

Fiserv, Inc.
Consolidated Statements of Income

In millions, except per share data

Year ended December 31,	2017	2016	2015
Revenue:			
Processing and services	\$ 4,833	\$ 4,625	\$ 4,411
Product	863	880	843
Total revenue	5,696	5,505	5,254
Expenses:			
Cost of processing and services	2,291	2,212	2,178
Cost of product	733	747	731
Selling, general and administrative	1,150	1,101	1,034
Gain on sale of business	(10)	—	—
Total expenses	4,164	4,060	3,943
Operating income	1,532	1,445	1,311
Interest expense	(176)	(163)	(170)
Interest and investment income (loss), net	2	(7)	1
Loss on early debt extinguishment	—	—	(85)
Income from continuing operations before income taxes and income from investment in unconsolidated affiliate	1,358	1,275	1,057
Income tax provision	(158)	(492)	(377)
Income from investment in unconsolidated affiliate	32	147	32
Income from continuing operations	1,232	930	712
Income from discontinued operations, net of income taxes	14	—	—
Net income	\$ 1,246	\$ 930	\$ 712
Net income per share - basic:			
Continuing operations	\$ 5.84	\$ 4.22	\$ 3.04
Discontinued operations	0.07	—	—
Total	\$ 5.90	\$ 4.22	\$ 3.04
Net income per share - diluted:			
Continuing operations	\$ 5.71	\$ 4.15	\$ 2.99
Discontinued operations	0.07	—	—
Total	\$ 5.78	\$ 4.15	\$ 2.99
Shares used in computing net income per share:			
Basic	211.1	220.3	233.9
Diluted	215.6	223.9	238.0

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Balance Sheets

In millions December 31,	2017	2016
Assets		
Cash and cash equivalents	\$ 325	\$ 300
Trade accounts receivable, less allowance for doubtful accounts	997	902
Prepaid expenses and other current assets	603	526
Assets held for sale	50	—
Total current assets	1,975	1,728
Property and equipment, net	390	405
Intangible assets, net	1,882	1,833
Goodwill	5,590	5,373
Other long-term assets	452	404
Total assets	\$ 10,289	\$ 9,743
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	\$ 1,383	\$ 1,242
Current maturities of long-term debt	3	95
Deferred revenue	552	483
Total current liabilities	1,938	1,820
Long-term debt	4,897	4,467
Deferred income taxes	552	762
Other long-term liabilities	171	153
Total liabilities	7,558	7,202
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, no par value: 25.0 million shares authorized; none issued	—	—
Common stock, \$0.01 par value: 900.0 million shares authorized; 395.7 million shares issued	4	4
Additional paid-in capital	1,035	1,020
Accumulated other comprehensive loss	(54)	(76)
Retained earnings	10,240	8,994
Treasury stock, at cost, 188.1 million and 180.2 million shares	(8,494)	(7,401)
Total shareholders' equity	2,731	2,541
Total liabilities and shareholders' equity	\$ 10,289	\$ 9,743

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Statements of Cash Flows

In millions Year ended December 31,	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 1,246	\$ 930	\$ 712
Adjustment for discontinued operations	(14)	—	—
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation and other amortization	274	253	223
Amortization of acquisition-related intangible assets	159	158	194
Share-based compensation	63	68	65
Excess tax benefits from share-based awards	—	(51)	(38)
Deferred income taxes	(247)	21	20
Income from investment in unconsolidated affiliate	(32)	(147)	(32)
Dividends from unconsolidated affiliate	45	151	36
Non-cash impairment charges	18	17	6
Gain on sale of business	(10)	—	—
Loss on early debt extinguishment	—	—	85
Other operating activities	(4)	(2)	(1)
Changes in assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable	(75)	(88)	(2)
Prepaid expenses and other assets	(55)	(68)	(66)
Accounts payable and other liabilities	54	178	148
Deferred revenue	61	11	(4)
Net cash provided by operating activities from continuing operations	1,483	1,431	1,346
Cash flows from investing activities:			
Capital expenditures, including capitalization of software costs	(287)	(290)	(359)
Payments for acquisitions of businesses, net of cash acquired	(384)	(265)	—
Proceeds from sale of business	17	—	—
Purchases of investments	(10)	(1)	(4)
Other investing activities	7	2	3
Net cash used in investing activities from continuing operations	(657)	(554)	(360)
Cash flows from financing activities:			
Debt proceeds	2,310	2,126	3,121
Debt repayments, including redemption and other costs	(1,985)	(1,863)	(2,707)
Proceeds from issuance of treasury stock	78	79	71
Purchases of treasury stock, including employee shares withheld for tax obligations	(1,223)	(1,245)	(1,522)
Excess tax benefits from share-based awards	—	51	38
Other financing activities	—	—	(6)
Net cash used in financing activities from continuing operations	(820)	(852)	(1,005)
Net change in cash and cash equivalents from continuing operations	6	25	(19)
Net cash flows from discontinued operations provided by operating activities	19	—	—
Cash and cash equivalents, beginning balance	300	275	294
Cash and cash equivalents, ending balance	\$ 325	\$ 300	\$ 275

See accompanying notes to consolidated financial statements.