

Second Quarter 2020 Financial Results Conference Call

August 5, 2020

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 the strength and resilience of the company's business model, anticipated adjusted earnings per share growth and expected synergies from the acquisition of First Data Corporation ("First Data"). 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 following, many of which are, and will be, amplified by the COVID-19 pandemic: the duration and intensity of the COVID-19 pandemic; governmental and private sector responses to the COVID-19 pandemic and the impact of such responses on the company; the impact of the COVID-19 pandemic on the company's employees, clients, vendors, operations and sales; the possibility that the company may be unable to achieve expected synergies and operating efficiencies from the First Data acquisition 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; 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 caused by other participants in the global financial system; the failure of the company's vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in the company's business 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 company or the financial services industry as a whole; 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; volatility and disruptions in financial markets that may impact the company's ability to access preferred sources of financing and the terms on which the company is able to obtain financing or increase its cost of borrowing; adverse impacts from currency exchange rates or currency controls; and other factors included in "Risk Factors" in the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, Annual Report on Form 10-K for the year ended December 31, 2019, 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

This presentation includes non-GAAP financial measures. Additional information about these measures, reconciliations to the nearest GAAP financial measures and additional information about the basis of the presentation of our quarterly financial results are provided in the appendix to this presentation.

2Q-20 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
2Q-20	\$3,220	\$3,152	\$0.93
2Q-19	\$3,643	\$3,400	\$0.97
Change	(12)%	(7)%	(4)%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

YTD-20 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
YTD-20	\$6,698	\$6,522	\$1.92
YTD-19	\$7,116	\$6,654	\$1.81
Change	(6)%	(2)%	6%

\$ 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-20	126%	28.3%
YTD-19	114%	28.8%
Change ¹	12%	(50) bps

¹ Free cash flow conversion change represents the change in percentage points.

See appendix for information regarding non-GAAP measures.

Internal Revenue Growth by Segment

Segment	2Q-20	YTD-20
Acceptance	(15)%	(5)%
Fintech	(1)%	—
Payments	(3)%	—
Total Company	(7)%	(2)%

See appendix for information regarding non-GAAP measures.

2Q-20 Adjusted Operating Margin

Segment	2Q-20	2Q-19	Change (bps)
Acceptance	19.1%	28.6%	(950)
Fintech	35.4%	30.2%	520
Payments	42.0%	39.8%	220
Total Company	28.8%	29.7%	(90)

See appendix for information regarding non-GAAP measures.

YTD-20 Adjusted Operating Margin

Segment	YTD-20	YTD-19	Change (bps)
Acceptance	20.2%	27.2%	(700)
Fintech	31.9%	29.1%	280
Payments	41.6%	39.1%	250
Total Company	28.3%	28.8%	(50)

See appendix for information regarding non-GAAP measures.

First Year Integration Financial Milestones

Cost Synergy
Target **\$1.2B**
Increased by **\$300M**

\$750M
Cost Synergies
Actioned

\$600M Revenue
Synergy
Goal
Increased by **\$100M**

\$160M Revenue
Synergies
Actioned

Free Cash Flow **\$3.5B**

Reduced Interest Expense
By Nearly **\$290M**

\$1.7B
Capital
Allocated
to
Share
Repurchase

162 Bank Merchant
Synergy Sales

15% Sales
Growth | Debt Repaid
\$1.1B

More Than
340 Total Number
of Synergy
Sales

\$1.1B+ Earnings From Actioned Synergies And Interest Savings

All metrics are for the one-year period ending on July 29, 2020 except free cash flow which is for the 12 months ended June 30, 2020. See page 24 for a reconciliation of free cash flow. Earnings reference is on a pre-tax basis.



Appendix

Non-GAAP Financial Measures

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 reflecting its new reportable segments as realigned during the first quarter of 2020. 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 date 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 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.

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," "combined net income attributable to Fiserv," "adjusted net income," "adjusted net income, before impact of divestitures," "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 are provided in this appendix.

Internal Revenue Growth

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Growth	2020	2019	Growth
Total Company						
Adjusted revenue	\$ 3,220	\$ 3,643		\$ 6,698	\$ 7,116	
Currency impact	48	—		93	—	
Acquisition adjustments	—	—		(6)	—	
Divestiture adjustments	(116)	(243)		(263)	(462)	
Internal revenue	<u>\$ 3,152</u>	<u>\$ 3,400</u>	(7)%	<u>\$ 6,522</u>	<u>\$ 6,654</u>	(2)%
Acceptance						
Adjusted revenue	\$ 1,167	\$ 1,467		\$ 2,502	\$ 2,801	
Currency impact	35	—		69	—	
Acquisition adjustments	—	—		(6)	—	
Divestiture adjustments	(101)	(172)		(217)	(329)	
Internal revenue	<u>\$ 1,101</u>	<u>\$ 1,295</u>	(15)%	<u>\$ 2,348</u>	<u>\$ 2,472</u>	(5)%
Fintech						
Adjusted revenue	\$ 714	\$ 731		\$ 1,432	\$ 1,456	
Currency impact	1	—		3	—	
Divestiture adjustments	—	(11)		—	(20)	
Internal revenue	<u>\$ 715</u>	<u>\$ 720</u>	(1)%	<u>\$ 1,435</u>	<u>\$ 1,436</u>	—
Payments						
Adjusted revenue	\$ 1,329	\$ 1,392		\$ 2,725	\$ 2,757	
Currency impact	12	—		21	—	
Divestiture adjustments	(5)	(11)		(7)	(15)	
Internal revenue	<u>\$ 1,336</u>	<u>\$ 1,381</u>	(3)%	<u>\$ 2,739</u>	<u>\$ 2,742</u>	—
Corporate and Other						
Adjusted revenue	\$ 10	\$ 53		\$ 39	\$ 102	
Divestiture adjustments	(10)	(49)		(39)	(98)	
Internal revenue	<u>\$ —</u>	<u>\$ 4</u>		<u>\$ —</u>	<u>\$ 4</u>	

\$ in millions. Internal revenue growth is calculated using actual, unrounded amounts. See page 11 for information regarding non-GAAP financial measures.

Internal revenue growth is measured as the change in adjusted revenue (see pages 18-22) for the current period excluding the impact of foreign currency fluctuations and revenue attributable to acquisitions (except for revenue attributable to First Data which is presented on a combined company basis) and dispositions, divided by adjusted revenue from the prior period excluding revenue attributable to dispositions. Revenue attributable to dispositions includes the revenue associated with Banc of America Merchant Services, which was dissolved effective July 1, 2020, transition services revenue within Corporate and Other, and, in the Payments segment, certain adjustments to conform prior period amounts to be consistent with the combined company's presentation. 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>2Q-20</u>	<u>2Q-19</u>	<u>YTD-20</u>	<u>YTD-19</u>
GAAP EPS ¹	\$ —	\$ 0.56	\$ 0.57	\$ 1.12
Combined EPS ¹	\$ —	\$ 0.72	\$ 0.57	\$ 1.29
Combined adjustments - net of income taxes:				
Merger and integration costs ²	0.26	0.04	0.52	0.11
Severance and restructuring costs ³	0.04	0.02	0.09	0.04
Amortization of acquisition-related intangible assets ⁴	0.59	0.16	1.17	0.32
Debt financing activities ⁵	—	0.05	—	0.11
Impact of divestitures ⁶	—	(0.01)	—	(0.03)
Non wholly-owned entity activities ⁷	0.04	(0.01)	0.02	(0.02)
Gain on sale of businesses ⁶	—	—	(0.46)	(0.01)
Adjusted EPS	<u>\$ 0.93</u>	<u>\$ 0.97</u>	<u>\$ 1.92</u>	<u>\$ 1.81</u>

Earnings per share is calculated using actual, unrounded amounts.

See page 11 for information regarding non-GAAP financial measures.

- ¹ GAAP earnings per share is computed by dividing GAAP net income by the weighted average 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.
- ² Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$219 million and \$23 million in the second quarter of 2020 and 2019, respectively, and \$440 million and \$80 million in the first six months of 2020 and 2019, respectively, related to the First Data acquisition. First Data integration-related costs in the second quarter and first six months of 2020 primarily include \$56 million and \$103 million, respectively, of third party professional service fees associated with integration-related activities; \$40 million and \$92 million, respectively, of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv; \$33 million and \$80 million, respectively, of accelerated depreciation and amortization associated with the termination of certain vendor contracts; \$28 million and \$78 million, respectively, of other integration-related compensation costs; and a \$40 million non-cash impairment charge in both the second quarter and first six months of 2020 associated with the early exit of certain leased facilities. Merger and integration costs related to the First Data acquisition in the second quarter and first six months of 2019 include \$16 million and \$53 million, respectively, of legal and other professional service fees, primarily consisting of transaction costs.

Adjusted EPS (cont.)

- ³ Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities. Amounts during the second quarter of 2020 consisted entirely of severance costs.
- ⁴ Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and trade names. 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 expenses associated with entering into and maintaining a bridge term loan facility for the purpose of refinancing certain indebtedness of First Data upon the closing date of the acquisition.
- ⁶ Represents the earnings attributable to divested businesses and the gain/loss on the associated divestiture transactions, including two businesses acquired as part of the First Data acquisition that were sold in October 2019 and the sale of a 60% interest in the Investment Services business in February 2020.
- 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.

Adjusted Net Income

	2Q-20	2Q-19	YTD-20	YTD-19
GAAP net income	\$ 2	\$ 223	\$ 394	\$ 448
GAAP net income attributable to First Data ¹	—	275	—	444
Combined net income attributable to Fiserv	2	498	394	892
Combined adjustments:				
Merger and integration costs ²	229	38	463	102
Severance and restructuring costs ³	32	17	79	38
Amortization of acquisition-related intangible assets ⁴	521	144	1,046	289
Debt financing activities ⁵	—	41	—	101
Non wholly-owned entity activities ⁷	36	(6)	19	(18)
Tax impact of adjustments ⁸	(191)	(54)	(370)	(118)
(Gain) loss on sale of businesses ⁶	3	2	(428)	(7)
Tax impact of (gain) loss on sale of businesses ⁸	(1)	—	112	2
Adjusted net income, before impact of divestitures	631	680	1,315	1,281
Impact of divestitures ⁶	—	(12)	—	(29)
Taxes on impact of divestitures ⁸	—	2	—	6
Adjusted net income	\$ 631	\$ 670	\$ 1,315	\$ 1,258
Weighted average common shares outstanding - diluted	680.8	399.6	686.0	399.4
Issuance of shares for combination	—	286.3	—	286.3
Dilutive impact of exchanged equity awards	—	7.8	—	7.8
Combined weighted average common shares outstanding - diluted ⁹	680.8	693.7	686.0	693.5
GAAP earnings per share ⁹	\$ —	\$ 0.56	\$ 0.57	\$ 1.12
Combined earnings per share ⁹	\$ —	\$ 0.72	\$ 0.57	\$ 1.29

\$ in millions, except per share amounts. See page 11 for information regarding non-GAAP financial measures.

Adjusted Net Income (cont.)

- ¹ Represents the financial results of First Data prior to the date of acquisition. For the three and six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.
- ² Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$219 million and \$23 million in the second quarter of 2020 and 2019, respectively, and \$440 million and \$80 million in the first six months of 2020 and 2019, respectively, related to the First Data acquisition. First Data integration-related costs in the second quarter and first six months of 2020 primarily include \$56 million and \$103 million, respectively, of third party professional service fees associated with integration-related activities; \$40 million and \$92 million, respectively, of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv; \$33 million and \$80 million, respectively, of accelerated depreciation and amortization associated with the termination of certain vendor contracts; \$28 million and \$78 million, respectively, of other integration-related compensation costs; and a \$40 million non-cash impairment charge in both the second quarter and first six months of 2020 associated with the early exit of certain leased facilities. Merger and integration costs related to the First Data acquisition in the second quarter and first six months of 2019 include \$16 million and \$53 million, respectively, of legal and other professional service fees, primarily consisting of transaction costs.
- ³ Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities. Amounts during the second quarter of 2020 consisted entirely of severance costs.
- ⁴ Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and trade names. 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 expenses associated with entering into and maintaining a bridge term loan facility for the purpose of refinancing certain indebtedness of First Data upon the closing date of the acquisition.
- ⁶ Represents the earnings attributable to divested businesses and the gain/loss on the associated divestiture transactions, including two businesses acquired as part of the First Data acquisition that were sold in October 2019 and the sale of a 60% interest in the Investment Services business in February 2020.
- 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.
- ⁸ The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the combined company's annual effective tax rate, exclusive of the actual tax impacts associated with the gain/loss on sale of businesses.
- ⁹ GAAP earnings per share is computed by dividing GAAP net income by the weighted average 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.

Free Cash Flow Conversion

	2Q-20	2Q-19	YTD-20	YTD-19
Net cash provided by operating activities	\$ 1,031	\$ 206	\$ 1,919	\$ 579
First Data net cash provided by operating activities ¹	—	713	—	1,328
First Data payments for contract assets ²	—	(20)	—	(51)
Combined net cash provided by operating activities	1,031	899	1,919	1,856
Combined capital expenditures	(242)	(310)	(488)	(543)
Combined adjustments:				
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	(26)	(81)	(52)	(133)
Distributions from unconsolidated affiliates ³	30	7	66	7
Severance, restructuring, merger and integration payments	133	50	272	136
Settlement of interest rate hedge contracts	—	183	—	183
Tax payments on adjustments and debt financing	(31)	(16)	(62)	(36)
Other	—	(4)	—	(4)
Free cash flow	<u>\$ 895</u>	<u>\$ 728</u>	<u>\$ 1,655</u>	<u>\$ 1,466</u>
Adjusted net income, before impact of divestitures	\$ 631	\$ 680	\$ 1,315	\$ 1,281
Free cash flow conversion	142%	107%	126%	114%
GAAP net income attributable to Fiserv, Inc.	\$ 2	\$ 223	\$ 394	\$ 448
Ratio of net cash provided by operating activities to GAAP net income	51,550%	92%	487%	129%

\$ in millions. Free cash flow conversion is defined as free cash flow divided by adjusted net income before the impact of divestitures.

See page 11 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 three and six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.

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 \$31 million and \$78 million for the three and six months ended June 30, 2020, of which \$1 million and \$12 million are recorded within net cash provided by operating activities, respectively. Distributions from unconsolidated affiliates totaled \$54 million and \$106 million for the three and six months ended June 30, 2019, of which \$47 million and \$99 million are recorded within First Data net cash provided by operating activities, respectively.

Adjusted Revenue and Adjusted Operating Income

Total Company

	2Q-20	2Q-19	YTD-20	YTD-19
Revenue	\$ 3,465	\$ 1,512	\$ 7,234	\$ 3,014
First Data revenue ¹	—	2,485	—	4,801
Combined revenue	3,465	3,997	7,234	7,815
Combined adjustments:				
Intercompany eliminations ²	—	(2)	—	(4)
Output Solutions postage reimbursements	(198)	(243)	(433)	(493)
Deferred revenue purchase accounting adjustments	11	—	23	—
Merchant Services adjustment ³	(58)	(109)	(126)	(202)
Adjusted revenue	\$ 3,220	\$ 3,643	\$ 6,698	\$ 7,116
Operating income	\$ 165	\$ 384	\$ 794	\$ 757
First Data operating income ¹	—	565	—	989
Combined operating income	165	949	794	1,746
Combined adjustments:				
Merger and integration costs	229	38	463	102
Severance and restructuring costs	32	17	79	38
Amortization of acquisition-related intangible assets	521	144	1,046	289
Merchant Services adjustment ³	(23)	(66)	(59)	(121)
(Gain) loss on sale of businesses	3	2	(428)	(7)
Adjusted operating income	\$ 927	\$ 1,084	\$ 1,895	\$ 2,047
Operating margin	4.7%	25.4%	11.0%	25.1%
Adjusted operating margin	28.8%	29.7%	28.3%	28.8%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.
See page 11 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 six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.
- ² Represents the elimination of intercompany revenue and expense between First Data and the company.
- ³ Represents an adjustment primarily related to the company's joint venture with Bank of America. The Banc of America Merchant Services joint venture ("BAMS") was dissolved effective July 1, 2020. As of June 30, 2020, the company owned 51% of BAMS and BAMS' financial results were 100% consolidated into the company's financial statements for GAAP reporting purposes. In connection with the dissolution of the joint venture, the company received a 51% share of the joint venture's value via an agreed upon contractual separation. In addition, the company will continue providing merchant processing and related services to Bank of America's merchant clients. 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

Acceptance Segment

	2Q-20	2Q-19	YTD-20	YTD-19
Revenue	\$ 1,223	\$ —	\$ 2,624	\$ —
First Data revenue ¹	—	1,576	—	3,003
Combined revenue	1,223	1,576	2,624	3,003
Combined adjustments:				
Deferred revenue purchase accounting adjustments	2	—	4	—
Merchant Services adjustment ²	(58)	(109)	(126)	(202)
Adjusted revenue	\$ 1,167	\$ 1,467	\$ 2,502	\$ 2,801
Operating income	\$ 245	\$ —	\$ 562	\$ —
First Data operating income ¹	—	486	—	882
Combined operating income	245	486	562	882
Combined adjustments:				
Merger and integration costs	1	—	3	—
Merchant Services adjustment ²	(23)	(66)	(59)	(121)
Adjusted operating income	\$ 223	\$ 420	\$ 506	\$ 761
Operating margin	20.0%	—	21.4%	—
Adjusted operating margin	19.1%	28.6%	20.2%	27.2%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts. See page 11 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 six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.

² Represents an adjustment primarily related to the company's joint venture with Bank of America. The Banc of America Merchant Services joint venture ("BAMS") was dissolved effective July 1, 2020. As of June 30, 2020, the company owned 51% of BAMS and BAMS' financial results were 100% consolidated into the company's financial statements for GAAP reporting purposes. In connection with the dissolution of the joint venture, the company received a 51% share of the joint venture's value via an agreed upon contractual separation. In addition, the company will continue providing merchant processing and related services to Bank of America's merchant clients. 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

Fintech Segment

	2Q-20	2Q-19	YTD-20	YTD-19
Revenue	\$ 714	\$ 731	\$ 1,432	\$ 1,456
Operating income	\$ 252	\$ 221	\$ 456	\$ 424
Operating margin	35.4%	30.2%	31.9%	29.1%

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

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

See page 11 for information regarding non-GAAP financial measures.

Adjusted Revenue and Adjusted Operating Income by Segment

Payments Segment

	<u>2Q-20</u>	<u>2Q-19</u>	<u>YTD-20</u>	<u>YTD-19</u>
Revenue	\$ 1,320	\$ 662	\$ 2,706	\$ 1,313
First Data revenue ¹	—	732	—	1,448
Combined revenue	1,320	1,394	2,706	2,761
Combined adjustments:				
Intercompany eliminations ²	—	(2)	—	(4)
Deferred revenue purchase accounting adjustments	9	—	19	—
Adjusted revenue	<u>\$ 1,329</u>	<u>\$ 1,392</u>	<u>\$ 2,725</u>	<u>\$ 2,757</u>
Operating income	\$ 548	\$ 288	\$ 1,113	\$ 562
First Data operating income ¹	—	267	—	516
Combined operating income	548	555	1,113	1,078
Combined adjustments:				
Merger and integration costs	10	—	20	—
Adjusted operating income	<u>\$ 558</u>	<u>\$ 555</u>	<u>\$ 1,133</u>	<u>\$ 1,078</u>
Operating margin	41.5%	43.4%	41.2%	42.8%
Adjusted operating margin	42.0%	39.8%	41.6%	39.1%

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

See page 11 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 six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.

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

Additional Information – Amortization Expense

Total Amortization ¹	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Acquisition-related intangible assets	\$ 546	\$ 44	\$ 1,099	\$ 89
Capitalized software	40	39	78	77
Purchased software	78	13	134	25
Financing costs, debt discounts and other	11	42	23	105
Sales commissions	22	21	44	41
Deferred conversion costs	7	5	14	10
Total amortization	<u>\$ 704</u>	<u>\$ 164</u>	<u>\$ 1,392</u>	<u>\$ 347</u>
First Data acquisition-related intangible assets	\$ —	\$ 100	\$ —	\$ 200
First Data capitalized software	—	27	—	52
First Data purchased software	—	32	—	61
First Data financing costs, debt discounts and other	—	4	—	7
First Data sales commissions	—	—	—	—
First Data deferred conversion costs	—	9	—	18
Total First Data amortization ²	<u>\$ —</u>	<u>\$ 172</u>	<u>\$ —</u>	<u>\$ 338</u>
Combined acquisition-related intangible assets	\$ 546	\$ 144	\$ 1,099	\$ 289
Combined capitalized software	40	66	78	129
Combined purchased software	78	45	134	86
Combined financing costs, debt discounts and other	11	46	23	112
Combined sales commissions	22	21	44	41
Combined deferred conversion costs	7	14	14	28
Total combined amortization	<u>\$ 704</u>	<u>\$ 336</u>	<u>\$ 1,392</u>	<u>\$ 685</u>

\$ in millions

¹ The company adjusts its non-GAAP results to exclude amortization of 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 page 15). The adjustment for acquired First Data software/technology excludes only the incremental amortization related to the fair value 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 six months ended June 30, 2019, this includes the results of First Data from April 1, 2019 through June 30, 2019 and from January 1, 2019 through June 30, 2019, respectively.

Free Cash Flow - First Year Integration

	3Q-19	4Q-19	YTD-20	Total
Net cash provided by operating activities	\$ 1,038	\$ 1,178	\$ 1,919	\$ 4,135
First Data net cash provided by operating activities ¹	42	—	—	42
Combined net cash provided by operating activities	<u>1,080</u>	<u>1,178</u>	<u>1,919</u>	<u>4,177</u>
Combined capital expenditures	(285)	(290)	(488)	(1,063)
Combined adjustments:				
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	(66)	(72)	(52)	(190)
Distributions from unconsolidated affiliates	78	28	66	172
Severance, restructuring, merger and integration payments	66	173	272	511
Tax payments on adjustments and debt financing	(36)	(33)	(62)	(131)
Free cash flow	<u>\$ 837</u>	<u>\$ 984</u>	<u>\$ 1,655</u>	<u>\$ 3,476</u>

\$ in millions. See page 11 for information regarding non-GAAP financial measures.

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