

Fiserv, Inc.
Consolidated Statements of Income

In millions, except per share data
Year ended December 31,

	2018	2017	2016
Revenue:			
Processing and services	\$ 4,975	\$ 4,833	\$ 4,625
Product	848	863	880
Total revenue	5,823	5,696	5,505
Expenses:			
Cost of processing and services	2,324	2,291	2,212
Cost of product	745	733	747
Selling, general and administrative	1,228	1,150	1,101
Gain on sale of businesses	(227)	(10)	—
Total expenses	4,070	4,164	4,060
Operating income	1,753	1,532	1,445
Interest expense	(193)	(176)	(163)
Loss on early debt extinguishment	(14)	—	—
Non-operating income (loss)	9	2	(7)
Income from continuing operations before income taxes and income from investments in unconsolidated affiliates	1,555	1,358	1,275
Income tax provision	(378)	(158)	(492)
Income from investments in unconsolidated affiliates	10	32	147
Income from continuing operations	1,187	1,232	930
Income from discontinued operations, net of income taxes	—	14	—
Net income	\$ 1,187	\$ 1,246	\$ 930
Net income per share - basic:			
Continuing operations	\$ 2.93	\$ 2.92	\$ 2.11
Discontinued operations	—	0.03	—
Total	\$ 2.93	\$ 2.95	\$ 2.11
Net income per share - diluted:			
Continuing operations	\$ 2.87	\$ 2.86	\$ 2.08
Discontinued operations	—	0.03	—
Total	\$ 2.87	\$ 2.89	\$ 2.08
Shares used in computing net income per share:			
Basic	405.5	422.3	440.6
Diluted	413.7	431.3	447.8

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Balance Sheets

In millions December 31,	2018	2017
Assets		
Cash and cash equivalents	\$ 415	\$ 325
Trade accounts receivable, less allowance for doubtful accounts	1,049	997
Prepaid expenses and other current assets	760	603
Assets held for sale	—	50
Total current assets	2,224	1,975
Property and equipment, net	398	390
Intangible assets, net	2,143	1,882
Goodwill	5,702	5,590
Contract costs, net	419	84
Other long-term assets	376	368
Total assets	\$ 11,262	\$ 10,289
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	\$ 1,626	\$ 1,359
Current maturities of long-term debt	4	3
Contract liabilities	380	576
Total current liabilities	2,010	1,938
Long-term debt	5,955	4,897
Deferred income taxes	745	552
Long-term contract liabilities	89	54
Other long-term liabilities	170	117
Total liabilities	8,969	7,558
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, no par value: 25.0 million shares authorized; none issued	—	—
Common stock, \$0.01 par value: 1,800.0 million shares authorized; 791.4 million shares issued	8	8
Additional paid-in capital	1,057	1,031
Accumulated other comprehensive loss	(67)	(54)
Retained earnings	11,635	10,240
Treasury stock, at cost, 398.9 million and 376.3 million shares	(10,340)	(8,494)
Total shareholders' equity	2,293	2,731
Total liabilities and shareholders' equity	\$ 11,262	\$ 10,289

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Statements of Cash Flows

In millions Year ended December 31,	2018	2017	2016
Cash flows from operating activities:			
Net income	\$ 1,187	\$ 1,246	\$ 930
Adjustment for discontinued operations	—	(14)	—
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation and other amortization	393	285	263
Amortization of acquisition-related intangible assets	163	159	158
Share-based compensation	73	63	68
Excess tax benefits from share-based awards	—	—	(51)
Deferred income taxes	133	(247)	21
Gain on sale of businesses	(227)	(10)	—
Loss on early debt extinguishment	14	—	—
Income from investments in unconsolidated affiliates	(10)	(32)	(147)
Dividends from unconsolidated affiliates	2	45	151
Non-cash impairment charges	3	18	17
Other operating activities	(10)	(4)	(2)
Changes in assets and liabilities, net of effects from acquisitions and dispositions:			
Trade accounts receivable	(108)	(75)	(88)
Prepaid expenses and other assets	(6)	(37)	(64)
Contract costs	(137)	(29)	(14)
Accounts payable and other liabilities	116	54	172
Contract liabilities	(34)	61	17
Net cash provided by operating activities from continuing operations	1,552	1,483	1,431
Cash flows from investing activities:			
Capital expenditures, including capitalization of software costs	(360)	(287)	(290)
Proceeds from sale of businesses	419	17	—
Payments for acquisitions of businesses, net of cash acquired	(712)	(384)	(265)
Purchases of investments	(3)	(10)	(1)
Other investing activities	(7)	7	2
Net cash used in investing activities from continuing operations	(663)	(657)	(554)
Cash flows from financing activities:			
Debt proceeds	5,039	2,310	2,126
Debt repayments, including redemption and other costs	(4,005)	(1,985)	(1,863)
Proceeds from issuance of treasury stock	75	78	79
Purchases of treasury stock, including employee shares withheld for tax obligations	(1,946)	(1,223)	(1,245)
Excess tax benefits from share-based awards	—	—	51
Other financing activities	(5)	—	—
Net cash used in financing activities from continuing operations	(842)	(820)	(852)
Net change in cash and cash equivalents from continuing operations	47	6	25
Net change in cash and cash equivalents from discontinued operations	43	19	—
Cash and cash equivalents, beginning balance	325	300	275
Cash and cash equivalents, ending balance	\$ 415	\$ 325	\$ 300
Discontinued operations cash flow information:			
Net cash (used in) provided by operating activities	\$ (7)	\$ 19	\$ —
Net cash provided by investing activities	50	—	—
Net change in cash and cash equivalents from discontinued operations	\$ 43	\$ 19	\$ —

See accompanying notes to consolidated financial statements.