FISERV INC
Form DEF 14A
April 09, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FISERV, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date Filed:

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255 Fiserv Drive

Brookfield, Wisconsin 53045

April 9, 2019

You are cordially invited to attend the annual meeting of shareholders of Fiserv, Inc. to be held at our office in Brookfield, Wisconsin on Wednesday, May 22, 2019 at 10:00 a.m. (CT). Information about the meeting and the matters on which shareholders will act is set forth in the accompanying Notice of 2019 Annual Meeting of Shareholders and Proxy Statement. You can find financial and other information about Fiserv in our Form 10-K for the fiscal year ended December 31, 2018. We welcome your comments or inquiries about our business that would be of general interest to shareholders during the meeting.

We urge you to be represented at the annual meeting, regardless of the number of shares you own or whether you are able to attend the annual meeting in person, by voting as soon as possible. Shareholders can vote their shares via the Internet, by telephone or by mailing a completed and signed proxy card (or voting instruction form if you hold your shares through a broker).

Sincerely,

Jeffery W. Yabuki

President and Chief Executive Officer

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Notice of 2019 Annual Meeting of Shareholders

Time and Date:

Wednesday, May 22, 2019 at 10:00 a.m. (CT)

Place:

Fiserv, 255 Fiserv Drive, Brookfield, Wisconsin 53045

Matters To Be Voted On:

1. Election of ten directors to serve for a one-year term and until their successors are elected and qualified.

2. Approval of the Fiserv, Inc. Amended and Restated Employee Stock Purchase Plan.

3. Approval, on an advisory basis, of the compensation of our named executive officers.

4. Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019.

5. Shareholder proposal requesting the company provide a political contribution report, if properly presented.

Any other business as may properly come before the annual meeting or any adjournments or postponements thereof.

Who Can Vote:

Holders of Fiserv stock at the close of business on March 25, 2019.

Date of Mailing:

On April 9, 2019, we will commence mailing the notice of Internet availability of proxy materials, or a proxy statement, proxy card and annual report, to shareholders.

By Order of the Board of Directors,

Lynn S. McCreary

Secretary

April 9, 2019

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on May 22, 2019: The proxy statement, 2018 Annual Report on Form 10-K and the means to vote by Internet are available at http://www.proxyvote.com.

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Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting

Time and Date:	Wednesday, May 22, 2019 at 10:00 a.m. (CT)
Place:	Fiserv 255 Fiserv Drive Brookfield, Wisconsin 53045
Record Date:	March 25, 2019
Voting:	Shareholders as of the record date are entitled to vote: by Internet at www.proxyvote.com; by telephone at 1-800-690-6903; by completing and returning a proxy or voter instruction card; or in person at the annual meeting (shareholders who hold shares through a bank, broker or other nominee must obtain a legal proxy from the bank, broker or other nominee granting the right to vote).

Proxy Statement

This proxy statement is furnished in connection with the solicitation on behalf of the board of directors of Fiserv, Inc., a Wisconsin corporation, of proxies for use at our 2019 annual meeting of shareholders. This proxy statement is being made available on or about April 9, 2019 to our shareholders entitled to vote at the annual meeting.

Purposes of Annual Meeting

Agenda Item	Board Vote Recommendation	Page Reference for More Detail
1. Election of Directors The board of directors has nominated ten individuals for election as directors. All nominees are currently serving as directors and all, except Mr. Yabuki, our president and chief executive officer, are independent. We believe that each nominee for director has the	FOR each Director Nominee	12

requisite experience, integrity and sound business judgment to serve as a director.		
2. Approval of Fiserv, Inc. Amended and Restated Employee Stock Purchase Plan (Amended ESPP)	FOR	30
Our board of directors is seeking shareholder approval of the Amended ESPP to allow employees to continue to have the opportunity to purchase shares of our common stock on favorable terms in order to further align their interests with those of our shareholders.		

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Agenda Item	Board Vote Recommendation	Page Reference for More Detail
3. Advisory Vote on Named Executive Officer Compensation The board of directors is asking shareholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. Our compensation program for our named executive officers is designed to create long-term shareholder value by rewarding performance as described in the Compensation Discussion and Analysis section of this proxy statement.	FOR	34
4. Ratification of Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm As a matter of good corporate governance, the audit committee of the board of directors is seeking ratification of its appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019.	FOR	67
5. Shareholder Proposal Requesting a Political Contribution Report (if properly presented) We are already subject to political contribution limits and disclosure requirements under federal, state and local laws. Because this proposal would not provide meaningful additional information to shareholders, as further described herein, we do not believe that this proposal is in the best interest of our company or our shareholders.	AGAINST	69

Executing on Our Strategy

In 2018, we generated GAAP revenue growth of 2% and internal revenue growth of 4.5% compared to 2017 as well as GAAP earnings per share from continuing operations of $2.87 and adjusted earnings per share of $3.10. This represents a slight increase in GAAP earnings per share from continuing operations, and a 25% increase in adjusted

earnings per share, compared to 2017, in each case as adjusted for the two-for-one split of our common stock completed in March 2018. We had net cash provided by operating activities of $1.55 billion and free cash flow of $1.31 billion in 2018, a 5% and 7% increase, respectively, compared to the prior year. We also made progress in strategic areas that we believe will enhance our future results, and we continued to enhance our level of competitive differentiation which we believe is essential to sustaining future growth. As discussed further in the Compensation Discussion and Analysis section of this proxy statement, our named executive officer compensation for 2018 was paid or awarded in the context of these results.

Internal revenue growth, adjusted earnings per share and free cash flow are non-GAAP financial measures. See Appendix A to this proxy statement for information regarding these measures and reconciliations to the most directly comparable GAAP measures.

Recent Governance Matters

In 2018, we added a new independent director to our board, making him the fourth new independent director to join our board in the last five years.

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Recent Compensation Matters

In 2018, our compensation committee granted performance share units to all our named executive officers with a three-year performance period. The number of shares issued at vesting will be based on the company s achievement of internal revenue growth goals (60%) and total shareholder return as compared to the S&P 500 Index (40%), subject to attaining a threshold level of adjusted income from continuing operations over such three-year period. In 2018, about three-quarters of the compensation we awarded to all our named executive officers was in the form of equity.

In 2018, to further align the terms of the Amended and Restated Fiserv, Inc. 2007 Omnibus Incentive Plan (the Incentive Plan) with current best practices, our compensation committee approved amendments to our Incentive Plan to, among other things, impose a one-year minimum vesting requirement for equity awards, prohibit the cash buyout of underwater stock options, and clarify that certain shares cannot be re-credited to the Incentive Plan reserve.

Our compensation committee also added a performance objective to our named executive officers cash incentive awards for 2018 performance based on the committee s assessment of progress with respect to strategic initiatives including employee engagement and client initiatives.

We encourage you to review the entire Compensation Discussion and Analysis section of this proxy statement as well as the tabular and narrative disclosure under Executive Compensation.

Recent Developments

On January 16, 2019, we announced that we had entered into a definitive merger agreement to acquire First Data Corporation (First Data) in an all-stock transaction for an equity value of approximately $22 billion as of the announcement. The transaction is expected to close during the second half of 2019, subject to customary closing conditions, regulatory approvals and shareholder approval for both companies. The special meeting of Fiserv shareholders to approve the issuance of shares in connection with the transaction will be held on April 18, 2019 and is subject to a separate notice of special meeting and joint proxy and consent solicitation statement/prospectus.

Fiserv and First Data have agreed to certain governance terms in the merger agreement which will become effective as of the effective time of the merger. At the effective time, the Fiserv chief executive officer will continue to serve as the chief executive officer of Fiserv and become the chairman of the board of directors of Fiserv, and the First Data chief executive officer will become the president and chief operating officer of Fiserv and will serve as a Fiserv

director. In addition, at the effective time of the merger, the board of directors of Fiserv will consist of ten directors. Six of the directors will be individuals designated by Fiserv, consisting of five independent directors of Fiserv and the Fiserv chief executive officer, and four of the directors will be individuals designated by First Data, consisting of two independent directors of First Data, the First Data chief executive officer and one director of First Data designated by and affiliated with New Omaha Holdings L.P. (New Omaha), which is expected to own approximately 16% of our outstanding shares upon the closing of the merger, in accordance with a shareholder agreement between Fiserv and New Omaha. At the effective time, a director designated by Fiserv will be appointed as the lead independent director of the board. In addition, at the effective time, the board of directors of Fiserv will have at least three standing committees: (1) an audit committee; (2) a compensation committee; and (3) a nominating and corporate governance committee, each with three to four members and at least one qualified director designated by First Data. At the effective time, the chairperson of the compensation committee will be a director designated by First Data. As of the date of this proxy statement, other than as indicated above, the individuals to serve on the Fiserv board at the effective time have not been determined.

We encourage you to review the Corporate Governance First Data Transaction section of this proxy statement for a more detailed description of anticipated corporate governance changes.

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Compensation Practices

What We Do

Our compensation committee seeks to structure compensation that incentivizes our leaders to strive for market-leading performance, which we expect will translate into long-term value for our shareholders, and is balanced by the risk of lower performance-based compensation when we do not meet our performance objectives.

We provide cash incentive awards based on achievement of annual performance objectives and equity compensation that promotes long-term financial, operating and strategic performance by delivering incremental value to executive officers based on financial results and to the extent our stock price increases over time.

In furtherance of our pay-for-performance philosophy, we grant performance share units. The number of shares issued at vesting will be determined by the achievement of performance goals over a three-year period.

We have a stock ownership policy that requires our directors and executive officers to acquire and maintain a significant amount of Fiserv equity to further align their interests with those of our long-term shareholders.

We have a policy that prohibits our directors and executive officers from hedging or pledging Fiserv stock.

We have a compensation recoupment, or clawback, policy.

What We Don t Do

We don t provide separate pension programs or a supplemental executive retirement plan to our named executive officers.

We don t have excise tax gross-up arrangements with any of our executive officers.

We generally don t provide significant personal-benefit perquisites to our named executive officers.

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Board Nominees

The board met seven times during 2018 and each of our directors attended 75% or more of the aggregate number of meetings of the board and the committees on which he or she served, in each case while the director was serving on our board of directors or such committees, as applicable, during 2018. The following table provides summary information on each director nominee. All candidates were nominated in accordance with the company s governance guidelines. For more information about each director nominee, please see their full biographies beginning on page 13. In addition, please see page 24 for more information on how the proposed acquisition of First Data would impact the composition of our board of directors.

Name	Age	Director Since	Principal Occupation	Independent	Current Committee Memberships
Alison Davis	57	2014	Advisor, Fifth Era		Audit
Harry F. DiSimone	64	2018	President, Commerce Advisors, Inc.		Compensation
John Y. Kim	58	2016	Retired; Former President, New York Life Insurance Company		Audit
Dennis F. Lynch	70	2012	Retired; Former Chairman, Cardtronics plc		Compensation Nominating and Corp. Governance*
Denis J. O Leary	62	2008	Investor		Audit* Nominating and Corp. Governance

Glenn M. Renwick	63	2001	Chairman, Fiserv, Inc.	
Kim M. Robak	63	2003	Partner, Mueller Robak, LLC	Compensation Nominating and Corp. Governance
JD Sherman	53	2015	President and Chief Operating Officer, HubSpot, Inc.	Audit
Doyle R. Simons	55	2007	Retired; Former President and Chief Executive Officer, Weyerhaeuser Company	Compensation*
Jeffery W. Yabuki	59	2005	President and Chief Executive Officer, Fiserv, Inc.	

* Committee Chair

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Proxy and Voting Information

The board of directors of Fiserv, Inc., a Wisconsin corporation, is soliciting proxies in connection with our annual meeting of shareholders to be held on Wednesday, May 22, 2019 at 10:00 a.m. (CT), or at any adjournment or postponement of the meeting. On April 9, 2019, we will commence mailing the notice of Internet availability of proxy materials, or a proxy statement, proxy card and annual report, to shareholders entitled to vote at the annual meeting.

Notice of Internet Availability of Proxy Materials

In accordance with rules and regulations adopted by the Securities and Exchange Commission, we may furnish our proxy statement and annual report to shareholders of record by providing access to those documents via the Internet instead of mailing printed copies. The notice you received regarding the Internet availability of our proxy materials (the Notice) provides instructions on how to access our proxy materials and cast your vote via the Internet, by telephone or by mail.

Shareholders access to our proxy materials via the Internet allows us to reduce printing and delivery costs and lessen adverse environmental impacts. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions in the Notice for requesting those materials.

Solicitation of Proxies

We will pay the cost of soliciting proxies on behalf of the board of directors. Our directors, officers and other employees may solicit proxies by mail, personal interview, telephone or electronic reimburse such record holders for the reasonable out-of-pocket expenses incurred by them in connection with forwarding proxy materials. Proxies solicited hereby will be tabulated by an inspector of election, who will be designated by the board of directors and will not be an employee or director of Fiserv, Inc.

Holders Entitled to Vote

The board of directors has fixed the close of business on March 25, 2019 as the record date for determining the shareholders entitled to notice of, and to vote at, the annual meeting. On the record date, there were 392,087,587 shares of common stock outstanding and entitled to vote, and we had no other classes of securities outstanding.

All of these shares are to be voted as a single class, and you are entitled to cast one vote for each share you held as of the record date on all matters submitted to a vote of shareholders.

Voting Your Shares

You may vote:

communication. None of them will receive any special compensation for these efforts.

We have retained the services of Georgeson LLC (Georgeson) to assist us in soliciting proxies. Georgeson may solicit proxies by personal interview, mail, telephone or electronic communications. We expect to pay Georgeson its customary fee, approximately $10,000, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies. We also have made arrangements with brokerage firms, banks, nominees and other fiduciaries to forward proxy materials to beneficial owners of shares. We will

By Internet

Visit www.proxyvote.com

By telephone

Dial toll-free 1-800-690-6903

By mailing your proxy card

If you requested a printed copy of the proxy materials, mark your vote on the proxy card, sign and date it, and return it in the enclosed envelope.

In person

If you are a shareholder of record you may join us in person at the annual meeting to be held at our Brookfield, Wisconsin headquarters.

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Voting through the Internet or by telephone. You may direct your vote by proxy without attending the annual meeting. You can vote by proxy via the Internet or by telephone until 11:59 p.m. (ET) on May 21, 2019 by following the instructions provided in the Notice. Shareholders voting via the Internet or by telephone will bear any costs associated with electronic or telephone access, such as usage charges from Internet access providers and telephone companies.

Voting by proxy card. If you requested a printed copy of the proxy materials, you may vote by returning a proxy card that is properly signed and completed. The shares represented by that card will be voted as you have specified.

Banks, brokers or other nominees. Shareholders who hold shares through a bank, broker or other nominee may vote by the methods that their bank or broker makes available, in which case the bank or broker will include instructions with the Notice or this proxy statement. If you wish to vote in person at the annual meeting, you must obtain a legal proxy from your bank, broker or other nominee giving you the right to vote the shares at the annual meeting.

401(k) savings plan. An individual who has a beneficial interest in shares of our common stock allocated to his or her account under the Fiserv, Inc. 401(k) savings plan may vote the shares of common stock allocated to his or her account. We will provide instructions to participants regarding how to vote. If no direction is provided by the participant about how to vote his or her shares by 11:59 p.m. (ET) on May 19, 2019, the trustee of the Fiserv, Inc. 401(k) savings plan will vote the shares in the same manner and in the same proportion as the shares for which voting instructions are received from other participants, except that the trustee, in the exercise of its fiduciary duties, may determine that it must vote the shares in some other manner.

Proxies

Glenn M. Renwick, Chairman of the board of directors, Jeffery W. Yabuki, President and Chief Executive Officer, and Lynn S. McCreary, Chief Legal Officer and Secretary, have been selected by the board of directors as proxy holders and will vote

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shares represented by valid proxies. All shares represented by valid proxies received and not revoked before they are exercised will be voted in the manner specified in the proxies.

If nothing is specified, the proxies will be voted: FOR each of the board s nominees for director; FOR proposals two, three and four; and AGAINST proposal five, if properly presented at the annual meeting.

Our board of directors is unaware of any other matters that may be presented for action at our annual meeting. If other matters do properly come before the annual meeting or any adjournments or postponements thereof, it is intended that shares represented by proxies will be voted in the discretion of the proxy holders.

You may revoke your proxy at any time before it is exercised by doing any of the following:

- entering a new vote using the Internet or by telephone
- giving written notice of revocation to Lynn S. McCreary, Chief Legal Officer and Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, Wisconsin 53045
- submitting a subsequently dated and properly completed proxy card

- attending the annual meeting and voting in person

However, if your shares are held of record by a bank, broker or other nominee, you must obtain a proxy issued in your name from the record holder.

Quorum

The presence, in person or by proxy, of at least a majority of the outstanding shares of common stock entitled to vote at the annual meeting will constitute a quorum for the transaction of business. Holders of shares that abstain from voting or that are subject to a broker non-vote will be counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business. In the event there are not sufficient votes for a quorum or to approve a proposal at the time of the annual meeting, the annual meeting may be adjourned or postponed, in our sole discretion, in order to permit the further solicitation of proxies.

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Required Vote

Proposal	Voting Standard
1. Election of directors	A director will be elected if the number of shares voted for that director s election exceeds the number of votes cast withheld with respect to that director s election.
2. To approve the Fiserv, Inc. Amended and Restated Employee Stock Purchase Plan	To be approved, the number of votes cast for the proposal must exceed the number of votes cast against the proposal.
3. To approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement	To be approved, the number of votes cast for the proposal must exceed the number of votes cast against the proposal.
4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019	To be approved, the number of votes cast for the proposal must exceed the number of votes cast against the proposal.
5. To vote on a shareholder proposal requesting the company provide a political contribution report, if	To be approved, the number of votes cast for the proposal must exceed the number of votes cast against

properly presented at the annual meeting the proposal.

For each of these proposals, abstentions and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome.

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 1, 2019 by: each current director and director nominee; each executive officer appearing in the Summary Compensation Table; all directors and executive officers as a group; and any person who is known by us to beneficially own more than 5% of the outstanding shares of our common stock based on our review of the reports regarding ownership filed with the Securities and Exchange Commission in accordance with Sections 13(d) and 13(g) of the Securities Exchange Act of 1934 (the Exchange Act).

Name and Address of Beneficial Owner[1]	Number of Shares of Common Stock Beneficially Owned[2]	Percent of Class[3]
T. Rowe Price Associates, Inc.[4]		
100 E. Pratt Street		
Baltimore, Maryland 21202	42,970,342	11.0%
The Vanguard Group, Inc.[5]		
100 Vanguard Blvd.		
Malvern, Pennsylvania 19355	42,550,220	10.9%
BlackRock, Inc.[6]		
55 East 52nd Street		
New York, New York 10055	31,345,393	8.0%
Massachusetts Financial Services Company[7]		
111 Huntington Avenue		
Boston, Massachusetts 02199	23,638,796	6.0%
Jeffery W. Yabuki	3,801,741	1.0%
Robert W. Hau	168,628	*
Lynn S. McCreary	189,225	*
Devin B. McGranahan	67,441	*

Byron C. Vielehr	439,712	*
Alison Davis	25,372	*
Harry F. DiSimone	2,239	*
John Y. Kim	9,759	*
Dennis F. Lynch	55,590	*
Denis J. O Leary	125,283	*
Glenn M. Renwick	303,529	*
Kim M. Robak	99,808	*
JD Sherman	20,230	*
Doyle R. Simons	179,116	*
All directors and executive officers as a group (15 people)	5,559,134	1.4%

* Less than 1%.

(1) Unless otherwise indicated, the address for each beneficial owner is care of Fiserv, Inc., 255 Fiserv Drive, Brookfield, Wisconsin 53045.

(2) All information with respect to beneficial ownership is based upon filings made by the respective beneficial owners with the Securities and Exchange Commission or information provided to us by such beneficial owners. Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws.

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Includes stock options, which, as of March 1, 2019, were exercisable currently or within 60 days: Mr. Yabuki 3,151,432; Mr. Hau 139,830; Ms. McCreary 156,854; Mr. McGranahan 36,658; Mr. Vielehr 414,610; Ms. Davis 19,150; Mr. DiSimone 960; Mr. Kim 8,388; Mr. Lynch 42,008; Mr. O Leary 54,512; Mr. Renwick 83,556; Ms. Robak 44,124; Mr. Sherman 12,252; Mr. Simons 83,556; and all directors and executive officers as a group 4,313,858.

Includes restricted stock units, which, as of March 1, 2019, would vest within 60 days: Mr. Hau 25,404.

Includes shares deferred under vested restricted stock units that, based on deferral elections and the terms of the non-employee director deferred compensation plan, may be distributed within 60 days: Ms. Davis 6,054; Mr. Lynch 13,582; Mr. O Leary 26,814; Mr. Renwick 33,794; Mr. Simons 33,794; and all directors as a group 114,038.

Also includes shares eligible for issuance in connection with the deferral of cash compensation that, based on deferral elections and the terms of the non-employee director deferred compensation plan, may be distributed within 60 days: Mr. DiSimone 265; Mr. Kim 1,241; Mr. O Leary 35,157; Mr. Renwick 45,191; Mr. Simons 38,586; and all directors as a group 120,440.

Mr. Yabuki is a trustee of the Yabuki Family Foundation which holds 350,350 shares of our common stock. As a trustee, Mr. Yabuki has voting and investment power over the shares held by the foundation. These shares are, accordingly, included in his reported beneficial ownership.

non-employee director deferred compensation plan that may be distributed within 60 days, are deemed outstanding for the purposes of calculating the number and percentage owned by such shareholder but not deemed outstanding for the purpose of calculating the percentage of any other person.

(4) Based on a Schedule 13G filed by T. Rowe Price Associates, Inc. (Price Associates) on February 14, 2019 with the Securities and Exchange Commission, which indicates that these securities are owned by various individual and institutional investors for which Price Associates serves as investment adviser and with power to direct investments and/or sole power to vote the securities. According to the Schedule 13G, Price Associates exercises sole voting power over 13,398,199 of the securities and sole dispositive power over 42,970,342 of the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(5) Based on a Schedule 13G filed by The Vanguard Group, Inc. (Vanguard Group) on February 11, 2019 with the Securities and Exchange Commission, which indicates that the Vanguard Group exercises sole voting power over 491,257 of the securities, shared voting power over 139,348 of the securities, sole dispositive power over 41,926,383 of the securities and shared dispositive power over 623,837 of the securities. According to the Schedule 13G, Vanguard

(3) On March 1, 2019, there were 391,918,028 shares of common stock outstanding. Percentages are calculated pursuant to Rule 13d-3(d) under the Exchange Act. Shares not outstanding that are subject to options exercisable by the holder thereof within 60 days, shares due upon vesting of restricted stock units within 60 days, and shares deferred pursuant to vested restricted stock units and shares eligible for issuance pursuant to the

Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of Vanguard Group, is the beneficial owner of 365,935 of the securities as a result of VFTC serving as investment manager of collective trust accounts, and Vanguard Investments Australia, Ltd. (VIA), a wholly-owned subsidiary of Vanguard Group, is the beneficial owner of 378,326 of the securities as a result of VIA serving as investment manager of Australian investment offerings.

(6) Based on a Schedule 13G filed by BlackRock, Inc. (BlackRock) on February 4, 2019 with the Securities and Exchange Commission, which indicates that various persons have the right to receive or the power to direct the receipt of

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dividends from, or the proceeds from the sale of, these securities. According to the Schedule 13G, BlackRock exercises sole voting power over 27,965,315 of the securities and sole dispositive power over 31,345,393 of the securities.

(7) Based on a Schedule 13G filed by Massachusetts Financial Services Company (MFS) on February 13, 2019 with the Securities and Exchange Commission, which indicates that these securities are owned by MFS and/or certain other non-reporting entities. According to the Schedule 13G, MFS exercises sole voting power over 22,733,822 of the securities and sole dispositive power over 23,638,796 of the securities.

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Proposal 1. Election of Directors

Our Board of Directors

All directors will be elected to hold office for a term expiring at the next annual meeting of shareholders and until their successors have been elected and qualified. Please see below under Corporate Governance First Data Transaction for a description of how the proposed acquisition of First Data would impact the composition of our board of directors.

All of the nominees for election as director at the annual meeting are incumbent directors. No nominee for director has been nominated pursuant to any agreement or understanding between us and any person, and there are no family relationships among any of our directors or executive officers. These nominees have consented to serve as a director if elected, and management has no reason to believe that any nominee will be unable to serve. Unless otherwise specified, the shares of common stock represented by the proxies solicited hereby will be voted in favor of the nominees proposed by the board of directors. In the event that any director nominee becomes unavailable for re-election as a result of an unexpected occurrence, shares will be voted for the election of such substitute nominee, if any, as the board of directors may propose. The affirmative vote of a majority of votes cast is required for the election of directors.

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Majority Voting

Our by-laws provide that each director will be elected by the majority of the votes cast with respect to that director s election at any meeting of shareholders for the election of directors, other than a contested election. A majority of the votes cast means that the number of votes cast for a director s election exceeds the number of votes cast withheld with respect to that director s election. In a contested election, each director will be elected by a plurality of the votes cast with respect to that director s election. Once our chairman of the board determines that a contested election exists in accordance with our by-laws, the plurality vote standard will apply at a meeting at which a quorum is present regardless of whether a contested election continues to exist as of the date of such meeting.

Our by-laws further provide that, in an uncontested election of directors, any nominee for director who is already serving as a director and receives a greater number of votes withheld from his or her election than votes for his or her election will promptly tender his or her resignation. The nominating and corporate governance committee of the board of directors will then promptly consider the tendered resignation, and the committee will recommend to the board whether to accept or reject it. Following the board s decision, we will promptly file a Current Report on Form 8-K with the Securities and Exchange Commission that sets forth the board s decision whether to accept the resignation as tendered, including a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation. Any director who tenders a resignation pursuant to this provision will not participate in the committee recommendation or the board consideration regarding whether to accept the tendered resignation.

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