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Third Quarter 2019 Financial Results Conference Call

November 6, 2019

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated internal revenue growth, adjusted EPS, adjusted EPS growth, free cash flow conversion, adjusted operating margin and adjusted operating margin expansion. Statements can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “expects,” “could,” “should” or words of similar meaning. Statements that describe the company’s future plans, objectives or goals are also forward-looking statements.

Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that could cause the company’s actual results to differ materially include, among others: the possibility that the company may be unable to achieve expected synergies and operating efficiencies from the acquisition of First Data within the expected time frames or at all or to successfully integrate the operations of First Data into the company’s operations; such integration may be more difficult, time-consuming or costly than expected; profitability following the transaction may be lower than expected, including due to unexpected costs, charges or expenses resulting from the transaction; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; unforeseen risks relating to the company’s liabilities or those of First Data may exist; the company’s ability to meet expectations regarding the accounting and tax treatments of the transaction; the company’s ability to compete effectively against new and existing competitors and to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in customer demand for the company’s products and services; rapid technological developments and changes, and the ability of the company’s technology to keep pace with a rapidly evolving marketplace; the successful management of the company’s merchant alliance program which involves several alliances not under its sole control; the impact of a security breach or operational failure on the company’s business including disruptions at other participants in the global financial system; the failure of the company’s third party vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in the company’s business units and merchant alliances; changes in local, regional, national and international economic or political conditions and the impact they may have on the company and its customers; the effect of proposed and enacted legislative and regulatory actions affecting the financial services industry as a whole and/or the company and its subsidiaries individually or collectively; the company’s ability to comply with government regulations and applicable card association and network rules; the protection and validity of intellectual property rights; the outcome of pending and future litigation and governmental proceedings; the company’s ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of the company’s strategic initiatives; the company’s ability to attract and retain key personnel; changes in the interest rate environment that increase interest on the company’s borrowings or the interest rate at which the company can refinance its borrowings; adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise; and other factors included in “Risk Factors” in the company’s and First Data’s Annual Reports on Form 10-K

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements (cont.)

for the year ended December 31, 2018, and in other documents that the company files with the SEC, which are available at <http://www.sec.gov>. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only as of the date of this presentation.

Use of Non-GAAP Financial Measures

Due to the financial impact of the First Data acquisition, the company's non-GAAP financial performance measures have been recalculated in this presentation on a combined company basis for both the third quarter and first nine months of 2019 and 2018. The combined financial information has been prepared by making certain adjustments to the sum of historical First Data financial information determined in accordance with generally accepted accounting principles ("GAAP") and historical Fiserv financial information determined in accordance with GAAP. The historical combined financial information includes various estimates and is not necessarily indicative of the operating results of the combined companies had the transaction been completed at the assumed dates or of the combined companies in the future. The historical combined financial information does not reflect any cost savings or other synergies anticipated as a result of the acquisition. In addition, the historical combined adjusted financial information does not reflect the impact of any purchase accounting adjustments that may arise from the acquisition as those impacts would be excluded in the preparation of the combined financial information. The combined financial information is not pro forma information prepared in accordance with Article 11 of Regulation S-X of the Securities and Exchange Commission, and the preparation of information in accordance with Article 11 would result in a significantly different presentation. For further information, refer to the company's Form 8-K filed on October 3, 2019.

This presentation includes the following non-GAAP financial measures: "combined revenue," "adjusted revenue," "internal revenue," "internal revenue growth," "combined operating income," "adjusted operating income," "adjusted operating margin," "adjusted operating margin expansion," "combined net income attributable to Fiserv," "adjusted net income," "combined earnings per share," "adjusted earnings per share," "combined net cash provided by operating activities," "free cash flow," and "free cash flow conversion." Management believes that providing combined historical financial information, making adjustments for certain non-cash or other items and excluding certain pass-through revenue and expenses with respect to such combined information should enhance shareholders' ability to evaluate the combined company's performance, including providing a reasonable basis of comparison with its results for post-acquisition periods and providing additional insights into the factors and trends affecting the combined company's business. Additional information about these measures and reconciliations to the nearest GAAP financial measures, to the extent available, are provided in the appendix to this presentation.

3Q-19 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
3Q-19	\$3,617	\$3,601	\$1.02
3Q-18	\$3,436	\$3,388	\$0.87
Change	5%	6%	17%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

YTD-19 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
YTD-19	\$10,733	\$10,747	\$2.87
YTD-18	\$10,316	\$10,108	\$2.48
Change	4%	6%	16%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

Other Financial Metrics

	Free Cash Flow Conversion	Adjusted Operating Margin
YTD-19	116%	29.1%
YTD-18	116%	28.1%
Change	—	100 bps

See appendix for information regarding non-GAAP measures.

Internal Revenue Growth by Segment

Segment	3Q-19	YTD-19
First Data	7%	7%
Payments	6%	5%
Financial	4%	4%
Total Company	6%	6%

Internal revenue growth is calculated on a constant currency basis.

See appendix for information regarding non-GAAP measures.

3Q-19 Adjusted Operating Margin

Segment	3Q-19	3Q-18	Change (bps)
First Data	30.7%	30.5%	20
Payments	35.9%	34.4%	150
Financial	32.9%	32.7%	20
Total Company	29.8%	28.5%	130

See appendix for information regarding non-GAAP measures.

YTD-19 Adjusted Operating Margin

Segment	YTD-19	YTD-18	Change (bps)
First Data	30.3%	29.8%	50
Payments	35.3%	35.2%	10
Financial	33.3%	33.2%	10
Total Company	29.1%	28.1%	100

See appendix for information regarding non-GAAP measures.

2019 Performance Outlook

Key Financial Metrics	Growth	
	Original	Revised
Internal Revenue	4.5% - 5%	6%
Adjusted EPS	10% - 14%	16% - 17%

Other Financial Metrics	Target	
	Original	Revised
Free Cash Flow Conversion	>105%	~115%
Adjusted Operating Margin Expansion	>50 bps	>100 bps



Appendix

Internal Revenue Growth

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Growth	2019	2018	Growth
Total Company						
Adjusted revenue	\$ 3,617	\$ 3,436		\$ 10,733	\$ 10,316	
Currency impact ¹	43	—		193	—	
Acquisition adjustments	(50)	—		(152)	—	
Divestiture adjustments	(9)	(48)		(27)	(208)	
Internal revenue	<u>\$ 3,601</u>	<u>\$ 3,388</u>	6%	<u>\$ 10,747</u>	<u>\$ 10,108</u>	6%
First Data						
Adjusted revenue	\$ 2,168	\$ 2,095		\$ 6,416	\$ 6,267	
Currency impact ¹	41	—		186	—	
Acquisition adjustments	(9)	—		(20)	—	
Divestiture adjustments	—	(38)		—	(134)	
Internal revenue	<u>\$ 2,200</u>	<u>\$ 2,057</u>	7%	<u>\$ 6,582</u>	<u>\$ 6,133</u>	7%
Payments						
Adjusted revenue	\$ 861	\$ 773		\$ 2,546	\$ 2,300	
Currency impact ¹	1	—		4	—	
Acquisition adjustments	(40)	—		(131)	—	
Internal revenue	<u>\$ 822</u>	<u>\$ 773</u>	6%	<u>\$ 2,419</u>	<u>\$ 2,300</u>	5%
Financial						
Adjusted revenue	\$ 596	\$ 574		\$ 1,798	\$ 1,780	
Currency impact ¹	1	—		3	—	
Acquisition adjustments	(1)	—		(1)	—	
Divestiture adjustments	—	—		—	(54)	
Internal revenue	<u>\$ 596</u>	<u>\$ 574</u>	4%	<u>\$ 1,800</u>	<u>\$ 1,726</u>	4%
Corporate and Other						
Adjusted revenue	\$ (8)	\$ (6)		\$ (27)	\$ (31)	
Divestiture adjustments	(9)	(10)		(27)	(20)	
Internal revenue	<u>\$ (17)</u>	<u>\$ (16)</u>	n/m	<u>\$ (54)</u>	<u>\$ (51)</u>	n/m

Internal revenue growth is calculated using actual, unrounded amounts.
See page 3 for information regarding non-GAAP financial measures.

¹ Currency impact is measured as the increase or decrease in adjusted revenue for the current period by applying prior period foreign currency exchange rates to present a constant currency comparison to prior periods.

Adjusted EPS

	<u>3Q-19</u>	<u>3Q-18</u>	<u>YTD-19</u>	<u>YTD-18</u>
GAAP EPS ¹	\$ 0.33	\$ 0.55	\$ 1.39	\$ 2.16
Combined EPS ¹	\$ 0.08	\$ 0.89	\$ 1.37	\$ 2.45
Combined adjustments - net of income taxes:				
Merger and integration costs ²	0.24	0.02	0.35	0.06
Severance and restructuring costs ³	0.04	0.04	0.08	0.13
Amortization of acquisition-related intangible assets ⁴	0.44	0.16	0.76	0.48
Debt financing activities ⁵	0.21	0.01	0.32	0.01
Impact of divestitures ⁶	—	(0.01)	—	(0.03)
Non wholly-owned entity activities ⁷	—	(0.01)	(0.02)	(0.03)
Gain on sale of businesses ⁶	—	(0.27)	(0.01)	(0.48)
Discrete tax items ⁸	0.01	0.03	0.01	(0.12)
Adjusted EPS	<u>\$ 1.02</u>	<u>\$ 0.87</u>	<u>\$ 2.87</u>	<u>\$ 2.48</u>

Earnings per share is calculated using actual, unrounded amounts.

See page 3 for information regarding non-GAAP financial measures.

¹GAAP earnings per share is computed by dividing GAAP net income by the weighted-average number of common shares outstanding - diluted during the period. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the period. The combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition for all periods presented.

²Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$200 million and \$280 million in the third quarter and first nine months of 2019, respectively, related to the acquisition of First Data and primarily consist of legal and other professional service fees and incremental share-based compensation associated with the fair value of stock awards assumed by Fiserv in connection with the First Data acquisition.

³Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities.

Adjusted EPS (cont.)

⁴Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and tradenames. This adjustment does not exclude the amortization of other intangible assets such as contract assets (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts. See additional information on page 23 for an analysis of the company's amortization expense.

⁵Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness of First Data. Debt financing activities in the first nine months of 2019 include \$220 million of early debt extinguishment costs and \$98 million of bridge term loan facility expenses, partially offset by \$50 million of net currency transaction gains related to foreign currency denominated debt.

⁶Represents the earnings attributable to divested businesses and the gain on the associated divestiture transactions. The divested businesses include First Data's card processing business in Central and Southeastern Europe, First Data's remittance processing business, and a 55% interest in Fiserv's Lending Solutions business in September 2018, August 2018 and March 2018, respectively.

⁷Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which it holds a controlling financial interest. This adjustment also includes a \$14 million net gain on the merger of a joint venture in the third quarter and first nine months of 2019.

⁸Represents certain discrete tax items, such as tax effects associated with U.S. federal tax reform and tax impacts from valuation allowance releases, tax reserves and non-deductible transaction costs associated with the acquisition of First Data.

Adjusted Net Income

	<u>3Q-19</u>	<u>3Q-18</u>	<u>YTD-19</u>	<u>YTD-18</u>
GAAP net income	\$ 198	\$ 227	\$ 646	\$ 901
GAAP net income attributable to First Data ¹	(141)	401	303	843
Combined net income attributable to Fiserv	<u>57</u>	<u>628</u>	<u>949</u>	<u>1,744</u>
Combined adjustments:				
Merger and integration costs ²	217	16	319	50
Severance and restructuring costs ³	37	40	75	124
Amortization of acquisition-related intangible assets ⁴	400	147	689	445
Debt financing activities ⁵	186	10	287	11
Impact of divestitures ⁶	—	(9)	—	(28)
Non wholly-owned entity activities ⁷	(2)	(6)	(20)	(26)
Tax impact of adjustments ⁸	(193)	(46)	(311)	(133)
Gain on sale of businesses ⁶	—	(202)	(7)	(429)
Tax impact of gain on sale of businesses ⁸	—	14	2	91
Discrete tax items ⁹	8	19	8	(88)
Adjusted net income	<u>\$ 710</u>	<u>\$ 611</u>	<u>\$ 1,991</u>	<u>\$ 1,761</u>

\$ in millions. See page 3 for information regarding non-GAAP financial measures.

¹ Represents the financial results of First Data prior to the date of acquisition. For the three and nine months ended September 30, 2019, this includes the results of First Data from July 1, 2019 through July 28, 2019 and from January 1, 2019 through July 28, 2019, respectively. For the three and nine months ended September 30, 2018, this includes the results of First Data from July 1, 2018 through September 30, 2018 and from January 1, 2018 through September 30, 2018, respectively.

² Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$200 million and \$280 million in the third quarter and first nine months of 2019, respectively, related to the acquisition of First Data and primarily consist of legal and other professional service fees and incremental share-based compensation associated with the fair value of stock awards assumed by Fiserv in connection with the First Data acquisition.

³ Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities.

⁴ Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and tradenames. This adjustment does not exclude the amortization of other intangible assets such as contract assets (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts. See additional information on page 23 for an analysis of the company's amortization expense.

⁵ Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness of First Data. Debt financing activities in the first nine months of 2019 include \$220 million of early debt extinguishment costs and \$98 million of bridge term loan facility expenses, partially offset by \$50 million of net currency transaction gains related to foreign currency denominated debt.

Adjusted Net Income (cont.)

⁶ Represents the earnings attributable to divested businesses and the gain on the associated divestiture transactions. The divested businesses include First Data's card processing business in Central and Southeastern Europe, First Data's remittance processing business, and a 55% interest in Fiserv's Lending Solutions business in September 2018, August 2018 and March 2018, respectively.

⁷ Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which it holds a controlling financial interest. This adjustment also includes a \$14 million net gain on the merger of a joint venture in the third quarter and first nine months of 2019.

⁸ The tax impact of adjustments is calculated using a tax rate of 23%, which is expected to approximate the combined company's annual effective tax rate, exclusive of the actual tax impacts associated with the net gain on sale of businesses.

⁹ Represents certain discrete tax items, such as tax effects associated with U.S. federal tax reform and tax impacts from valuation allowance releases, tax reserves and non-deductible transaction costs associated with the acquisition of First Data.

Free Cash Flow Conversion

	YTD-19	YTD-18
Net cash provided by operating activities	\$ 1,617	\$ 981
First Data net cash provided by operating activities ¹	1,370	1,809
First Data payments for contract assets ²	(51)	(62)
Combined net cash provided by operating activities	2,936	2,728
Combined capital expenditures	(828)	(653)
Combined adjustments:		
Distributions paid to noncontrolling interests and redeemable noncontrolling interest	(199)	(193)
Distributions from unconsolidated affiliates ³	85	—
Severance, restructuring, merger and integration payments	202	158
Settlement of interest rate hedge contracts	183	—
Tax reform payments	—	23
Tax payments on adjustments and debt financing	(72)	(25)
Other	(4)	(1)
Free cash flow	\$ 2,303	\$ 2,037
Adjusted net income	\$ 1,991	\$ 1,761
Free cash flow conversion	116%	116%
GAAP net income	\$ 646	\$ 901
Ratio of net cash provided by operating activities to GAAP net income	252%	109%

\$ in millions. Free cash flow conversion is defined as free cash flow divided by adjusted net income.

See page 3 for information regarding non-GAAP financial measures. See pages 15-16 for adjusted net income reconciliation.

¹ Represents the financial results of First Data prior to the date of acquisition. For the nine months ended September 30, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019. For the nine months ended September 30, 2018, this includes the results of First Data from January 1, 2018 through September 30, 2018.

² Represents the conformity of First Data's historical classification of payments for contract assets to be consistent with the company's classification and treatment.

³ Distributions from unconsolidated affiliates totaled \$190 million and \$191 million for the nine months ended September 30, 2019 and 2018, respectively, of which \$105 million and \$191 million of the distributions are recorded within First Data net cash provided by operating activities.

Adjusted Revenue and Adjusted Operating Income

Total Company

	3Q-19	3Q-18	YTD-19	YTD-18
Revenue	\$ 3,128	\$ 1,412	\$ 6,142	\$ 4,272
First Data revenue ¹	808	2,369	5,609	7,099
Combined revenue	3,936	3,781	11,751	11,371
Combined adjustments:				
Intercompany eliminations ²	—	(2)	(4)	(6)
Output Solutions postage reimbursements ³	(237)	(249)	(730)	(755)
Deferred revenue purchase accounting adjustments	6	—	6	3
Merchant Services adjustment ⁴	(88)	(94)	(290)	(297)
Adjusted revenue	\$ 3,617	\$ 3,436	\$ 10,733	\$ 10,316
Operating income	\$ 374	\$ 356	\$ 1,131	\$ 1,322
First Data operating income ¹	99	679	1,088	1,563
Combined operating income	473	1,035	2,219	2,885
Combined adjustments:				
Merger and integration costs	217	16	319	50
Severance and restructuring costs	37	40	75	124
Amortization of acquisition-related intangible assets	400	147	689	445
Merchant Services adjustment ⁴	(48)	(57)	(169)	(172)
Gain on sale of businesses	—	(202)	(7)	(429)
Adjusted operating income	\$ 1,079	\$ 979	\$ 3,126	\$ 2,903
Operating margin	12.0%	25.2%	18.4%	31.0%
Adjusted operating margin	29.8%	28.5%	29.1%	28.1%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.
See page 3 for information regarding non-GAAP financial measures.

Adjusted Revenue and Adjusted Operating Income (cont.)

¹ Represents the financial results of First Data prior to the date of acquisition. For the three and nine months ended September 30, 2019, this includes the results of First Data from July 1, 2019 through July 28, 2019 and from January 1, 2019 through July 28, 2019, respectively. For the three and nine months ended September 30, 2018, this includes the results of First Data from July 1, 2018 through September 30, 2018 and from January 1, 2018 through September 30, 2018, respectively.

² Represents the elimination of intercompany revenue and expense between First Data and the company.

³ Adjustment reflects the conformity of historical amounts to be consistent with the combined company's Output Solutions postage reimbursements.

⁴ Represents an adjustment primarily related to the company's joint venture with Bank of America. The company and Bank of America jointly announced the dissolution of the Banc of America Merchant Services joint venture ("BAMS"), to be effective June 2020. The company owns 51% of BAMS and BAMS' financial results are 100% consolidated into the company's financial statements for GAAP reporting purposes. Upon dissolution of the joint venture, the company is entitled to receive a 51% share of the joint venture's value via an agreed upon contractual process. In addition, Bank of America has the right to require the company to continue providing merchant processing and related services to the joint venture clients allocated to Bank of America in the dissolution of the joint venture through June 2023 at current pricing. The company anticipates an ongoing relationship with Bank of America to provide processing and other support services to other Bank of America merchant clients following the joint venture's dissolution. The non-GAAP adjustment reduces adjusted revenue and adjusted operating income by the joint venture revenue and expense that is not expected to be retained by the company upon dissolution and is partially offset by an increase to processing and services revenue.

Adjusted Revenue and Adjusted Operating Income by Segment

First Data Segment ³

	3Q-19	3Q-18	YTD-19	YTD-18
First Data revenue	\$ 2,422	\$ 2,369	\$ 7,223	\$ 7,099
Adjustments:				
Intercompany eliminations ¹	—	(1)	(2)	(4)
Output Solutions postage reimbursements	(172)	(179)	(521)	(531)
Deferred revenue purchase accounting adjustments	6	—	6	—
Merchant Services adjustment ²	(88)	(94)	(290)	(297)
First Data adjusted revenue	<u>\$ 2,168</u>	<u>\$ 2,095</u>	<u>\$ 6,416</u>	<u>\$ 6,267</u>
First Data operating income	\$ 589	\$ 653	\$ 1,775	\$ 1,746
Adjustments:				
Merger and integration costs	23	1	30	3
Severance and restructuring costs	3	22	7	54
Amortization of acquisition-related intangible assets	100	107	300	325
Merchant Services adjustment ²	(48)	(57)	(169)	(172)
Gain on sale of businesses	—	(88)	—	(88)
First Data adjusted operating income	<u>\$ 667</u>	<u>\$ 638</u>	<u>\$ 1,943</u>	<u>\$ 1,868</u>
First Data operating margin	24.4%	27.6%	24.6%	24.5%
First Data adjusted operating margin	30.7%	30.5%	30.3%	29.8%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

See page 3 for information regarding non-GAAP financial measures.

¹ Represents the elimination of intercompany revenue and expense between First Data and the company.

² Represents an adjustment primarily related to the company's joint venture with Bank of America. The company and Bank of America jointly announced the dissolution of the Banc of America Merchant Services joint venture ("BAMS"), to be effective June 2020. The company owns 51% of BAMS and BAMS' financial results are 100% consolidated into the company's financial statements for GAAP reporting purposes. Upon dissolution of the joint venture, the company is entitled to receive a 51% share of the joint venture's value via an agreed upon contractual process. In addition, Bank of America has the right to require the company to continue providing merchant processing and related services to the joint venture clients allocated to Bank of America in the dissolution of the joint venture through June 2023 at current pricing. The company anticipates an ongoing relationship with Bank of America to provide processing and other support services to other Bank of America merchant clients following the joint venture's dissolution. The non-GAAP adjustment reduces adjusted revenue and adjusted operating income by the joint venture revenue and expense that is not expected to be retained by the company upon dissolution and is partially offset by an increase to processing and services revenue.

³ Represents the results of First Data less amounts included in Corporate and Other consisting of intercompany eliminations, unallocated corporate expenses and other activities that are not considered when management evaluates First Data segment performance.

Adjusted Revenue and Adjusted Operating Income by Segment

Payments Segment

	3Q-19	3Q-18	YTD-19	YTD-18
Revenue	\$ 926	\$ 844	\$ 2,757	\$ 2,523
Adjustments:				
Intercompany eliminations ¹	—	(1)	(2)	(2)
Output Solutions postage reimbursements ²	(65)	(70)	(209)	(224)
Deferred revenue purchase accounting adjustments	—	—	—	3
Adjusted revenue	<u>\$ 861</u>	<u>\$ 773</u>	<u>\$ 2,546</u>	<u>\$ 2,300</u>
Operating income	\$ 309	\$ 267	\$ 899	\$ 807
Adjustments:				
Merger and integration costs	—	—	—	2
Adjusted operating income	<u>\$ 309</u>	<u>\$ 267</u>	<u>\$ 899</u>	<u>\$ 809</u>
Operating margin	33.3%	31.5%	32.6%	32.0%
Adjusted operating margin	35.9%	34.4%	35.3%	35.2%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

See page 3 for information regarding non-GAAP financial measures.

¹ Represents the elimination of intercompany revenue and expense between First Data and the company.

² Adjustment reflects the conformity of historical amounts to be consistent with the combined company's Output Solutions postage reimbursements.

Adjusted Revenue and Adjusted Operating Income by Segment

Financial Segment

	3Q-19	3Q-18	YTD-19	YTD-18
Revenue	\$ 596	\$ 574	\$ 1,798	\$ 1,780
Operating income	\$ 196	\$ 187	\$ 598	\$ 590
Operating margin	32.9%	32.7%	33.3%	33.2%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

For all periods presented in the Financial Segment, there were no adjustments to GAAP measures presented and thus the adjusted measures are equal to the GAAP measures presented.

See page 3 for information regarding non-GAAP financial measures.

Additional Information – Amortization Expense

Total Amortization ¹	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Acquisition-related intangible assets	\$ 387	\$ 40	\$ 476	\$ 120
Capitalized software	40	35	117	101
Purchased software	32	12	57	35
Financing costs, debt discounts and other	11	3	116	9
Sales commissions	20	18	61	58
Deferred conversion costs	6	5	16	15
Total amortization	<u>\$ 496</u>	<u>\$ 113</u>	<u>\$ 843</u>	<u>\$ 338</u>
First Data acquisition-related intangible assets	\$ 33	\$ 107	\$ 233	\$ 325
First Data capitalized software	10	23	62	68
First Data purchased software	11	30	72	89
First Data financing costs, debt discounts and other	—	4	7	13
First Data sales commissions	—	—	—	—
First Data deferred conversion costs	4	10	22	30
Total First Data amortization ²	<u>\$ 58</u>	<u>\$ 174</u>	<u>\$ 396</u>	<u>\$ 525</u>
Combined acquisition-related intangible assets	\$ 420	\$ 147	\$ 709	\$ 445
Combined capitalized software	50	58	179	169
Combined purchased software	43	42	129	124
Combined financing costs, debt discounts and other	11	7	123	22
Combined sales commissions	20	18	61	58
Combined deferred conversion costs	10	15	38	45
Total combined amortization	<u>\$ 554</u>	<u>\$ 287</u>	<u>\$ 1,239</u>	<u>\$ 863</u>

¹ The company adjusts its non-GAAP results to exclude amortization of all acquisition-related intangible assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions (see corresponding adjustment on pages 13-16 and 24-26). The adjustment for acquired First Data software/technology excludes only the incremental amortization related to the fair value of purchase accounting allocation. Management believes that the adjustment of acquisition-related intangible asset amortization supplements the GAAP information with a measure that can be used to assess the comparability of operating performance. Although the company excludes amortization from acquisition-related intangible assets from its non-GAAP expenses, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

² Represents the financial results of First Data prior to the date of acquisition. For the three and nine months ended September 30, 2019, this includes the results of First Data from July 1, 2019 through July 28, 2019 and from January 1, 2019 through July 28, 2019, respectively. For the three and nine months ended September 30, 2018, this includes the results of First Data from July 1, 2018 through September 30, 2018 and from January 1, 2018 through September 30, 2018, respectively.

2018 Adjusted Net Income and EPS Reconciliation

2018 GAAP net income	\$ 1,187
2018 GAAP net income attributable to First Data	1,005
2018 combined net income attributable to Fiserv	<u>2,192</u>
Combined adjustments:	
Merger and integration costs ¹	55
Severance and restructuring costs ²	155
Amortization of acquisition-related intangible assets ³	594
Debt financing activities ⁴	167
Impact of divestitures ⁵	(28)
Non wholly-owned entity activities ⁶	(33)
Tax impact of adjustments ⁷	(209)
Gain on sale of businesses ⁵	(424)
Tax impact of gain on sale of businesses ⁷	90
Discrete tax items ⁸	(127)
2018 adjusted net income	<u>\$ 2,432</u>
Weighted average common shares outstanding - diluted	<u>413.7</u>
Issuance of shares for combination ⁹	286.3
Dilutive impact of exchanged equity awards ⁹	7.8
Combined weighted average common shares outstanding - diluted ⁹	<u>707.8</u>
2018 combined earnings per share ⁹	<u>\$ 3.10</u>

\$ in millions. See pages 25-26 for footnote references. See page 3 for information regarding non-GAAP financial measures.

2018 Adjusted Net Income and EPS Reconciliation (cont.)

2018 GAAP earnings per share ⁹	\$	2.87
2018 combined earnings per share ⁹	\$	3.10
Combined adjustments - net of income taxes:		
Merger and integration costs ¹		0.06
Severance and restructuring costs ²		0.17
Amortization of acquisition-related intangible assets ³		0.65
Debt financing activities ⁴		0.18
Impact of divestitures ⁵		(0.03)
Non wholly-owned entity activities ⁶		(0.04)
Gain on sale of businesses ⁵		(0.48)
Discrete tax items ⁸		(0.18)
2018 adjusted earnings per share	\$	<u>3.44</u>
2019 adjusted earnings per share outlook		\$3.98 - \$4.02
2019 adjusted earnings per share growth outlook		16% - 17%

Earnings per share is calculated using actual, unrounded amounts. See page 3 for information regarding non-GAAP financial measures.

¹ Represents acquisition and related integration costs incurred as a result of the company's various acquisitions.

² Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities.

³ Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and tradenames. This adjustment does not exclude the amortization of other intangible assets such as contract assets (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts. See additional information on page 23 for an analysis of the company's amortization expense.

2018 Adjusted Net Income and EPS Reconciliation (cont.)

⁴ Represents losses on early debt extinguishment primarily associated with the redemption of First Data's 7.0% senior notes and the company's 4.625% senior notes with aggregate principal amounts of \$3.4 billion and \$450 million, respectively.

⁵ Represents the earnings attributable to divested businesses and the gain on the associated divestiture transactions. The divested businesses include First Data's card processing business in Central and Southeastern Europe, First Data's remittance processing business, and a 55% interest in Fiserv's Lending Solutions business in September 2018, August 2018 and March 2018, respectively.

⁶ Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which it holds a controlling financial interest.

⁷ The tax impact of adjustments is calculated using a tax rate of 23%, which is expected to approximate the combined company's annual effective tax rate, exclusive of the actual tax impacts associated with the gain on sale of businesses.

⁸ Represents certain discrete tax items, such as tax effects associated with U.S. federal tax reform and tax impacts from valuation allowance releases and tax reserves.

⁹ GAAP earnings per share is computed by dividing GAAP net income by the weighted-average number of common shares outstanding - diluted during the period. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the period. The combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition for the period.