

# Third Quarter 2015 Financial Results Conference Call

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October 27, 2015

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# Forward-Looking Statements and Non-GAAP Financial Measures

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The information disclosed in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expected "internal revenue growth," "adjusted EPS growth," "free cash flow per share" and "adjusted operating margin." 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 may affect the company's results include, among others: pricing and other actions by competitors; the capacity of the company's technology to keep pace with a rapidly evolving marketplace; the impact of market and economic conditions on the financial services industry; the impact of a security breach or operational failure on the company's business; the effect of legislative and regulatory actions in the United States and internationally; the company's ability to comply with government regulations; the company's ability to successfully identify, complete and integrate acquisitions; the impact of the company's strategic initiatives; and other factors included in the company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2014 and in other documents that the company files with the SEC. 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.

This presentation includes the following non-GAAP financial measures: "adjusted revenue," "internal revenue," "adjusted operating income," "adjusted operating margin," "adjusted EPS," "free cash flow" and "free cash flow per share." These non-GAAP measures are indicators that management uses to provide additional comparisons between current results and prior reported results and as a basis for planning and forecasting future periods. We believe that these measures provide additional insight into our operating performance. Additional information about these measures and reconciliations to the nearest GAAP financial measures are provided in the appendix to this presentation.

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# 3Q-15 Key Financial Metrics

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	<b>Adjusted Revenue</b>	<b>Internal Revenue</b>	<b>Adjusted EPS</b>
3Q-15	\$1,243	\$1,243	\$1.03
3Q-14	\$1,187	\$1,187	\$0.86
Change	5%	5%	20%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

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# YTD-15 Key Financial Metrics

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	<b>Adjusted Revenue</b>	<b>Internal Revenue</b>	<b>Adjusted EPS</b>
YTD-15	\$3,661	\$3,661	\$2.86
YTD-14	\$3,515	\$3,514	\$2.48
Change	4%	4%	15%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

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# YTD-15 Other Financial Metrics

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	<b>Free Cash Flow Per Share</b>	<b>Adjusted Operating Margin</b>
YTD-15	\$2.77	32.0%
YTD-14	\$2.65	30.5%
Change	5%	150 bps

See appendix for information regarding non-GAAP measures.

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# Internal Revenue Growth by Segment

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<b>Segment</b>	<b>3Q-15</b>	<b>YTD-15</b>
Payments	6%	5%
Financial	4%	3%
<b>Total Company</b>	<b>5%</b>	<b>4%</b>

See appendix for information regarding non-GAAP measures.

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# 3Q-15 Adjusted Operating Margin by Segment

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<b>Segment</b>	<b>3Q-15</b>	<b>3Q-14</b>	<b>Change</b>
Payments	33.7%	32.9%	80 bps
Financial	35.5%	32.8%	270 bps
Total Company	33.1%	31.2%	190 bps

See appendix for information regarding non-GAAP measures.

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# YTD-15 Adjusted Operating Margin by Segment

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<b>Segment</b>	<b>YTD-15</b>	<b>YTD-14</b>	<b>Change</b>
Payments	32.7%	31.6%	110 bps
Financial	34.8%	33.0%	180 bps
Total Company	32.0%	30.5%	150 bps

See appendix for information regarding non-GAAP measures.

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# 2015 Performance Outlook

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<b>Key Financial Metrics</b>	<b>Growth</b>
Internal Revenue	5%
Adjusted EPS <sup>1</sup>	14 - 15%

<b>Other Financial Metrics</b>	<b>Target</b>
Free Cash Flow Per Share	> \$4.12
Adjusted Operating Margin Expansion	> 50 bps

<sup>1</sup>Full year Adjusted EPS range increased to \$3.84 to \$3.87, or 14-15% growth, from \$3.73 to \$3.83, or 11-14% growth.

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# Appendix

# Internal Revenue Growth

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Internal revenue growth is measured as the increase in adjusted revenue for the current period excluding acquired revenue, divided by adjusted revenue from the prior year period excluding revenue attributable to dispositions.

There was no acquired revenue in the third quarter of 2015 or revenue attributable to dispositions in the comparable prior year period. During the first nine months of 2015, there was no acquired revenue, and revenue attributable to dispositions in the prior year period was \$1 million (all in the Financial segment).

See page 2 for disclosures related to non-GAAP financial measures.

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# Adjusted EPS

	<u>3Q-15</u>	<u>3Q-14</u>	<u>YTD-15</u>	<u>YTD-14</u>
GAAP EPS from continuing operations	\$ 0.92	\$ 0.95	\$ 2.18	\$ 2.25
Adjustments – net of income taxes:				
Merger, integration and other costs <sup>1</sup>	0.04	0.01	0.08	0.03
Severance costs	0.01	0.01	0.04	0.04
Amortization of acquisition-related intangible assets	0.14	0.13	0.40	0.39
Debt extinguishment and refinancing costs <sup>2</sup>	--	--	0.25	--
StoneRiver transactions <sup>3</sup>	(0.08)	(0.21)	(0.08)	(0.20)
Tax benefit <sup>4</sup>	--	(0.03)	--	(0.02)
Adjusted EPS from continuing operations	<u>\$ 1.03</u>	<u>\$ 0.86</u>	<u>\$ 2.86</u>	<u>\$ 2.48</u>

Earnings per share is calculated using actual, unrounded amounts.

See page 2 for disclosures related to non-GAAP financial measures.

<sup>1</sup>Merger, integration and other costs include incremental expenses incurred in conjunction with the achievement of the company's operational effectiveness objectives, including incremental costs related to data center and real estate consolidation activities such as move expenses, third party fees and non-cash impairment charges; a non-cash expense related to the modification of certain employee equity award agreements; and costs associated with the Open Solutions acquisition.

<sup>2</sup>In May 2015, the company raised \$1.75 billion of proceeds in a public offering of senior notes with a weighted average interest rate and term of 3.3% and 7.6 years, respectively. The company used a portion of such proceeds to redeem its \$600 million 3.125% senior notes due in 2016 and \$500 million 6.8% senior notes due in 2017, which resulted in a pre-tax charge of \$92 million (\$0.25 per share after-tax) related to the make-whole payments on the early retirement and other costs associated with the transaction, including the reclassification of unamortized losses on settled cash flow hedges to interest expense.

<sup>3</sup>Represents the company's share of net gains associated with capital transactions at StoneRiver Group L.P., a joint venture in which the company owns a 49% interest, including sales of subsidiary businesses and related expenses.

<sup>4</sup>The tax benefit represents certain discrete income tax benefits that have been excluded from adjusted earnings per share.

# Free Cash Flow Per Share

	<u>YTD-15</u>	<u>YTD-14</u>
Net cash provided by operating activities	\$ 955	\$ 960
Capital expenditures <sup>1</sup>	(292)	(225)
Other adjustments <sup>1, 2</sup>	<u>3</u>	<u>(61)</u>
Free cash flow	<u>\$ 666</u>	<u>\$ 674</u>
Diluted shares	<u>240.1</u>	<u>254.6</u>
Free cash flow per share	<u>\$ 2.77</u>	<u>\$ 2.65</u>

In millions, except per share amounts. Free cash flow per share is calculated using actual, unrounded amounts.

See page 2 for disclosures related to non-GAAP financial measures.

Free cash flow is calculated as net cash provided by operating activities less capital expenditures, and excludes the net change in settlement assets and obligations; tax-effected severance, merger and integration payments; certain cash distributions from StoneRiver; cash tax benefits on early debt extinguishment; and other items which management believes may not be indicative of the future free cash flow of the company.

<sup>1</sup>2015 includes \$62 million of capital expenditures, primarily leasehold improvements, associated with the construction of a new building related to the company's Atlanta facility consolidation, of which \$25 million is offset by landlord reimbursements reported in net cash provided by operating activities, and \$37 million of non-reimbursable building expenditures is included in "other adjustments."

<sup>2</sup>"Other adjustments" removes cash distributions from StoneRiver less related tax payments of \$32 million and \$73 million in the first nine months of 2015 and 2014, respectively.

# Adjusted Revenue and Adjusted Operating Income

## Total Company

	<u>3Q-15</u>	<u>3Q-14</u>	<u>YTD-15</u>	<u>YTD-14</u>
Revenue	\$ 1,313	\$ 1,263	\$ 3,886	\$ 3,750
Output Solutions postage reimbursements	(71)	(77)	(228)	(238)
Open Solutions deferred revenue adjustment	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
Adjusted revenue	<u>\$ 1,243</u>	<u>\$ 1,187</u>	<u>\$ 3,661</u>	<u>\$ 3,515</u>
Operating income	\$ 342	\$ 315	\$ 982	\$ 893
Merger, integration and other costs	15	2	28	11
Severance costs	4	3	13	15
Amortization of acquisition-related intangible assets	<u>50</u>	<u>50</u>	<u>149</u>	<u>153</u>
Adjusted operating income	<u>\$ 411</u>	<u>\$ 370</u>	<u>\$ 1,172</u>	<u>\$ 1,072</u>
Operating margin	26.0%	24.9%	25.3%	23.8%
Adjusted operating margin	33.1%	31.2%	32.0%	30.5%

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

See page 2 for disclosures related to non-GAAP financial measures.

# Adjusted Revenue and Adjusted Operating Income by Segment

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## Payments Segment

	<u>3Q-15</u>	<u>3Q-14</u>	<u>YTD-15</u>	<u>YTD-14</u>
Revenue	\$ 714	\$ 686	\$ 2,111	\$ 2,028
Output Solutions postage reimbursements	<u>(71)</u>	<u>(77)</u>	<u>(228)</u>	<u>(238)</u>
Adjusted revenue	<u>\$ 643</u>	<u>\$ 609</u>	<u>\$ 1,883</u>	<u>\$ 1,790</u>
Operating income	<u>\$ 217</u>	<u>\$ 201</u>	<u>\$ 616</u>	<u>\$ 566</u>
Operating margin	30.4%	29.2%	29.2%	27.9%
Adjusted operating margin	33.7%	32.9%	32.7%	31.6%

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

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# Adjusted Revenue and Adjusted Operating Income by Segment

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## Financial Segment

	<u>3Q-15</u>	<u>3Q-14</u>	<u>YTD-15</u>	<u>YTD-14</u>
Revenue	\$ 612	\$ 588	\$ 1,813	\$ 1,758
Open Solutions deferred revenue adjustment	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
Adjusted revenue	<u>\$ 613</u>	<u>\$ 589</u>	<u>\$ 1,816</u>	<u>\$ 1,761</u>
Operating income	<u>\$ 218</u>	<u>\$ 193</u>	<u>\$ 631</u>	<u>\$ 581</u>
Operating margin	35.6%	32.8%	34.8%	33.0%
Adjusted operating margin	35.5%	32.8%	34.8%	33.0%

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

See page 2 for disclosures related to non-GAAP financial measures.

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