed above. Additionally the Company assumed certain employee bonus and severance obligations totaling \$5.2 million, and anticipates making payments on these obligations through fiscal year 2004. Of the \$9.9 million total charges relating to the termination of employees, leased facilities, and employee bonus and severance obligations, the Company made, from the period of acquisition through September 30, 2003, cash payments of \$6.7 million related to these charges, primarily for severance obligations. At September 30, 2003, approximately \$3.2 million of these accruals remain, principally for lease obligations.

Effective January 10, 2002, the Company acquired USA Education, Inc.'s (commonly known as "Sallie Mae") student information systems business (the "business"). Under the terms of the agreement, the Company acquired Sallie Mae's Exeter Student Suite and Perkins/Campus Loan Management product lines and related resources based in Cambridge, MA for approximately \$19.6 million cash. The Company could make further cash payments of up to \$5.3 million over the four years following the acquisition date, contingent upon the revenue derived from the license or other sale of the purchased product lines over that period. If any subsequent payments are made, they will be treated as additional consideration and will increase the amount recorded as goodwill. The Company does not anticipate making any payments related to this contingency. The Company recorded goodwill of \$12.0 million related to the acquisition, all of which is deductible for tax purposes. Included in goodwill is \$1.4 million of costs, including professional fees and other costs directly related to the acquisition. Intangible assets acquired included \$5.4 million of purchased software and \$0.8 million of other intangibles. The weighted-average amortization period is 5 years, 5 years for purchased software and 5 years for other intangibles. The Company purchased the business to increase its market opportunities in the larger school market.

In February 2002, the Company acquired the capital stock of Applied Business Technologies, Inc. ("ABT") for \$16.7 million cash. As a result, the Company acquired ABT's PowerCAMPUS, IQ.Web and PocketCAMPUS Mobile applications, related resources in Newtown Square, PA, and ABT's customer base. The Company recorded goodwill of \$14.7 million related to the acquisition, of which \$4.5 million is deductible for tax purposes. Included in goodwill is \$0.5 million of costs, including professional fees and other costs directly related to the acquisition. Intangible assets acquired included \$2.8 million of purchased software and \$1.8 million of other intangibles. The weighted-average amortization period is 6 years, 5 years for purchased software and 10 years for other intangibles. The completion of this transaction provides the Company with an expanded market share in small to mid-sized institutions (enrollment under 2,500). It also allows the Company to expand its current technology offerings to institutions that have a preference for Microsoft, which provides a technology that is both affordable and easy to manage.

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#### NOTE E—DIVESTITURES

On March 5, 2003, the Company consummated the sale of its Global Energy and Utilities Solutions ("EUS") business to Indus International, Inc. ("Indus"), for a sale price of \$34.5 million. The Company received cash proceeds of \$24.5 million in the second quarter of fiscal year 2003 and \$10.0 million in the fourth quarter of fiscal year 2003, upon payment of a promissory note from Indus. In connection with the sale of the EUS business, the Company retained deferred tax assets of \$4.2 million and reserves pertaining to restructurings associated with the EUS business of \$1.2 million, both of which were previously included in the net assets of the discontinued operations. Additionally, the Company retained liability for claims (including the cost of defense of such claims) arising from certain client matters. At the time of sale, the Company made an assessment of the potential risk associated with these claims and as a result, the Company accrued a \$2.0 million reserve for the defense of and resolution of these matters. The legal reserve and deferred tax asset amounts are included in the calculation of the gain on sale. The Company recorded a pretax gain of \$7.4 million on the sale, which net of a \$0.3 million tax provision that included previously unrecognized deferred taxes primarily from foreign operating losses, produced a net gain of \$7.1 million. During the third and fourth quarters of fiscal year 2003, the Company recorded income totaling \$0.5 million related to the discontinuation of the EUS business. The results of EUS have been reported as discontinued operations in the consolidated statements of operations.

Revenues from the EUS business for the five-month period ending March 5, 2003 and the years ending September 30, 2002 and 2001 were \$23.9, \$74.2 and \$87.7 million, respectively. The loss from discontinued operations, net of taxes, for the five-month period ending March 5, 2003 and the years ending September 30, 2002 and 2001 were \$1.6, \$2.5 and \$1.1, respectively. The net assets of discontinued operations at September 30, 2002, were \$28.9 million.

On May 31, 2002, the Company consummated the sale of its Global Manufacturing & Distribution Solutions ("MDS") business to Agilisys International Limited ("Agilisys"). The Company sold substantially all of the assets of MDS for net proceeds of \$10.5 million. The Company could receive up to an additional \$3.0 million based upon the achievement by Agilisys of specified revenue targets over the three-year period subsequent to the sale. During the fourth quarter of fiscal year 2003, the Company sold certain intellectual property rights, which were retained upon sale of the MDS business to Agilisys, for \$1.0 million. In connection with the sale of the intellectual property rights, the Company recorded a \$1.0 million pretax gain, which net of a \$0.3 million tax provision, produced a net gain of \$0.7 million. The Company received cash proceeds of \$0.3 million and recorded a receivable for the remaining \$0.7 million, which is due within 12 months. Additionally in the fourth quarter of fiscal year 2003, the Company initiated the liquidation of several international subsidiaries that had been components of the MDS business, resulting in an additional charge of \$0.4 million on the sale of MDS. In the third quarter of fiscal year 2003, the Company recorded an additional \$3.5 million tax charge to the discontinued operations of the MDS business. Of this tax charge, \$2.8 million was applied to the loss on sale and \$0.7 million was applied to loss from the discontinued operations of the MDS business. The charge was determined during preparation of the 2002 tax returns in the current year and relates to (i) additional foreign taxes on the discontinued business for which the Company does not expect to claim foreign tax credits and (ii) revisions to certain deductions which initially had been included in the calculation of the tax benefit on the sale of the MDS business. After consideration of the above, the Company recorded a cumulative loss of \$9.8 million, net of a \$0.2 million tax benefit on the disposition of the MDS business. The results of MDS have been reported as discontinued operations in the consolidated statements of operations.

MDS revenues for the eight-month period ending May 31, 2002 and the year ending September 30, 2001 were \$22.1 and \$55.5 million, respectively. The loss from discontinued operations, net of taxes, for the 2002 eight-month period and the year ending September 30, 2001 was \$4.4 and \$7.8 million, respectively.

On June 29, 2001, the Company completed the sale of its Global Government Solutions ("GGS") business to Affiliated Computer Services, Inc., ("ACS"), realizing cash proceeds of \$85.0 million. These proceeds were reduced by a \$3.0 million payment, which was provided for at September 30, 2001, to ACS in the fourth quarter of fiscal year 2002 related to settlement of claims made by ACS. As a result of the disposition, the Company identified opportunities to further reduce and consolidate certain corporate functions, and provided a reserve of \$12.8 million for severance and real-estate-related costs associated with such actions. The Company provided an additional \$3.1 million and \$3.5 million reserve for real-estate-related costs in the years ended September 30, 2003 and September 30, 2002, respectively. As of September 30, 2003, \$7.7 million remained accrued for the satisfaction of real-estate obligations. After these provisions, the sale resulted in a cumulative pretax gain of \$26.7 million, which net of \$10.9 million of income taxes, resulted in a cumulative gain of \$15.8 million on the sale of the GGS business. The results of GGS have been reported as discontinued operations in the consolidated

statements of operations.



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Revenues from the GGS business were \$65.7 for the year ending September 30, 2001. The loss from discontinued operations, net of taxes, for the years ending September 30, 2001 was \$2.8 million. Included in the GGS loss for the fiscal year 2001 period was a pretax asset impairment charge of \$1.8 million.

NOTE F  PROPERTY AND EQUIPMENT

<u>September 30,</u>	<u>2003</u>	<u>2002</u>
	<b>(in thousands)</b>	
Land	\$ 998	\$ 998
Building and building improvements	16,985	16,810
Computer equipment & software	34,938	32,807
Other equipment, furniture, fixtures, and leasehold improvements	30,913	27,757
	<u>83,834</u>	<u>78,372</u>
Less accumulated depreciation	58,382	51,107
	<u>\$ 25,452</u>	<u>\$ 27,265</u>

Depreciation expense for the years ended September 30, 2003, 2002, and 2001 was \$8.5, \$8.8, and \$9.3 million, respectively.

NOTE G  OTHER ASSETS AND DEFERRED CHARGES

<u>September 30,</u>	<u>2003</u>	<u>2002</u>
	<b>(in thousands)</b>	
Deferred tax assets	\$ 15,780	\$ 10,718
Investment in WebCT	3,975	3,975
Long-term receivables	800	1,985
Deferred debt issuance expenses <sup>(a) (b)</sup>	155	711
Deferred costs and sales commissions related to outsourcing services contracts in progress <sup>(a) (c)</sup>	722	755
Other	650	805
	<u>\$ 22,082</u>	<u>\$ 18,949</u>
Total other assets and deferred charges		

(a) Shown net of accumulated amortization.

(b) Amortized over the term of the related debt.

(c) Amortized over the remaining term of the outsourcing service contract.

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## NOTE H □ GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill was \$46.5 and \$28.8 million at September 30, 2003, and September 30, 2002, respectively. The increase in goodwill at September 30, 2003, is primarily the result of the Campus Pipeline acquisition (see Note D). The Company is required to test the value of its goodwill at least annually.

The following table sets forth the Company's amortized and unamortized intangible assets at the periods indicated (in thousands):

	<b>September 30</b>			
	<b>2003</b>		<b>2002</b>	
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>
Amortized intangible assets				
Purchased software	\$ 16,320	\$ (6,969)	\$ 12,462	\$ (4,558)
Covenants-not-to-compete	6,065	(6,053)	6,065	(5,687)
Customer relationships	8,519	(861)	1,652	(110)
Trade names and trademarks	2,000	(235)	□	□
	<u>\$ 32,904</u>	<u>\$ (14,118)</u>	<u>\$ 20,179</u>	<u>\$ (10,355)</u>
Unamortized intangible assets				
Trade names and trademarks	\$ 865		\$ 865	
	<u>\$ 865</u>		<u>\$ 865</u>	

Estimated amortization expense for amortized intangible assets for the next five fiscal years ending September 30, are as follows (in thousands):

**Fiscal year**

2004	\$ 3,851
2005	3,838
2006	3,838
2007	2,745
2008	1,279
Thereafter	3,235
Total	<u>\$ 18,786</u>

Amortization expense on intangible assets was \$3.8, \$1.3, and \$0.8 million for the years ended September 30, 2003, 2002, and 2001, respectively.

## NOTE I □ ACCRUED EXPENSES

	<b>September 30,</b>	
	<b>2003</b>	<b>2002</b>
	<b>(in thousands)</b>	
Accrued employee compensation	\$ 8,339	\$ 7,760
Accrued costs related to discontinued operations	6,300	7,533

Explanation of Responses:

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Accrued costs related to acquisitions	4,868	1,174
Accrued third party licenses	3,825	3,256
Accrued payroll withholdings	3,332	4,740
Other	12,328	14,749
	<u>          </u>	<u>          </u>
Total accrued expenses	\$ 38,992	\$ 39,212
	<u>          </u>	<u>          </u>

NOTE J DEBT

	<b>September 30,</b>	
	<b>2003</b>	<b>2002</b>
	<u>          </u>	<u>          </u>
	<b>(in thousands)</b>	
5% convertible subordinated debentures, due October 15, 2004	\$ 31,990	\$ 74,723
	<u>          </u>	<u>          </u>
Long-Term Debt	\$ 31,990	\$ 74,723
	<u>          </u>	<u>          </u>

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In 1997, the Company issued \$74.7 million of convertible subordinated debentures bearing interest at 5% and maturing on October 15, 2004. The debentures are convertible into common stock of the Company at any time prior to redemption or maturity at a conversion price of \$26.375 per share, subject to change as defined in the Trust Indenture. The debentures are redeemable at any time after October 15, 2000, at prices from 102.5% of par decreasing to par on October 15, 2003. The fair value, based on quoted market values, of the convertible subordinated debentures at September 30, 2003, was \$30.5 million. The Company has 1.2 million shares reserved for issuance related to these debentures. In several transactions during the first and third quarters of fiscal year 2003, the Company repurchased \$42.7 million face value of the debentures at prices ranging from \$94 to \$98, plus accrued interest. The transactions included principal of \$41.0 million and interest of \$0.9 million for a total payment of \$41.9 million including fees. The Company recorded a gain of \$1.4 million primarily in the first quarter of fiscal year 2003 related to these transactions, which is included in other income.

Prior to the Company's acquisition of Campus Pipeline in the first quarter of fiscal year 2003, Campus Pipeline had borrowed funds from a bank and as of the transaction date, October 23, 2002, the outstanding balance was approximately \$1.0 million. Shortly after the consummation of the acquisition, the Company repaid the outstanding bank note payable balance in full. This payment is reflected in the financing activities of the Consolidated Statements of Cash Flows.

The Company has a \$30 million senior revolving credit agreement, which terminates in June 2004 with optional annual renewals. There were no borrowings outstanding at September 30, 2003 or 2002. The interest rate under the agreement is based on one of three formulae: one tied to the prime rate of the lender, one at a rate offered by the bank, and another tied to the London Inter-Bank Offered Rate ("LIBOR"). The commitment fee on the unused funds available for borrowing under the agreement is 5/16%. The Company has the right to permanently terminate the unused portion of the revolving commitment. As long as there are borrowings outstanding, and as a condition precedent to new borrowings, the Company must comply with certain covenants. Under the covenants, the Company is required to maintain certain financial ratios and other financial conditions. The Company has complied with all covenants and conditions at September 30, 2003. The Company may not pay dividends (other than dividends payable in common stock) or acquire any of its capital stock outstanding without a written waiver from its lender.

Interest paid during the years ended September 30, 2003, 2002, and 2001, was \$2.8, \$3.9, and \$3.8 million, respectively.

#### NOTE K—BENEFIT PLANS

*Stock Option Plans:* The Company has stock option plans for the benefit of its key employees and nonemployee directors that provide for the grant of options to purchase the Company's common stock at an exercise price per share equal to the closing price of the Company's common stock on the grant date.

The Company's 1994 Long-Term Incentive Plan provides for the issuance of stock options, stock appreciation rights, restricted stock, and other long-term performance awards. At September 30, 2003, only stock options have been issued pursuant to the plan.

There were 1,828,000 shares of common stock reserved for future grants under the stock option plans at September 30, 2003. The outstanding stock options expire on various dates through 2013. Options granted to employees generally have 10-year terms and vest and become fully exercisable at the end of three years of continued employment. There are 1,060,000 options granted to senior management that have 10-year terms and vest and become exercisable in five years from the date of grant and have accelerated vesting if certain performance conditions are met. At September 30, 2003, all of the outstanding options were exercisable. There are 527,200 options granted to senior management that have 10-year terms and vest and become exercisable in three years from the date of grant and have accelerated vesting if certain performance conditions are met. At September 30, 2003, 500,533 of these options were exercisable. In addition, 390,000 options granted to nonemployee directors, of which 222,000 are exercisable at September 30, 2003, have 10-year terms and vest and become exercisable ratably over five years.

The Company accounts for employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). As required under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation, ("SFAS 123")" the Company provides pro forma disclosure of net income and earnings per share as if the Company had accounted for its stock options

using the fair value method as described in that statement.

The fair value of stock options granted was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2003, 2002, and 2001, respectively: risk-free interest rates of 2.7%, 3.4%, and 4.8%, dividend yields of 0%; volatility factors of the expected market price of the Company's common stock of 62.2%, 67.6%, and 61.8%, and a weighted-average expected life of the option of four years.

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Following is a summary of the Company's stock option activity and related information for the years ended September 30 (in thousands, except per share amounts):

	2003		2002		2001	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	5,160	\$ 13.70	5,623	\$ 13.77	5,505	\$ 14.00
Granted	1,259	9.97	682	12.19	877	10.94
Exercised	(468)	7.65	(395)	7.16	(370)	6.88
Cancelled	(1,313)	15.71	(750)	16.27	(389)	17.22
Outstanding at end of year	4,638	\$ 12.73	5,160	\$ 13.70	5,623	\$ 13.77
Options exercisable at year end	3,087	\$ 13.89	4,041	\$ 14.10	3,958	\$ 13.62
Weighted-average fair value of options granted during the year		\$ 5.31		\$ 6.62		\$ 5.61

The following table summarizes information about stock options outstanding and exercisable at September 30, 2003 (in thousands, except per share amounts):

Range of Exercise Prices	Outstanding			Exercisable		
	Shares	Weighted-Average Remaining Contractual Life (yrs.)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	
\$ 6.75 - 9.69	1,470	2.17	\$ 9.11	1,259	\$ 9.18	
9.88 - 14.63	2,134	7.38	11.31	813	12.44	
14.75 - 24.38	1,034	3.78	20.80	1,015	20.91	
\$ 6.75 - 24.38	4,638	4.92	\$ 12.73	3,087	\$ 13.89	

**Employee Stock Purchase Plan:** During fiscal year 2001, the Company's shareholders approved the Employee Stock Purchase Plan, which provides for the purchase of up to 500,000 shares of the Company's common stock. Employees may authorize the Company to withhold up to 10% of their compensation during any offering period, subject to certain limitations. The purchase price per share is 85% of the fair market value on the last business day of each monthly offering period. In fiscal years 2003, 2002 and 2001, the Company sold 59,000, 48,000, and 23,000 shares, respectively, under this plan.

**Employee Stock Ownership Plan:** The Company has a noncontributory Employee Stock Ownership Plan ("ESOP") covering eligible employees. The ESOP provides for the Employee Stock Ownership Trust ("ESOT") to distribute shares of the Company's common stock as retirement and/or other benefits to the participants. The Company discontinued its contributions to the ESOT subsequent to the 1986 plan year. In accordance with the terms of the ESOP, the total amounts then allocated to the accounts of the participants immediately vested. As of September 30, 2003, there were 1,553,878 shares held by the ESOT.

**Restricted Stock Plans:** The Company had an Employees' Restricted Stock Purchase Plan, which has been terminated, pursuant to which shares of the Company's common stock were sold to key employees at 40% of the fair market value of unrestricted shares on the date of sale. The shares are restricted, and may not be sold, transferred, or assigned other than by an exchange with the Company for a number of shares of common stock not so restricted, to be determined by a formula. The formula reduces the number of unrestricted shares to be exchanged to give effect to the 60% reduction from fair market value of shares not so restricted. Certain of the

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shares sold are subject to the Company's option to repurchase a fixed percentage of the shares during a specified period at the employee's purchase price plus 10% a year from the date of purchase in the event of certain terminations of employment. As of September 30, 2003 and 2002, there were approximately 160,000 restricted shares sold but not exchanged for unrestricted shares.

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**Savings Plan:** The Company also provides a defined contribution 401(k) plan to substantially all its U.S. employees, whereby the Company may make matching contributions equal to a percentage of the contribution made by participants. One half of the Company's contributions are used to buy shares of the Company's common stock. Expenses, net of the effect of forfeitures, under this plan for the years ended September 30, 2003, 2002, and 2001, were \$2.7, \$2.0, and \$1.2 million, respectively.

**NOTE L—INCOME TAXES**

Income (loss) from continuing operations before income taxes consists of the following (in thousands):

	<b>Year Ended September 30,</b>		
	<b>2003</b>	<b>2002</b>	<b>2001</b>
U.S. operations	\$ 30,021	\$ 12,247	\$ 11,786
International operations	(472)	828	(1,180)
	<u>\$ 29,549</u>	<u>\$ 13,075</u>	<u>\$ 10,606</u>

The components of the provision for income taxes on income from continuing operations are as follows (in thousands):

	<b>Year Ended September 30,</b>		
	<b>2003</b>	<b>2002</b>	<b>2001</b>
Current:			
Federal	\$ 6,308	\$ 4,236	\$ 13,326
State	2,724	2,340	3,150
International	283	176	91
Total Current	<u>9,315</u>	<u>6,752</u>	<u>16,567</u>
Deferred (benefit)/expense (primarily federal)	2,854	(1,162)	(12,348)
	<u>\$ 12,169</u>	<u>\$ 5,590</u>	<u>\$ 4,219</u>

A reconciliation of the provision for income taxes on income from continuing operations to the federal statutory rate follows:

	<b>Year Ended September 30,</b>		
	<b>2003</b>	<b>2002</b>	<b>2001</b>
Expected federal tax rate	35.0%	35.0%	35.0%
Adjustments due to:			
Effect of state and local taxes	8.1%	11.1%	9.0%
Research and development tax credit	□6.1%	□8.2%	□7.0%
Other □ primarily non-deductible expenses and foreign rate differences	4.2%	4.9%	2.8%
	<u>41.2%</u>	<u>42.8%</u>	<u>39.8%</u>

Income taxes paid during fiscal years ended September 30, 2003, 2002, and 2001, were \$8.0, \$24.0, and \$13.2 million, respectively.





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The tax effects of the temporary differences that give rise to the significant portions of the deferred tax assets and liabilities of continuing operations are as follows (in thousands):

	<b>September 30,</b>	
	<b>2003</b>	<b>2002</b>
Deferred Tax Assets		
Purchased research and development	\$ 746	\$ 949
Accrued expenses and reserves	6,630	6,864
Tax credits and loss carryforwards	12,722	248
Purchased software	□	616
Investment impairments and losses in equity investments	3,585	6,469
Unbilled accounts receivable	597	□
Valuation Allowance	(457)	□
	<hr/>	<hr/>
Total Deferred Tax Assets	23,823	15,146
Deferred Tax Liabilities		
Depreciation and amortization	(1,160)	(731)
Unbilled accounts receivable	□	(1,872)
Software capitalization	(883)	(1,746)
Purchased software	(946)	□
	<hr/>	<hr/>
Total Deferred Tax Liabilities	(2,989)	(4,349)
	<hr/>	<hr/>
Net Deferred Tax Asset	\$ 20,834	\$ 10,797

As of September 30, 2003, SCT had a federal net operating loss carryforward of \$74.6 million, which begin to expire in 2018. The entire amount was acquired in the Campus Pipeline acquisition. Due to the Campus Pipeline ownership change, the use of the net operating loss carryforward could be substantially limited by Section 382 of the Internal Revenue Code. Based on an analysis performed by the Company, it is anticipated that \$33.6 million of the Campus Pipeline net operating loss will be available for utilization after Section 382 limitations. Accordingly, a deferred tax asset based on this amount was recorded at the acquisition date being available to offset future reversing temporary differences and future taxable income.

#### NOTE M □ PRODUCT DEVELOPMENT, COMMITMENTS, AND OTHER ITEMS

Product development expenditures, including software maintenance expenditures, for the years ended September 30, 2003, 2002, and 2001, were approximately \$42.6, \$30.0, and \$29.6 million, respectively. In fiscal years 2003, 2002 and 2001, no amounts were capitalized and the above amounts were charged to operations as incurred. For fiscal years 2003, 2002, and 2001, amortization of capitalized software costs (not included in expenditures above) amounted to \$2.2, \$2.6, and \$2.8 million, respectively.

Rent expense for the years ended September 30, 2003, 2002 and 2001, was \$5.6, \$5.6, and \$5.8 million, respectively. The Company leases office space under noncancellable lease agreements. These leases expire through 2012 and most contain renewal options. Aggregate rentals payable under significant noncancellable lease agreements with initial terms of one year or more as of September 30, 2003, are as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
—	<hr/>
2004	\$ 7,245
2005	6,353
2006	5,439
2007	5,332
2008	4,261
Thereafter	2,845
	<hr/>

\$ 31,475

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The Company has guaranteed the obligations under a lease agreement assigned by the Company. Such guarantee is effective through the end of the lease term, which is March 2013. If the current leaseholder fails to meet its payment obligations under the assigned lease, the Company would be responsible for payments up to a maximum of \$2.5 million. Based on experience with these arrangements, the Company believes that any obligations that may arise will not be material. Should the Company be required to make any payments under the guarantee, it would then seek recourse from the current leaseholder.

#### NOTE N—RETIREMENT AND RESTRUCTURING CHARGES

On May 1, 2003, as part of its repositioning initiative, the Company implemented a restructuring action, principally in product and product support activities, to improve fundamental business processes and reduce costs. This resulted in the termination of approximately 85 employees. In connection with this, the Company recorded a restructuring charge of approximately \$1.7 million, principally for severance payments. Through the fourth quarter of fiscal year 2003, the Company made payments of \$1.5 million related to these charges. At September 30, 2003, \$0.2 million of the accrual remains and payments are expected to continue through the second quarter of fiscal 2004. The Company believes this amount is adequate to cover remaining obligations.

In the second quarter of fiscal year 2003, the Company implemented a restructuring action, principally in professional services, to better align resources with available backlog. This resulted in a restructuring charge of \$1.5 million for severance payments related to the reduction in force of 65 employees. Through September 30, 2003, the Company made payments of \$1.2 million related to these charges. At September 30, 2003, \$0.3 million of the accrual remains and payments are expected to continue through the fourth quarter of fiscal 2004. The Company believes this amount is adequate to cover remaining obligations.

In the second quarter of fiscal year 2002, Michael J. Emmi, former President, Chief Executive Officer, and Chairman of the Board of Directors retired from the Company. In connection with his retirement, Mr. Emmi received a compensation package including a reduction of indebtednesses of \$0.07 million, the continuation of his life and health insurance and other fringe benefits for periods ranging from two to five years, as well as an assignment to him of life insurance policies covering him, and the immediate vesting of certain rights under other compensation plans. All Company stock options held by Mr. Emmi became vested and were amended to permit Mr. Emmi to exercise them by the earlier of their original expiration date or two years from the date of his resignation. The Company recorded a charge of approximately \$3.5 million related to the above actions in the second quarter of fiscal year 2002. During fiscal year 2003, the Company made payments of \$0.2 million related to these charges and based on the remaining obligations the Company reduced the accrual by \$0.1 million. At September 30, 2003, \$0.4 million of the accrual remains and payments are expected to continue through the fourth quarter of fiscal 2005. The Company believes this amount is adequate to cover remaining obligations.

Also, during the quarter ended March 31, 2002, the Company implemented a restructuring action, which included the termination of employees, management changes, discontinuation of non-critical programs and the disposition of related assets. During that quarter, the Company recorded a charge of \$1.4 million related to severance payments and disposition of assets. During fiscal year 2003, the Company made payments of \$0.4 million related to these charges. As of September 30, 2003, the charges recorded to this accrual are complete and no accrual remains related to these obligations.

During the third quarter of fiscal year 2001, the Company implemented a restructuring action that included the termination of employees, management changes, consolidation of certain facilities, and discontinuation of non-critical programs. The Company accrued \$2.0 million related to severance and termination benefits and \$0.4 million of other costs based on a termination plan developed by management in consultation with the Board of Directors. The accrual was fully utilized as of September 30, 2002.

	<b>Employee Costs</b>	<b>Other</b>	<b>Total</b>
	<b>(in thousands)</b>		
Provision for restructuring charges	\$ 2,081	\$ 404	\$ 2,485
Cash payments	(1,360)	□	(1,360)
Non-cash items	(200)	(404)	(604)
	<hr/>	<hr/>	<hr/>
Balance as of September 30, 2001	521	□	521

Explanation of Responses:

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Provision for restructuring charges	4,874	□	4,874
Cash payments	(2,769)	□	(2,769)
Non-cash items	(1,525)	□	(1,525)
<hr/>			
Balance as of September 30, 2002	1,101	□	1,101
<hr/>			
Provision for restructuring charges	3,190	□	3,190
Cash payments	(3,279)	□	(3,279)
Non-cash items	(132)	□	(132)
<hr/>			
Balance as of September 30, 2003	\$ 880	\$ □	\$ 880
<hr/>			

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## NOTE O OTHER INCOME

	Year Ended September 30,		
	2003	2002	2001
	(in thousands)		
Interest income	\$ 2,554	\$ 3,956	\$ 5,297
Gain on bond repurchases	1,383	□	□
Miscellaneous other, net	198	25	(107)
	<u>\$ 4,135</u>	<u>\$ 3,981</u>	<u>\$ 5,190</u>

## NOTE P RELATED PARTY TRANSACTIONS

At September 30, 2003, the Company has an ownership interest in and a joint marketing agreement with WebCT. Under the joint market agreement, the Company earned commissions of \$0.1 and \$0.5 million in fiscal years 2003 and 2002, respectively. In the third quarter of fiscal year 2001, the Company earned \$2.7 million in shares of WebCT. The Company has a net payable to WebCT of \$1.3 million at September 30, 2003 and September 30, 2002.

The Company has loans and advances outstanding to non-officer employees totaling \$0.7 and \$1.1 million at September 30, 2003 and 2002, respectively.

## NOTE Q QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended September 30, 2003 and 2002 (in thousands, except per share amounts):

	Three Months Ended							
	December 31,		March 31,		June 30,		September 30,	
	2002(a)	2001	2003(b)	2002(c)	2003(d)	2002(e)	2003(f)	2002(g)
Revenues	\$ 61,030	\$ 49,472	\$ 64,860	\$ 57,312	\$ 67,371	\$ 60,891	\$ 76,378	\$ 65,882
Gross profits	20,174	17,423	20,344	19,833	26,369	22,932	36,738	28,803
Operating income	1,896	2,804	988	548	7,504	915	16,974	9,030
Other income	1,945	1,497	483	1,217	782	517	925	750
Other expense	(504)	(1,046)	(492)	(1,047)	(484)	(1,064)	(468)	(1,046)
Income from continuing operations before income taxes	3,337	3,255	979	718	7,802	368	17,431	8,734
Provision for income taxes	1,335	1,361	396	208	3,234	527	7,204	3,494
Income (loss) from continuing operations	2,002	1,894	583	510	4,568	(159)	10,227	5,240
Income (loss) from discontinued operations	217	(1,332)	4,839	(10,738)	(3,534)	(280)	(1,400)	(4,210)
Net income (loss)	\$ 2,219	\$ 562	\$ 5,422	\$ (10,228)	\$ 1,034	\$ (439)	\$ 8,827	\$ 1,030
Income (loss) from continuing operations per common share	\$ 0.06	\$ 0.06	\$ 0.02	\$ 0.02	\$ 0.14	\$ □	\$ 0.30	\$ 0.16
Income from continuing operations per share – assuming dilution	\$ 0.06	\$ 0.06	\$ 0.02	\$ 0.02	\$ 0.14	\$ □	\$ 0.30	\$ 0.16
	\$ 0.01	\$ (0.04)	\$ 0.14	\$ (0.32)	\$ (0.11)	\$ (0.01)	\$ (0.04)	\$ (0.13)

Explanation of Responses:

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Income (loss) from discontinued operations per common share																
Income (loss) from discontinued operations per share																
- assuming dilution	\$	0.01	\$	(0.04)	\$	0.14	\$	(0.32)	\$	(0.11)	\$	(0.01)	\$	(0.04)	\$	(0.13)
Net income (loss) per common share	\$	0.07	\$	0.02	\$	0.16	\$	(0.31)	\$	0.03	\$	(0.01)	\$	0.26	\$	0.03
Net income (loss) per share - assuming dilution	\$	0.07	\$	0.02	\$	0.16	\$	(0.31)	\$	0.03	\$	(0.01)	\$	0.26	\$	0.03
						58										

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- (a) Income (loss) from continuing operations includes a pretax gain of \$1,350 on the repurchase of 5% convertible subordinated debentures (Note J).
- (b) Income (loss) from continuing operations includes a pretax restructuring charge of \$1,520 (Note N) and income (loss) from discontinued operations includes a pretax gain on the sale of the EUS business of \$7,498 (Note E).
- (c) Income (loss) from continuing operations includes a pretax restructuring charge of \$4,874 (Note N) and income (loss) from discontinued operations includes a pretax loss on the sale of the MDS business of \$10,488 (Note E).
- (d) Income (loss) from continuing operations includes a pretax restructuring charge of \$1,670 (Note N) and income (loss) from discontinued operations includes a \$3,500 tax charge to the discontinued operations of the MDS business
- (e) Income (loss) from continuing operations includes a pretax asset impairment charge of \$5,425 (Note C).
- (f) Income (loss) from discontinued operations includes a \$3,100 provision for real-estate-related costs (Note E).
- (g) Income (loss) from discontinued operations includes a \$3,500 provision for real-estate-related costs (Note E).

#### NOTE R CONTINGENCY

In connection with the sale of the EUS business, the Company agreed to indemnify the Purchaser against all losses arising from certain claims asserted against the Company. The Company maintained the exclusive right to control the defense of these claims. At the time of sale, the Company made an assessment of the potential risk associated with these claims and as a result, a \$2.0 million reserve was established for the defense of and resolution of these claims. This amount is included in the calculation of the gain on sale of the EUS business. Additionally, the Company agreed to indemnify the purchaser for breaches of representations and warranties made by the Company in the agreement. If indemnity claims are made against the Company, the proceeds received by the Company for the sale may be subject to adjustment. After consideration of the accrual for the aforementioned legal matters, in the opinion of management any further indemnity obligations of the Company that may result would not materially affect the Company's consolidated financial statements.

The Company is also involved in other legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect the Company's consolidated financial statements.

#### NOTE S SUBSEQUENT EVENT

Effective December 10, 2003, the Company reached a definitive agreement with SunGard Data Systems Inc. for the acquisition by SunGard of all of the shares of SCT for \$16.50 per share in cash. Based on SCT's approximately 35.4 million fully diluted common shares outstanding, the transaction has an aggregate value of approximately \$584.0 million. The board of directors of each company has approved the transaction. The consummation of the transaction is subject to the approval of SCT's stockholders and other customary conditions, including the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The transaction is expected to be completed in the Company's second quarter of fiscal year 2004.



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On December 10, 2003, the Company announced that it will be redeeming its 5% Convertible Subordinated Debentures which mature on October 15, 2004. There are \$32.0 million of debentures outstanding. The debentures will be redeemed at face value in the Company's second quarter of fiscal year 2004. There is no expected gain or loss on this transaction.

**REPORT OF INDEPENDENT AUDITORS**

The Board of Directors and Stockholders  
Systems & Computer Technology Corporation

We have audited the accompanying consolidated balance sheets of Systems & Computer Technology Corporation as of September 30, 2003 and 2002, and the related consolidated statements of operations, cash flows, and stockholders' equity for each of the three years in the period ended September 30, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Systems & Computer Technology Corporation at September 30, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania  
October 28, 2003, except for Note S as to which  
the date is December 10, 2003

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

Not Applicable.

[Back to Contents](#)**ITEM 9.A. CONTROLS AND PROCEDURES.**

The Company, under the supervision and with the participation of its executive management team, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in its Exchange Act reports was recorded, processed, summarized and reported within the applicable time periods.

Since the Evaluation Date, there have been no significant changes to the Company's internal controls or, to the Company's knowledge, in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

**PART III****ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.**

The Directors and Executive Officers of the Company are:

**DIRECTORS**

<u>Name</u>	<u>Age</u>	<u>Positions with the Company, Principal Occupation and Other Directorships</u>	<u>Has Been a Director Since</u>	<u>Expiration of Current Term</u>
Gabriel A. Battista* +	59	Chairman of the Board and Chief Executive Officer of Talk America Holdings, Inc., f/k/a Talk.com, Inc., f/k/a TelSave.Com, Inc., since January 1999; Chief Executive Officer of Network Solutions, Inc. from October 1996 through December 1998.	1996	2006
Robert M. Gavin, Jr.# +	63	Interim President, Science Museum of Minnesota since June 10, 2003; Independent educational consultant since September 2001; President, Cranbrook Education Community from July 1997 to August 2001. Dr. Gavin is also a director of Hartford Mutual Funds.	2002	2006
Michael D. Chamberlain	59	President and Chief Executive Officer of the Company since January 2002; President and Chief Operating Officer of the Company from October 2001 to January 2002; President, SCT Global Operations from July 1999 to October 2001; President, SCT Software Group from May 1994 to July 1999. From September 1986 to May 1994, Mr. Chamberlain served as President of the Company's education solutions business.	1989	2004

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<b>Name</b>	<b>Age</b>	<b>Positions with the Company, Principal Occupation and Other Directorships</b>	<b>Has Been a Director Since</b>	<b>Expiration of Current Term</b>
Thomas I. Unterberg	72	Co-Founder and Chairman of C.E. Unterberg, Towbin since June 1989. Mr. Unterberg is also a director of: Rumson-Fairhaven Bank & Trust, where he serves on the Compensation Committee; Electronics For Imaging, Inc., where he also serves on the Compensation Committee; and ServiceWare Technologies, Inc.		1982 2004
Allen R. Freedman*#	63	Non-executive Chairman of the Board of the Company since January 2002; Principal of A.R. Freedman and Company since 2000. Mr. Freedman is also a director of Fortis, Inc., where he serves on the Compensation Committee. He was Managing Director, Fortis International N.V. from January 1987 until he retired on July 31, 2000, and Chairman and Chief Executive Officer of Fortis, Inc. from November 1990 until he retired on July 31, 2000.		1982 2005
Eric Haskell	57	Executive Vice President, Finance and Administration, Treasurer and Chief Financial Officer of the Company since October 2002; Senior Vice President, Finance and Administration, Treasurer and Chief Financial Officer of the Company from July 1990 to October 2002; Vice President, Finance and Administration, Treasurer and Chief Financial Officer of the Company from March 1989 to July 1990. Mr. Haskell also serves as a director of Triton PCS Holdings, Inc.		2002 2005
Martin Ringle#+	54	Chief Technology Officer for Reed College since 1989.		2003 2004
Debra Isenberg*	52	Associate Partner of EMM Group since July 2003; Managing Director and Chief Marketing Officer of CSFBdirect from 2000-2002; Managing Director of Americas Marketing for UBS AG from 1999-2000; Principal of Isenberg Consulting from 1998-1999; Senior Vice President of Global Marketing for Dow Jones & Company, Inc. from 1997-1998.		2003 2004

\* Member of the Audit Committee

# Member of the Nominating and Governance Committee

+ Member of the Compensation Committee

[Back to Contents](#)**EXECUTIVE OFFICERS**

Name	Age	Positions with the Company, Principal Occupation and Other Directorships
Michael D. Chamberlain	59	See Information in Directors' Table
Eric Haskell	57	See Information in Directors' Table
Richard Blumenthal	55	Executive Vice President, General Counsel and Secretary of the Company since October 2002; Senior Vice President, General Counsel and Secretary of the Company from July 1990 to October 2002; Vice President, General Counsel and Secretary of the Company from July 1987 to July 1990; General Counsel of the Company since December 1985
Brian Madocks	47	Executive Vice President, Field Operations since October 2003; Senior Vice President of Sales for the Company from August 2003 through September 2003; Senior Vice President & General Manager for Financial Services & Telecommunications for SAP America, Inc. from January 2003 until April 2003; Senior Vice President & General Manager for the Services Sector for SAP America, Inc. from 2001 to 2002; Senior Vice President & General Manager for Financial Services for SAP America, Inc. from April 2000 through December 2000; President, North America Operations, for Princeton Financial Systems from 1998 to 2000

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities (collectively, "Reporting Persons"), to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of the common stock and other equity securities of the Company. Reporting Persons are also required to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely upon review of the copies of Section 16(a) reports furnished to us and written representations of Reporting Persons that no other reports were required with respect to fiscal 2003, all Section 16(a) filing requirements applicable to the Reporting Persons were met.

**CODE OF ETHICS**

The Board of Directors has adopted a Code of Business Conduct and Ethics, which has been filed as an exhibit to this Form 10-K. The Company intends to satisfy the amendment and waiver disclosure requirements under applicable securities regulations by posting any amendments of or waivers to the Code of Business Conduct and Ethics on the Company's web site.

**Audit Committee Financial Expert.**

The Board of Directors has determined that the Audit Committee does not have an "audit committee financial expert" as that term is defined in the Securities and Exchange Commission rules and regulations. However, the Board of Directors believes that each of the members of the Audit Committee has demonstrated that he or she is

capable of analyzing and evaluating the Company's financial statements and understanding internal controls and procedures for financial reporting. As the Board of Directors believes that the current members of the Audit Committee are qualified to carry out all of the duties and responsibilities of the Company's Audit Committee, the Board does not believe that it is necessary at this time to actively search for an outside person to serve on the Board of Directors who would qualify as an audit committee financial expert.

**ITEM 11. EXECUTIVE COMPENSATION.**

**Cash and Non-Cash Compensation Paid to Certain Executive Officers**

The following table sets forth, for the fiscal years ended September 30, 2001, 2002 and 2003, respectively, certain compensation information with respect to: (a) the Company's Chief Executive Officer; and (b) each of the four other most highly compensated executive officers of the Company whose total annual salary and bonus for fiscal 2003 exceeded \$100,000 and who (except as noted below) were serving at the end of fiscal 2003, based on the salary and bonus earned by such executive officers during fiscal 2003 (collectively, the "named executive officers"):

[Back to Contents](#)**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)(1)</b>	<b>Long-Term Compensation Awards Securities Underlying Options (#)</b>	<b>All Other Compensation (\$)(2)</b>
Michael D. Chamberlain President and Chief Executive Officer	2003	\$ 478,604	\$ 455,869	150,000	\$ 6,528
	2002	\$ 447,050	\$ 392,600	20,000	\$ 33,161
	2001	\$ 369,550	\$ 109,500	40,000	\$ 28,572
Eric Haskell Executive Vice President, Finance and Administration, Treasurer and Chief Financial Officer	2003	\$ 350,000	\$ 260,307	50,000	\$ 6,528
	2002	\$ 345,200	\$ 243,840	15,000	\$ 20,392
	2001	325,800	80,000	30,000	19,161
		\$	\$		\$
Richard A. Blumenthal Executive Vice President, General Counsel and Secretary	2003	\$ 270,500	\$ 199,977	42,500	\$ 6,371
	2002	\$ 266,825	\$ 186,410	12,500	\$ 18,192
	2001	\$ 252,050	\$ 61,250	25,000	\$ 16,457
Roy Zatzoff (3) Executive Vice President, Product and Marketing Operations	2003	\$ 252,633	\$ -0-	42,500	\$ 5,691
Robert L. Moul (4) President, Field Operations	2003	\$ 265,800	\$ -0-	42,500	\$ 5,628

- (1) The amounts shown for fiscal 2003 represent the sum of transaction bonuses (discussed below) for Messrs. Chamberlain, Haskell and Blumenthal in the amounts of \$124,269, \$85,607, and \$66,277, respectively; and performance bonuses for Messrs. Chamberlain, Haskell and Blumenthal in the amounts of \$331,600, \$174,700 and \$133,700, respectively.
- (2) The amounts shown for fiscal 2003 represent the sum of the following: (a) Company matching contributions to each of the named executive's accounts in the Company's 401(k) retirement plan in the following amounts: Mr. Chamberlain, \$6,000; Mr. Haskell, \$6,000; Mr. Blumenthal, \$5,843; Mr. Moul, \$5,100; and Mr. Zatzoff, \$5,241; (b) the following premiums paid by the Company on life insurance policies under which each named executive officer is the named insured and has the right to name the beneficiary: Mr. Chamberlain, \$528; Mr. Haskell, \$528; Mr. Blumenthal, \$528; Mr. Moul, \$528; and Mr. Zatzoff, \$450.
- (3) Mr. Zatzoff first became an executive officer of the Company in October 2002 and resigned from the Company on August 6, 2003.
- (4) Mr. Moul first became an executive officer of the Company in October 2002 and resigned from the Company on September 30, 2003.

[Back to Contents](#)**Stock Options Granted to Certain Executive Officers During Last Fiscal Year**

The following table sets forth certain information regarding options for the purchase of the Company's common stock that were awarded to the named executive officers during fiscal 2003:

**OPTION GRANTS IN FISCAL YEAR ENDED SEPTEMBER 30, 2003**

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (1)(2)	
	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	5% (\$)	10% (\$)
Michael D. Chamberlain	100,000	8.3%	\$ 10.14	11/18/12	\$ 655,617	\$ 1,644,586
Michael D. Chamberlain	50,000	4.1%	\$ 7.15	10/16/12	\$ 240,712	\$ 595,052
Richard A. Blumenthal	42,500	3.5%	\$ 10.14	11/18/12	\$ 278,637	\$ 698,949
Eric Haskell	50,000	4.1%	\$ 10.14	11/18/12	\$ 327,809	\$ 822,293
Robert L. Moul(3)	42,500	3.5%	\$ 10.14	11/18/12	\$ 278,637	\$ 628,949
Roy Zatcoff(3)	42,500	3.5%	\$ 10.14	11/18/12	\$ 278,637	\$ 628,949

- (1) The potential realizable value portion of the foregoing table illustrates value that might be realized upon the exercise of the options immediately prior to the expiration of their term, assuming the specified compounded rates of appreciation on the common stock over the term of the options. These numbers do not take into account provisions of certain options providing for termination of the option following termination of employment, non-transferability or vesting over a period of years.
- (2) All options reported in this table were granted pursuant to the Company's 1994 Long-Term Incentive Plan, pursuant to which one-third (1/3) of the options granted become exercisable on the first anniversary of the grant date, and an additional one-third (1/3) become exercisable on each of the second and third anniversaries of the grant date. The right to exercise the options expires ten (10) years after the grant date. All of the options were granted on November 18, 2002, excepting that 50,000 options were granted to Mr. Chamberlain on October 16, 2002.
- (3) Mr. Zatcoff resigned on August 6, 2003 and Mr. Moul resigned on September 30, 2003. These options terminated as a result of the resignations.

[Back to Contents](#)**Stock Options Exercised by Certain Executive Officers During Fiscal 2003 and Held by Certain Executive Officers at September 30, 2003**

The following table sets forth certain information regarding options for the purchase of the Company's common stock that were exercised and/or held by the named executive officers during fiscal 2003:

**AGGREGATED OPTION EXERCISES IN FISCAL YEAR  
ENDED SEPTEMBER 30, 2003 AND FISCAL YEAR-END 2003 OPTION VALUES**

Name	Shares Acquired on Exercise (#)	Value Realized	Number of Securities Underlying Unexercised Options at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at FY-End (\$) Exercisable/ Unexercisable <sup>(1)</sup>
Michael D. Chamberlain	37,438	\$ 232,396	188,148/176,668	\$ 42,383/194,500
Eric Haskell	0	\$ -0-	290,800/70,000	\$ 168,737/15,000
Richard A. Blumenthal	0	\$ -0-	278,532/59,168	\$ 178,965/12,750
Robert L. Moul	33,333	\$ 106,425	17,998/70,169	\$ -0-/28,550
Roy Zatcoff	65,000	\$ 127,887	-0-/0-	\$ -0-/0-

(1) The values in this column are based on the closing price of the Company's common stock of \$10.44 on September 30, 2003, the last trading day of fiscal 2003.

**Transaction Bonus Compensation Arrangements**

Messrs. Chamberlain, Haskell and Blumenthal are each a party to an agreement with the Company pursuant to which the named executive is entitled to a bonus upon the sale of all or substantially all of the assets of any of the Company's business units, or upon a change in control of the Company in its entirety. Upon the occurrence of such a transaction, the Company will establish a transaction bonus pool, equal to .8% of the gross value of all cash, securities and other property paid to the Company or its stockholders as the purchase price for the transaction in question. Under the terms of their respective agreements with the Company, Mr. Chamberlain is entitled to 45%, Mr. Haskell is entitled to 31%, and Mr. Blumenthal is entitled to 24% of the applicable transaction bonus pool.

Based upon the terms of its agreement with each of the named executives, the Company paid transaction bonuses to Messrs. Chamberlain, Haskell and Blumenthal during fiscal 2003 in connection with the Company's sale of its utilities software and services business.

**Severance Agreements**

The Company has Severance Agreements with Messrs. Chamberlain, Haskell, and Blumenthal (the "Executives") in order to reinforce and encourage the continued attention and dedication of the Executives to their assigned duties without the distraction which may arise in the event of a change of control. Under the Severance Agreements, the Company agrees to pay the Executives certain specified severance payments and benefits in the event that their employment with the Company is terminated in connection with a change in control. Each Executive, in turn, agrees, for a one-year period following the date of his or her termination resulting from a change in control, not to solicit or take away any customers or employees of the Company that are or were customers or employees during his employment with the Company.



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Among the benefits conferred, the Severance Agreements provide for the payment to the Executives of a specified multiplier times the sum of: (i) the higher of the Executive's annual base salary in effect immediately prior to the notice of termination or immediately prior to the change in control; and (ii) the higher of the target bonus for the year in which the termination occurs or the highest bonus paid or payable to the applicable Executive for any of the previous five years. With respect to this calculation, the applicable multiplier for Messrs. Chamberlain, Haskell, and Blumenthal is three. In addition to the payment described above, the Severance Agreement requires the Company, for a period of 36 months after the date of a covered termination, to provide the named executive officers with life, disability, accident and health insurance benefits substantially similar to those which the named executive officer received immediately prior to the notice of termination, unless the named executive officer is otherwise offered or provided comparable benefits without cost during such period. The Severance Agreement also provides that the Company will indemnify the Executives from certain legal and other expenses incurred in connection with a termination of his employment, as well as from certain excise taxes which may be levied upon the severance payments and other benefits conferred to the Executive upon a change of control.

Messrs. Chamberlain, Haskell and Blumenthal also have agreements with the Company that provide, among other things, that if such executive were terminated without cause (other than in connection with a change in control of the Company), he would receive the following benefits: (1) two times his annual base salary as in effect on the date of termination of employment; (2) continuation of all employer-provided insurance coverage for two years following the date of termination of employment; (3) all options to purchase securities of the Company held by him on the date of termination of his employment immediately vest and may be exercised for two years following the date of termination of employment; and (4) if applicable, an additional sum of cash which compensates him in full for the imposition of any additional income tax and/or excise tax or penalty which may be levied upon the severance payments and other benefits conferred to him under the agreement.

In addition to the above, the stock option agreements held by Messrs. Chamberlain, Haskell and Blumenthal provide for accelerated vesting of options upon a change of control.

#### **Retirement Arrangement**

Effective January 2, 2002, Michael J. Emmi retired from the Company and resigned as the Company's Chairman of the Board, President and Chief Executive Officer, as a member of the Company's Board of Directors and as an officer and director of all the Company's subsidiaries. In connection with his retirement, Mr. Emmi agreed not to compete with the Company's education business for three years or with the Company's remaining businesses for two years, and Mr. Emmi in turn received certain compensation during fiscal 2002 which was discussed in the Company's Proxy Statement for the 2003 Annual Meeting of Stockholders. The Company also agreed to continue to provide Mr. Emmi with life and health insurance and other fringe benefits for periods ranging from two to five years, as well as to assign life insurance policies covering Mr. Emmi, and Mr. Emmi. In addition to the above, all Company stock options held by Mr. Emmi became vested and were amended to permit Mr. Emmi to exercise them by the earlier of their original expiration date or two years from the date of his resignation.

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During the fiscal year ending September 30, 2003, the Company paid Mr. Emmi \$155,428 for life and health insurance policies as well as other fringe benefits required to be paid by the Company pursuant to his retirement arrangement. In addition, effective October 1, 2003, Mr. Emmi's Retirement Agreement was amended to provide that, in discharge of the Company's obligations to pay premiums for certain split dollar life insurance policies through the fifth anniversary of Mr. Emmi's retirement, the Company will pay him \$343,793 by January 1, 2004.

### **Separation Arrangements**

On September 15, 2003, the Company entered into an employment separation agreement with Robert L. Moul, the former President, Field Operations for the Company. Under the terms of the separation agreement, in exchange for a release of all claims, the Company agreed to pay Mr. Moul severance compensation in the amount of \$22,150 per month for the period from October 1, 2003 through March 31, 2004, inclusive; and thereafter, to continue to pay Mr. Moul severance compensation in the amount of \$22,150 per month through September 30, 2004, unless, prior to that date, Mr. Moul accepted a full-time position with another employer. During the period that Mr. Moul is receiving the severance compensation from the Company: (a) the Company is required to allow Mr. Moul to participate in the Company's medical and dental insurance plans, provided that he pays the premiums he would otherwise have paid for such coverage as an employee of the Company; and further, (b) the Company is required to pay the premiums for an executive life insurance policy that the Company provided to Mr. Moul during his term as the Company's President, Field Operations. In return for the consideration described above, Mr. Moul agreed not to compete with certain competitors of SCT during the period in which severance compensation is paid to him, and further agreed not to solicit or take away employees from SCT through March 31, 2005.

### **Compensation of Directors**

Members of the Board of Directors who are officers of the Company are not separately compensated for serving on the Board of Directors. Mr. Freedman receives a monthly fee of \$13,000 from the Company for his services as the Company's non-executive Chairman of the Board. Each non-employee director (including Mr. Freedman) receives an annual cash retainer of \$40,000, payable in four equal quarterly installments. All directors are reimbursed for reasonable expenses incurred in connection with their attendance at Board and committee meetings. Pursuant to the 1994 Non-Employee Director Plan, as amended (the "Plan"), the Board of Directors is authorized to grant options to non-employee directors in such amounts as the Board may determine, subject to the limitation that no non-employee director will be eligible to receive an option grant any sooner than five years after the date that such director was last granted options under the Plan. One-fifth (1/5) of the options granted under the Plan become exercisable on the first anniversary of the grant date, and an additional one-fifth (1/5) become exercisable on each of the second, third, fourth and fifth anniversaries of the grant date. The right to exercise the options granted under the Plan expires ten (10) years after the grant date. On July 7, 2003, Mr. Ringle and Ms. Isenberg were each granted an option under the Plan to purchase 30,000 shares of Company common stock at \$9.45 per share.

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In addition to the above, the 1994 Non-Employee Director Stock Option Plan provides for accelerated vesting of the directors' options upon a change of control.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

**Security Ownership of Certain Beneficial Owners**

The following table sets forth, as of December 15, 2003, information as to the beneficial ownership of the Company's common stock (the only class of outstanding voting security of the Company) by each person or group known by the Company, based upon filings pursuant to Section 13(d) or (g) under the Securities Exchange Act of 1934, as amended, to own beneficially more than 5% of the outstanding shares of the Company's common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
ICM Asset Management, L.P. W. 601 Main Ave., Suite 600 Spokane, WA 99201	3,799,308 <sup>(2)</sup>	10.9%
Liberty Wanger Asset Management, L.P. 227 West Monroe Street, Suite 3000 Chicago, IL 60606	3,682,500	10.6%
Lord, Abbett & Co. 90 Hudson Street Jersey City, NJ 07302	2,096,427	6.0%

(1) Information with respect to beneficial ownership is based upon information furnished by each beneficial holder, director and officer to our Company or the Securities and Exchange Commission. Unless otherwise specified, the named stockholders have sole voting and investment power with respect to all of the shares indicated.

(2) The named beneficial owner has shared voting power with respect to 2,097,832 shares and no voting power with respect to the balance of the shares; and shared dispositive power with respect to 3,799,308 shares.

**Employee Stock Ownership Trust**

While, as of December 15, 2003, 1,528,241 shares were owned of record by the Company's Employee Stock Ownership Trust, and Mr. Haskell, Mr. Chamberlain and Mr. Blumenthal are members of the committee that administers the Company's Employee Stock Ownership Plan, that committee does not have investment power with respect to the shares held by the Employee Stock Ownership Trust.

[Back to Contents](#)**Security Ownership of Management**

The following table sets forth information, as of December 15, 2003, with respect to the beneficial ownership of the Company's common stock by each director, each of the executive officers identified under the Summary Compensation Table and by all directors and executive officers as a group:

Name	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Michael D. Chamberlain	315,464 <sup>(2)</sup>	*
Thomas I. Unterberg	378,000 <sup>(3)</sup>	1.08%
Gabriel A. Battista	40,000 <sup>(4)</sup>	*
Allen R. Freedman	389,143 <sup>(5)</sup>	1.12%
Robert M. Gavin, Jr.	12,000 <sup>(6)</sup>	*
Eric Haskell	462,878 <sup>(7)</sup>	1.33%
Richard A. Blumenthal	401,776 <sup>(8)</sup>	1.15%
Debra Isenberg	0	*
Martin Ringle	0	*
Robert Moul	0	*
Roy Zatcoff	98 <sup>(9)</sup>	*
All directors and executive officers as a group (10 persons)	2,002,761 <sup>(10)</sup>	5.76%

(1) Information with respect to beneficial ownership is based upon information furnished by each director and officer. Unless otherwise specified, the named stockholders have sole voting and investment power with respect to all of the shares indicated.

(2) Includes options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 225,998 shares.

(3) Includes 6,000 shares owned by Mr. Unterberg's wife and options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 92,000 shares.

(4) Represents options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 40,000 shares.

(5) Includes 10,900 shares owned by Mr. Freedman's wife and options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 92,000 shares.

(6) Represents options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 12,000 shares.

(7) Includes 12,000 shares owned by Mr. Haskell as custodian for his children and options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 287,666 shares.

(8) Includes 30,000 shares owned by Mr. Blumenthal's wife, 176 shares with respect to which Mr. Blumenthal does not have investment power, 36 shares owned by Mr. Blumenthal as custodian for his daughter, and options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 270,865 shares.

(9) Represents shares with respect to which Mr. Zatcoff does not have investment power.

(10) Includes options currently exercisable, or which can be exercised within sixty days of December 15, 2003, to purchase 1,020,529 shares, and 176 shares with respect to which the group does not have investment power. Does not include ownership interests and option exercise rights of Mr. Zatcoff or Mr. Moul. Includes share ownership interests and option exercise rights of executive officers and directors as of December 15, 2003.

\* Designates that the individual owns less than one percent of the Common Stock of the Company.

[Back to Contents](#)**SUMMARY OF EQUITY COMPENSATION PLANS**

The following table summarizes information about the Company's equity compensation plans as of September 30, 2003. All outstanding awards relate to the Company's common stock. For additional information about the Company's equity compensation plans, see note K of Notes to Consolidated Financial Statements under Item 8:

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,638,000	\$ 12.73	1,828,000
Equity compensation plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>	<b>4,638,000</b>	<b>\$ 12.73</b>	<b>1,828,000</b>

**ITEM****13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.**

Mr. Unterberg is a director of the Company and Chairman of C.E. Unterberg, Towbin. During fiscal 2003, the Company paid C.E. Unterberg, Towbin fees for investment banking services rendered in connection with the divestiture by the Company of its utilities software and services business. In addition, during fiscal 2003, the Company entered into an agreement with C.E. Unterberg, Towbin to pay the firm for services provided in connection with a transaction resulting in a change of control of the Company. Subject to the terms of the agreement, the fee which would be due to the firm in connection with a transaction involving a change of the control of the Company would be 0.75% of the gross value of the transaction.

The Company has confirmed, based upon a review of its internal records, that from October 1, 2002 to the date of this 10-K, there have not been any transactions and there are currently no proposed transactions, between the Company and any executive officer, director, 5% beneficial owner of the Company's common stock, or member of the immediate family of the foregoing persons in which the amount involved exceeded \$60,000 and in which one of the foregoing individuals or entities had a direct or indirect material interest, except as described above. Both the Audit Committee and the Board of Directors have reviewed and approved the related party transactions described above involving C.E. Unterberg, Towbin and believe such transactions were on terms that were reasonable and fair to the Company. No related party transaction had a material effect on the Company's consolidated financial position, results of operations or cash flows for fiscal 2003.

**ITEM****14. ACCOUNTANT FEES AND SERVICES.**

Not applicable. Disclosure requirement applicable only with respect to fiscal years ending after December 15, 2003.



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**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.**

(a) Financial Statements, Financial Statement Schedule and Exhibits.

(1) The following consolidated financial statements of the Registrant and its subsidiaries are included herein:

Consolidated Balance Sheets—September 30, 2003 and 2002

Consolidated Statements of Operations—Years Ended September 30, 2003, 2002 and 2001

Consolidated Statements of Cash Flows—Years Ended September 30, 2003, 2002 and 2001

Consolidated Statements of Stockholders' Equity—Years Ended September 30, 2003, 2002 and 2001

Notes to Consolidated Financial Statements

Report of Ernst & Young LLP, Independent Auditors

(2) The following consolidated financial statement schedule of the Registrant and its subsidiaries is included herein:

Schedule II—Valuation and Qualifying Accounts

[Back to Contents](#)**SCHEDULE II □ VALUATION AND QUALIFYING ACCOUNTS SYSTEMS & COMPUTER TECHNOLOGY CORPORATION AND SUBSIDIARIES****For the Three Years in the Period Ended September 30, 2003**

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>		<u>Deductions</u>	<u>Balance at End of Period</u>
		<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts</u>		
For the year ended September 30, 2003					
Reserves and allowances deducted from other assets and deferred charges:					
Reserves for non-interest bearing loans to employees					
Short-term	\$ 56				\$ 56 □
Long-term					
Allowance for doubtful accounts	4,789	\$ 412	\$ 50(1)	\$ 3,050(2)	2,201
<b>Total</b>	<b>\$ 4,845</b>	<b>\$ 412</b>	<b>\$ 50</b>	<b>\$ 3,050</b>	<b>\$ 2,257</b>
For the year ended September 30, 2002					
Reserves and allowances deducted from other assets and deferred charges:					
Reserves for non-interest bearing loans to employees					
Short-term	\$ 56				\$ 56 □
Long-term					
Allowance for doubtful accounts	5,528	\$ 839	\$ 155(1)	\$ 1,733(2)	4,789
<b>Total</b>	<b>\$ 5,584</b>	<b>\$ 839</b>	<b>\$ 155</b>	<b>\$ 1,733</b>	<b>\$ 4,845</b>
For the year ended September 30, 2001					
Reserves and allowances deducted from other assets and deferred charges:					
Reserves for non-interest bearing loans to employees					
Short-term	\$ 56				\$ 56 □
Long-term					
Allowance for doubtful accounts	1,375	\$ 4,531	□	\$ 378(2)	5,528
<b>Total</b>	<b>\$ 1,431</b>	<b>\$ 4,531</b>	<b>\$ □</b>	<b>\$ 378</b>	<b>\$ 5,584</b>

(1) Allowance added through acquisition

(2) Uncollectible accounts written-off during the year, including certain accounts retained by the Company relating to its discontinued operations.



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All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits (not included in the copies of the Form 10-K sent to stockholders).

<u>No.</u>	<u>Exhibits</u>
2.1	Agreement and Plan of Merger dated December 9, 2003 for the Acquisition of Systems & Computer Technology Corporation by SunGard Data Systems Inc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this Agreement have not been filed as a part of this Exhibit. The Company agrees to furnish supplementally a copy of any such schedules and exhibits to the Securities and Exchange Commission upon request. (Exhibit 2.1 to the Registrant's Form 8-K dated December 10, 2003) <sup>1</sup>
3.1	Certificate of Amendment and Restated Certificate of Incorporation (Exhibit 3 to Registrant's Form 10-Q for the quarterly period ended March 31, 1998) <sup>1</sup>
3.2	Bylaws (Exhibit 3.2 to the Registrant's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on September 1, 1993) <sup>1</sup>
3.3	Amendment to Bylaws adopted March 18, 1999 (Exhibit 3.3 to Registrant's Form 10-Q for the quarterly period ended March 31, 1999) <sup>1</sup>
4.1	Form of Indenture under which the Registrant's 5% Convertible Subordinated Debentures due 2004 are issued (Exhibit 4 to the Registrant's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on October 9, 1997) <sup>1</sup>
4.2	Rights Agreement, dated as of April 13, 1999, between Systems & Computer Technology Corporation and ChaseMellon Shareholder Services L.L.C., including Terms of Series A Participating Preferred Stock, which is attached as Exhibit A and Form of Right Certificate, which is attached as Exhibit B to the Rights Agreement (Exhibit 4.1 to the Registrant's Form 8-K dated April 15, 1999)
4.3	December 9, 2003 Amendment to Rights Agreement dated as of April 13, 1999, between Systems & Computer Technology Corporation and ChaseMellon Shareholder Services L.L.C., including Terms of Series A Participating Preferred Stock, which is attached as Exhibit A and Form of Right Certificate, which is attached as Exhibit B to the Rights Agreement (Exhibit 4 to the Registrant's Form 8-A-A Amendment No. 1 dated December 10, 2003) <sup>1</sup>
10.1	Credit Agreement dated as of June 20, 1994 among the Registrant and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank (Exhibit 10.4 to the Registrant's Form 10-K for the fiscal year ended September 30, 1994) <sup>1</sup>
10.2	Subsidiary Guaranty Agreement dated as of June 20, 1994 entered into by SCT Utility Systems, Inc. in favor of Mellon Bank. (Identical Subsidiary Guaranties, except as to the identity of the guarantor, were entered into by SCT Public Sector, Inc., SCT Financial Corporation, SCT International Limited, SCT Software & Technology Services, Inc., and SCT Property, Inc.) (Exhibit 10.5 to the Registrant's Form 10-K for the fiscal year ended September 30, 1994) <sup>1</sup>

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<sup>1</sup> Incorporated by reference

<sup>2</sup> Filed with this Annual Report on Form 10-K

<sup>3</sup> Compensatory plan, contract or arrangement

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- 10.3 Extension Agreement dated June 20, 1996 among Systems & Computer Technology Corporation, SCT Software & Resource Management Corporation and Mellon Bank, N.A. (Exhibit 10.12 to the Registrant's Form 10-K for the fiscal year ended September 30, 1996)<sup>1</sup>
- 10.4 Amendment and Modification to Credit Agreement dated as of April 8, 1997 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended June 30, 1997)<sup>1</sup>
- 10.5 Second Amendment and Modification to Credit Agreement dated as of April 8, 1997 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended June 30, 1997)<sup>1</sup>
- 10.6 Third Amendment and Modification to Credit Agreement dated as of June 4, 1997 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended June 30, 1997)<sup>1</sup>
- 10.7 Fourth Amendment and Modification to Credit Agreement dated as of May 6, 1998 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.8 to the Registrant's Form 10-K for the fiscal year ended September 30, 1998)<sup>1</sup>
- 10.8 Fifth Amendment and Modification to Credit Agreement dated as of October 9, 1998 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.9 to the Registrant's Form 10-K for the fiscal year ended September 30, 1998)<sup>1</sup>
- 10.9 Letter Amendment to Credit Agreement dated as of August 30, 1999 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.10 to the Registrant's Form 10-K for the fiscal year ended September 30, 1999)<sup>1</sup>
- 10.10 Sixth Amendment and Modification to Credit Agreement dated as of July 7, 2000 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.11 to the Registrant's Form 10-K for the fiscal year ended September 30, 2000)<sup>1</sup>
- 10.11 Seventh Amendment and Modification to Credit Agreement dated as of September 7, 2000 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.12 to the Registrant's Form 10-K for the fiscal year ended September 30, 2000)<sup>1</sup>
- 10.12 Eighth Amendment and Modification to Credit Agreement dated as of June 20, 2001 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.13 to Registrant's Form 10-K for the fiscal year ended September 30, 2001)<sup>1</sup>

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<sup>1</sup> Incorporated by reference

<sup>2</sup> Filed with this Annual Report on Form 10-K

<sup>3</sup> Compensatory plan, contract or arrangement

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- 10.13 Ninth Amendment and Modification to Credit Agreement dated as of February 19, 2002 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2002) <sup>1</sup>
- 10.14 Tenth Amendment and Modification to Credit Agreement dated as of May 30, 2002 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended June 30, 2002) <sup>1</sup>
- 10.15 Eleventh Amendment and Modification to Credit Agreement dated as of October 18, 2002 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.1 to the Registrant's Form 10-Q for the quarterly period ended December 31, 2002) <sup>1</sup>
- 10.16 Twelfth Amendment and Modification to Credit Agreement dated as of March 5, 2003 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. (Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2003) <sup>1</sup>
- 10.17 Thirteenth Amendment and Modification to Credit Agreement dated as of November 3, 2003 among Systems & Computer Technology Corporation and SCT Software & Resource Management Corporation as Borrowers and Mellon Bank, N.A. <sup>2</sup>
- 10.18 Systems & Computer Technology Corporation 1994 Long-Term Incentive Plan, as amended through November 18, 1997 (Exhibit 10 to Registrant's Form 10-Q for the quarterly period ended March 31, 1998) <sup>1,3</sup>
- 10.19 Systems & Computer Technology Corporation 1994 Non-Employee Director Stock Option Plan (Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on June 30, 1995) <sup>1,3</sup>
- 10.20 Amendment One to the Systems & Computer Technology Corporation 1994 Non-Employee Director Stock Option Plan (Exhibit 10.1 to the Registrant's Form 10-Q for the quarterly period ended December 31, 1998) <sup>1,3</sup>
- 10.21 Release and Separation Letter Agreement dated as of September 15, 2003 by and between Robert L. Moul and Systems & Computer Technology Corporation <sup>2,3</sup>
- 10.22 Severance Agreement dated as of April 21, 1999 by and between the Registrant and Richard A. Blumenthal <sup>2,3</sup>
- 10.23 Severance Agreement dated as of April 21, 1999 by and between the Registrant and Michael D. Chamberlain <sup>2,3</sup>
- 10.24 Severance Agreement dated as of April 21, 1999 by and between the Registrant and Eric Haskell <sup>2,3</sup>
- 10.25 Severance Agreement dated as of October 21, 2003 by and between the Registrant and Brian Madocks <sup>2,3</sup>

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<sup>1</sup> Incorporated by reference

<sup>2</sup> Filed with this Annual Report on Form 10-K

<sup>3</sup> Compensatory plan, contract or arrangement

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- 10.26 Executive Severance Agreement dated as of June 1, 2001 by and between the Registrant and Richard A. Blumenthal <sup>2,3</sup>
- 10.27 Executive Severance Agreement dated as of June 1, 2001 by and between the Registrant and Michael D. Chamberlain <sup>2,3</sup>
- 10.28 Executive Severance Agreement dated as of June 1, 2001 by and between the Registrant and Eric Haskell <sup>2,3</sup>
- 10.29 Transaction Bonus Agreement dated as of June 1, 2001 by and between the Registrant and Richard A. Blumenthal <sup>2,3</sup>
- 10.30 Transaction Bonus Agreement dated as of June 1, 2001 by and between the Registrant and Michael D. Chamberlain <sup>2,3</sup>
- 10.31 Transaction Bonus Agreement dated as of June 1, 2001 by and between the Registrant and Eric Haskell <sup>2,3</sup>
- 10.32 Retirement Agreement dated as of January, 2, 2002 by and between Michael J. Emmi and Systems & Computer Technology Corporation (Exhibit 10.19 to the Registrant's Form 10-K for the fiscal year ended September 30, 2000) <sup>1,3</sup>
- 10.33 Letter Amendment dated as of October 1, 2003 to Retirement Agreement dated as of January, 2, 2002 by and between Michael J. Emmi and Systems & Computer Technology Corporation <sup>2,3</sup>
- 10.34 Stock Purchase Agreement dated June 23, 2001 by and among Systems & Computer Technology Corporation, SCT Technologies (Canada), Inc., SCT Financial Corporation, SCT Property, Inc., SCT Government Systems, Inc., Omni-Tech Systems, LTD., Affiliated Computer Services, Inc., ACS Enterprise Solutions, Inc. and ACS-Alberta, Inc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this Agreement have not been filed as a part of this Exhibit. The Company agrees to furnish supplementally a copy of any such schedules and exhibits to the Securities and Exchange Commission upon request. (Exhibit 2.1 to Registrant's Form 8-K dated June 29, 2001) <sup>1</sup>
- 10.35 Amendment No. 1 to Stock Purchase Agreement dated June 29, 2001 by and among Systems & Computer Technology Corporation, SCT Technologies (Canada), Inc., SCT Financial Corporation, SCT Property, Inc., SCT Government Systems, Inc., Omni-Tech Systems, LTD., Affiliated Computer Services, Inc., ACS Enterprise Solutions, Inc. and ACS-Alberta, Inc. (Exhibit 2.2 to Registrant's Form 8-K dated June 29, 2001) <sup>1</sup>
- 10.36 Asset Purchase Agreement dated as of April 10, 2002, by and between Systems & Computer Technology Corporation and High Process Technology, Inc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this Agreement have not been filed as a part of this Exhibit. The Company agrees to furnish supplementally a copy of any such schedules and exhibits to the Securities and Exchange Commission upon request. (Exhibit 2.1 to Registrant's Form 8-K dated May 31, 2002) <sup>1</sup>
- 10.37 Amendment No. 1 to Asset Purchase Agreement dated May 31, 2002, by and between Systems & Computer Technology Corporation and Agilisys International Limited. (Exhibit 2.2 to Registrant's Form 8-K dated May 31, 2002) <sup>1</sup>
- 10.38 Royalty Agreement dated as of May 31, 2002, by and between Systems & Computer Technology Corporation and Agilisys, Inc (Exhibit 2.3 to Registrant's Form 8-K dated May 31, 2002)
- 10.39 Agreement and Plan of Merger dated September 30, 2002 by and among Systems & Computer Technology Corporation, Campus Pipeline, Inc. and CPI Acquisition Company, Inc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this Agreement

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have not been filed as a part of this Exhibit. The Company agrees to furnish supplementally a copy of any such schedules and exhibits to the Securities and Exchange Commission upon request. (Exhibit 2.5 to Registrant's Form 8-K dated October 23, 2002)

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- <sup>1</sup> Incorporated by reference
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  - <sup>3</sup> Compensatory plan, contract or arrangement

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- 10.40 Escrow Agreement dated October 23, 2002 by and among Systems & Computer Technology Corporation, Tyler Thatcher, as Stockholder Representative and J.P. Morgan, Trust Company, National Association (Exhibit 2.6 to Registrant's Form 8-K dated October 23, 2002)<sup>1</sup>
- 10.41 Agreement and Plan of Merger dated January 29, 2002 by and among SCT Software and Resource Management Corporation, ABT Acquisition Corp., Applied Business Technologies, Inc. and the security holders of Applied Business Technologies, Inc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this Agreement have not been filed as a part of this Exhibit. The Company agrees to furnish supplementally a copy of any such schedules and exhibits to the Securities and Exchange Commission upon request. (Exhibit 10.30 to Registrant's Form 10-K for the fiscal year ended September 30, 2002)<sup>1</sup>
- 10.42 Asset and Stock Purchase Agreement dated January 10, 2002 by and among Sallie Mae, Inc., Exeter Educational Management Systems, Inc., Sallie Mae Solutions (India) Private, Ltd. and Systems & Computer Technology Corporation .(Exhibit 10.31 to Registrant's Form 10-K for the fiscal year ended September 30, 2002)<sup>1</sup>
- 10.43 Amendment No. 1 dated September 30, 2002 to Asset and Stock Purchase Agreement by and among Sallie Mae, Inc., Exeter Educational Management Systems, Inc., Sallie Mae Solutions (India) Private, Ltd. and Systems & Computer Technology Corporation .(Exhibit 10.32 to Registrant's Form 10-K for the fiscal year ended September 30, 2002)<sup>1</sup>
- 10.44 Subsidiary Guaranty Agreement dated as of October 18, 2002, between Campus Pipeline, Inc. as Guarantor and Citizens Bank of Pennsylvania, successor to Mellon Bank, N.A. (Exhibit 10.2 to the Registrant's Form 10-Q for the quarterly period ended December 31, 2002)<sup>1</sup>
- 10.45 Explanation and Waiver of Rights Regarding Confession of Judgment (Surety) dated as of October 23, 2002, between Campus Pipeline, Inc. as Obligor and Citizens Bank of Pennsylvania, successor to Mellon Bank, N.A.. (Exhibit 10.3 to the Registrant's Form 10-Q for the quarterly period ended December 31, 2002)<sup>1</sup>
- 10.46 Oracle PartnerNetwork Agreement dated August 1, 2003 by and between the Registrant and Oracle Corporation, as amended of even date<sup>2</sup>
- 10.47 Oracle PartnerNetwork Application Specific Full Use Program Distribution Agreement dated August 1, 2003 by and between the Registrant and Oracle Corporation, as amended of even date<sup>2</sup>
- 10.48 Oracle PartnerNetwork Full Use Program Agreement dated August 1, 2003 by and between the Registrant and Oracle Corporation, as amended of even date<sup>2</sup>

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<sup>2</sup> Filed with this Annual Report on Form 10-K

<sup>3</sup> Compensatory plan, contract or arrangement

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23. Consent of Ernst & Young LLP.<sup>2</sup>

31.1 Certification of Chief Executive Officer pursuant Section 302 of the Sarbanes Oxley Act of 2002.<sup>2</sup>

31.2 Certification of Chief Financial Officer pursuant Section 302 of the Sarbanes Oxley Act of 2002.<sup>2</sup>

Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to  
32.1 Section 906 of the Sarbanes Oxley Act of 2002.<sup>2</sup>

Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to  
32.2 Section 906 of the Sarbanes Oxley Act of 2002.<sup>2</sup>

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<sup>2</sup> Filed with this Annual Report on Form 10-K

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SCT will furnish to any stockholder upon written request, any exhibit listed in the accompanying Index to Exhibits upon payment by such stockholder to SCT of SCT's reasonable expenses in furnishing such exhibit.

(b) Reports on Form 8-K. The following are a list of current reports on Form 8-K that the Company filed or furnished since the end of the Company's third quarter for fiscal 2003:

On July 23, 2003, the Company furnished a Report on Form 8-K in connection with a press release that the Company issued July 16, 2003 reporting financial results for Company's third quarter ended June 30, 2003, and a broadly accessible conference call with investors that the Company held on July 16, 2003 to discuss the financial results announced in the press release. The press release was furnished as Exhibit 99.1 to the July 23, 2003 Report on Form 8-K, and certain information discussed during the conference call regarding one or more [non-GAAP financial measures] within the meaning of the Securities and Exchange Commission's Regulation G was furnished as Exhibit 99.2 to the July 23, 2003 Report on Form 8-K.

On October 7, 2003 the Company furnished a Report on Form 8-K in connection with a press release that the Company issued October 2, 2003 reporting estimated earnings and other estimated financial information for its fourth quarter ended September 30, 2003, and a broadly accessible conference call with investors that the Company held on October 3, 2003 to discuss the Company's preliminary results announced in the press release. The press release was furnished as Exhibit 99.1 to the October 7, 2003 Report on Form 8-K, and certain information discussed during the conference was furnished as Exhibit 99.2 to the October 7, 2003 Report on Form 8-K.

On November 3, 2003 the Company furnished a Report on Form 8-K in connection with a press release that the Company issued October 28, 2003 reporting its earnings and other financial information for its fourth quarter ended September 30, 2003, and a broadly accessible conference call with investors that the Company held on October 28, 2003 to discuss the Company's results announced in the press release. The press release was furnished as Annex 1 to the November 3, 2003 Report on Form 8-K, and certain information discussed during the conference call regarding one or more [non-GAAP financial measures] within the meaning of the Securities and Exchange Commission's Regulation G was furnished as Annex 2 to the November 3, 2003 Report on Form 8-K.

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On December 10, 2003 the Company filed a Report on Form 8-K in connection with the December 9, 2003 Agreement and Plan of Merger (the "Merger Agreement"), dated the Company SunGard Data Systems, Inc. ("SunGard"), and Schoolhouse Acquisition Corp. Inc., a wholly owned subsidiary of SunGard ("Merger Sub"), and in connection with the Company's announcement on December 10, 2003 that the Company is redeeming its outstanding 5% Convertible Debentures due 2004. The Merger Agreement was filed as Exhibit 2.1, the press release issued by the Company and SunGard on December 9, 2003 announcing the transactions contemplated by the Merger Agreement was filed as Exhibit 99.to the December 10, 2003 Report on Form 8-K.



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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYSTEMS & COMPUTER TECHNOLOGY CORPORATION  
(Registrant)

By: /s/ Michael D. Chamberlain  
Michael D. Chamberlain, President and Chief Executive Officer

Date: December 23, 2003

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ <u>Michael D. Chamberlain</u> Michael D. Chamberlain	President and Chief Executive Officer; Director (Principal Executive Officer)	December 23, 2003
/s/ <u>Allen R. Freedman</u> Allen R. Freedman	Director	December 23, 2003
/s/ <u>Thomas I. Unterberg</u> Thomas I. Unterberg	Director	December 23, 2003
/s/ <u>Gabriel A. Battista</u> Gabriel A. Battista	Director	December 23, 2003
/s/ <u>Robert M. Gavin, Jr.</u> Robert M. Gavin, Jr.	Director	December 23, 2003
/s/ <u>Martin Ringle</u> Martin Ringle	Director	December 23, 2003
/s/ <u>Debra Isenberg</u> Debra Isenberg	Director	December 23, 2003
/s/ <u>Eric Haskell</u> Eric Haskell	Executive Vice President, Finance and Administration, Treasurer and Chief Financial Officer; Director (Principal Financial and Accounting Officer)	December 23, 2003

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**SYSTEMS & COMPUTER TECHNOLOGY CORPORATION**

**Index of Exhibits Filed Herewith**

<b><u>Exhibit No.</u></b>	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
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10.47	Oracle PartnerNetwork Application Specific Full Use Program Distribution Agreement dated August 1, 2003 by and between the Registrant and Oracle Corporation, as amended of even date	
10.48	Oracle PartnerNetwork Full Use Program Agreement dated August 1, 2003 by and between the Registrant and Oracle Corporation, as amended of even date	
10.49	Asset Purchase Agreement dated as of September 11, 2003 by and among the Registrant, Sanjeev Kale and Newfront Software, Inc.	
14.	Systems & Computer Technology Corporation Code of Business Conduct and Ethics	
21.	Subsidiaries of the Registrant	
23.	Consent of Ernst & Young LLP	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002	
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