

Fidelity National Information Services, Inc.  
Form 10-Q  
May 04, 2012  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2012

Or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 001-16427

Fidelity National Information Services, Inc.  
(Exact name of registrant as specified in its charter)  
Georgia  
(State or other jurisdiction  
of incorporation or organization)

37-1490331  
(I.R.S. Employer Identification No.)

601 Riverside Avenue  
Jacksonville, Florida  
(Address of principal executive offices)  
(904) 438-6000

32204  
(Zip Code)

(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer   
(Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES  NO

As of April 30, 2012, 294,803,536 shares of the Registrant’s Common Stock were outstanding.



FORM 10-Q  
 QUARTERLY REPORT  
 Quarter Ended March 31, 2012  
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AND SUBSIDIARIESCondensed Consolidated Balance Sheets  
(In millions, except per share amounts)  
(Unaudited)

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$481.7	\$415.5
Settlement deposits	31.7	43.9
Trade receivables, net of allowance for doubtful accounts of \$39.8 and \$33.1 as of March 31, 2012 and December 31, 2011, respectively	889.3	858.5
Settlement receivables	87.4	78.1
Other receivables	35.5	40.1
Due from related parties	59.4	56.9
Prepaid expenses and other current assets	127.4	117.1
Deferred income taxes	55.2	72.6
Total current assets	1,767.6	1,682.7
Property and equipment, net	414.4	414.5
Goodwill	8,545.5	8,542.8
Intangible assets, net	1,842.7	1,903.3
Computer software, net	878.0	881.5
Deferred contract costs, net	249.2	246.4
Other noncurrent assets	207.0	177.1
Total assets	\$13,904.4	\$13,848.3
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$523.3	\$641.5
Due to Brazilian venture partner	37.7	36.5
Settlement payables	140.9	141.2
Current portion of long-term debt	115.7	259.2
Deferred revenues	287.0	276.5
Total current liabilities	1,104.6	1,354.9
Deferred revenues	51.0	55.9
Deferred income taxes	878.2	872.5
Long-term debt, excluding current portion	4,728.4	4,550.6
Due to Brazilian venture partner	50.3	50.6
Other long-term liabilities	324.8	312.6
Total liabilities	7,137.3	7,197.1
Equity:		
FIS stockholders' equity:		
Preferred stock, \$0.01 par value, 200 shares authorized, none issued and outstanding as of March 31, 2012 and December 31, 2011	—	—
Common stock, \$0.01 par value, 600 shares authorized, 384.6 shares issued as of March 31, 2012 and		3.8

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December 31, 2011

Additional paid in capital	7,202.5	7,224.7
Retained earnings	1,908.7	1,880.4
Accumulated other comprehensive earnings	63.0	36.3
Treasury stock, \$0.01 par value, 89.3 and 91.7 shares as of March 31, 2012 and December 31, 2011, respectively, at cost	(2,563.0	) (2,642.2
Total FIS stockholders' equity	6,615.0	6,503.0
Noncontrolling interest	152.1	148.2
Total equity	6,767.1	6,651.2
Total liabilities and equity	\$13,904.4	\$13,848.3

See accompanying notes to unaudited condensed consolidated financial statements.

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## Condensed Consolidated Statements of Earnings

(In millions, except per share data)

(Unaudited)

	Three months ended	
	March 31,	
	2012	2011
Processing and services revenues (for related party activity, see note 2)	\$1,446.9	\$1,383.4
Cost of revenues	1,010.3	996.0
Gross profit	436.6	387.4
Selling, general, and administrative expenses (for related party activity, see note 2)	207.1	173.5
Operating income	229.5	213.9
Other income (expense):		
Interest expense, net	(59.4)	(68.0)
Other income (expense), net	(20.9)	3.3
Total other income (expense)	(80.3)	(64.7)
Earnings from continuing operations before income taxes	149.2	149.2
Provision for income taxes	50.4	52.3
Earnings from continuing operations, net of tax	98.8	96.9
Earnings (loss) from discontinued operations, net of tax	(8.7)	(3.3)
Net earnings	90.1	93.6
Net (earnings) loss attributable to noncontrolling interest	(3.0)	(0.8)
Net earnings attributable to FIS	\$87.1	\$92.8
Net earnings per share — basic from continuing operations attributable to FIS common stockholders	\$0.33	\$0.32
Net earnings (loss) per share — basic from discontinued operations attributable to FIS common stockholders	(0.03)	(0.01)
Net earnings per share — basic attributable to FIS common stockholders *	\$0.30	\$0.31
Weighted average shares outstanding — basic	289.7	301.5
Net earnings per share — diluted from continuing operations attributable to FIS common stockholders	\$0.32	\$0.31
Net earnings (loss) per share — diluted from discontinued operations attributable to FIS common stockholders	(0.03)	(0.01)
Net earnings per share — diluted attributable to FIS common stockholders *	\$0.29	\$0.30
Weighted average shares outstanding — diluted	295.4	308.7
Cash dividends paid per share	\$0.20	\$0.05
Amounts attributable to FIS common stockholders:		
Earnings from continuing operations, net of tax	\$95.8	\$96.1
Earnings (loss) from discontinued operations, net of tax	(8.7)	(3.3)
Net earnings attributable to FIS	\$87.1	\$92.8

\* Amounts may not sum due to rounding.

See accompanying notes to unaudited condensed consolidated financial statements.

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FIDELITY NATIONAL INFORMATION SERVICES, INC.  
AND SUBSIDIARIES  
Condensed Consolidated Statements of Comprehensive Earnings  
(In millions, except per share data)  
(Unaudited)

	Three months ended March 31,			
	2012	2011		
Net earnings		\$90.1		\$93.6
Other comprehensive earnings, before tax:				
Unrealized gain (loss) on investments and derivatives	\$8.3		\$(8.2 )	
Reclassification adjustment for gains included in net earnings	—		(3.1 )	
Unrealized gain (loss) on investments and derivatives, net	8.3		(11.3 )	
Foreign currency translation adjustments	24.4		26.9	
Other comprehensive earnings, before tax	32.7		15.6	
Provision for income tax expense (benefit) related to items of other comprehensive earnings	3.8		(3.9 )	
Other comprehensive earnings, net of tax	\$28.9	28.9	\$19.5	19.5
Comprehensive earnings		119.0		113.1
Less: comprehensive earnings attributable to noncontrolling interest		(5.2 )		(3.2 )
Comprehensive earnings attributable to FIS		\$113.8		\$109.9

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## Condensed Consolidated Statement of Equity

Three months ended March 31, 2012

(In millions, except per share amounts)

(Unaudited)

	Amount FIS Stockholders				Accumulated other				Total equity
	Number of Common shares	Treasury shares	Common stock	paid in capital	Retained earnings	comprehensive earnings	Treasury stock	Noncontrolling interest	
Balances, December 31, 2011	384.6	(91.7 )	\$3.8	\$7,224.7	\$1,880.4	\$ 36.3	\$(2,642.2)	\$ 148.2	\$6,651.2
Exercise of stock options and stock purchase right	—	6.2	—	(55.5 )	—	—	183.9	—	128.4
Treasury shares held for taxes due upon exercise of stock options	—	(0.1 )	—	—	—	—	(3.7 )	—	(3.7 )
Excess income tax benefit from exercise of stock options	—	—	—	7.0	—	—	—	—	7.0
Stock-based compensation	—	—	—	26.3	—	—	—	—	26.3
Cash dividends paid (\$0.20 per share per quarter) and other distributions	—	—	—	—	(58.8 )	—	—	(1.3 )	(60.1 )
Purchases of treasury stock	—	(3.7 )	—	—	—	—	(101.0 )	—	(101.0 )
Net earnings	—	—	—	—	87.1	—	—	3.0	90.1
Other comprehensive earnings	—	—	—	—	—	26.7	—	2.2	28.9
Balances, March 31, 2012	384.6	(89.3 )	\$3.8	\$7,202.5	\$1,908.7	\$ 63.0	\$(2,563.0)	\$ 152.1	\$6,767.1

See accompanying notes to unaudited condensed consolidated financial statements.



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## Condensed Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Three months ended	
	March 31,	
	2012	2011
Cash flows from operating activities:		
Net earnings	\$90.1	\$93.6
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	158.1	154.4
Amortization of debt issue costs	21.4	3.6
Stock-based compensation	26.3	15.4
Deferred income taxes	19.0	21.4
Excess income tax benefit from exercise of stock options	(7.0)	(4.9)
Other operating activities, net	—	(4.5)
Net changes in assets and liabilities, net of effects from acquisitions and foreign currency:		
Trade receivables	(21.1)	—
Settlement activity	2.4	58.3
Prepaid expenses and other assets	(6.1)	(17.6)
Deferred contract costs	(17.9)	(18.2)
Deferred revenue	3.3	1.3
Accounts payable, accrued liabilities, and other liabilities	(64.7)	(42.6)
Net cash provided by operating activities	203.8	260.2
Cash flows from investing activities:		
Additions to property and equipment	(24.2)	(20.4)
Additions to computer software	(40.8)	(51.2)
Net proceeds from sale of assets	—	5.9
Acquisitions, net of cash acquired	—	(12.8)
Net cash used in investing activities	(65.0)	(78.5)
Cash flows from financing activities:		
Borrowings	4,631.7	2,732.2
Repayment of borrowings	(4,598.5)	(2,912.7)
Debt issuance costs	(44.5)	—
Excess income tax benefit from exercise of stock options	7.0	4.9
Proceeds from exercise of stock options, net of tax withholding	124.7	51.5
Treasury stock purchases	(136.0)	—
Dividends paid	(58.8)	(15.2)
Other financing activities, net	(1.4)	(0.8)
Net cash used in financing activities	(75.8)	(140.1)
Effect of foreign currency exchange rate changes on cash	3.2	4.5
Net increase (decrease) in cash and cash equivalents	66.2	46.1
Cash and cash equivalents, beginning of period	415.5	338.0
Cash and cash equivalents, end of period	\$481.7	\$384.1

Supplemental cash flow information:

Cash paid for interest	\$82.1	\$88.2
Cash paid for income taxes	\$19.5	\$12.6

See accompanying notes to unaudited condensed consolidated financial statements.

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FIDELITY NATIONAL INFORMATION SERVICES, INC.  
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 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Unless stated otherwise or the context otherwise requires, all references to "FIS," "we," the "Company" or the "registrant" are to Fidelity National Information Services, Inc., a Georgia corporation, and its subsidiaries; all references to "Metavante" are to Metavante Technologies, Inc., and its subsidiaries, as acquired by FIS on October 1, 2009; and all references to "Capco" are to The Capital Markets Company N.V., as acquired by FIS on December 2, 2010.

**(1) Basis of Presentation**

The unaudited financial information included in this report includes the accounts of FIS and its subsidiaries prepared in accordance with U.S. generally accepted accounting principles and the instructions to Form 10-Q and Article 10 of Regulation S-X. All adjustments considered necessary for a fair presentation have been included. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2011. The preparation of these Condensed Consolidated Financial Statements (Unaudited) in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements (Unaudited) and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. Certain reclassifications have been made in the 2011 Condensed Consolidated Financial Statements (Unaudited) to conform to the classifications used in 2012. We report the results of our operations in four reporting segments: 1) Financial Solutions Group ("FSG"), 2) Payment Solutions Group ("PSG"), 3) International Solutions Group ("ISG") and 4) Corporate and Other (Note 11).

**(2) Related Party Transactions**

We are party to certain related party agreements described below.

**Revenues and Expenses**

A detail of related party items included in revenues for the three months ended March 31, 2012 and 2011 is as follows (in millions):

	Three months ended March 31,	
	2012	2011
Banco Bradesco Brazilian Venture revenue	\$75.4	\$66.5
Banco Bradesco item processing revenue	0.1	1.2
FNF data processing services revenue	12.0	11.7
Ceridian data processing and services revenue	18.7	13.9
Total related party revenues	\$106.2	\$93.3

A detail of related party items included in selling, general and administrative expenses (net of expense reimbursements) for the three months ended March 31, 2012 and 2011 is as follows (in millions):

	Three months ended March 31,	
	2012	2011
Administrative corporate support and other services with FNF	\$1.1	\$1.1
Employee benefits services with Ceridian	0.2	0.1
Total related party expenses	\$1.3	\$1.2



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FIDELITY NATIONAL INFORMATION SERVICES, INC.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Brazilian Venture

The Company operates a venture ("Brazilian Venture") with Banco Bradesco S.A. ("Banco Bradesco") in which we own a 51% controlling interest, to provide comprehensive, fully outsourced card processing services to Brazilian card issuers, including Banco Bradesco. The Brazilian Venture currently processes approximately 50.0 million cards for clients in Brazil and provides call center, cardholder support and collection services for their card portfolios.

FNF

We provide data processing services to Fidelity National Financial, Inc. ("FNF"), our former parent, consisting primarily of infrastructure support and data center management. The Vice Chairman of the Board of Directors of FIS is currently the Chairman of the Board of Directors of FNF. Our agreement with FNF runs through September 30, 2013, with an option to renew for one or two additional years, subject to certain early termination provisions (including the payment of minimum monthly service and termination fees). We also incur expenses for amounts paid by us to FNF to lease certain real estate and under cost-sharing agreements to use certain corporate aircraft.

Ceridian

We provide data processing services to Ceridian Corporation ("Ceridian") and Ceridian provides us with outsourced employee benefits services. FNF holds an approximate 33% equity interest in Ceridian.

We believe the amounts earned from or charged by us under each of the foregoing arrangements are fair and reasonable. We believe our service arrangements are priced within the range of prices we offer to third parties. However, the amounts we earned or that were charged under these arrangements were not negotiated at arm's-length, and may not represent the terms that we might have obtained from an unrelated third party.

(3) Unaudited Net Earnings per Share

The basic weighted average shares and common stock equivalents for the three months ended March 31, 2012 and 2011 are computed using the treasury stock method.

The following table summarizes the earnings per share attributable to FIS common stockholders for the three months ended March 31, 2012 and 2011 (in millions, except per share amounts):

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	Three months ended March 31,	
	2012	2011
Earnings from continuing operations attributable to FIS, net of tax	\$95.8	\$96.1
Earnings (loss) from discontinued operations attributable to FIS, net of tax	(8.7	) (3.3
Net earnings attributable to FIS	\$87.1	\$92.8
Weighted average shares outstanding — basic	289.7	301.5
Plus: Common stock equivalent shares	5.7	7.2
Weighted average shares outstanding — diluted	295.4	308.7
Net earnings per share — basic from continuing operations attributable to FIS common stockholders	\$0.33	\$0.32
Net earnings (loss) per share — basic from discontinued operations attributable to FIS common stockholders	(0.03	) (0.01
Net earnings per share — basic attributable to FIS common stockholders *	\$0.30	\$0.31
Net earnings per share — diluted from continuing operations attributable to FIS common stockholders	\$0.32	\$0.31
Net earnings (loss) per share — diluted from discontinued operations attributable to FIS common stockholders	(0.03	) (0.01
Net earnings per share — diluted attributable to FIS common stockholders *	\$0.29	\$0.30

\* amounts may not sum due to rounding.

Options to purchase approximately 4.1 million and 5.0 million shares of our common stock for the three months ended March 31, 2012 and 2011, respectively, were not included in the computation of diluted earnings per share because they were anti-dilutive.

## (4) Discontinued Operations

## Brazil Item Processing and Remittance Services Operations

As previously disclosed, during the third quarter 2010, the Company decided to pursue strategic alternatives for Fidelity National Participacoes Ltda. (“Participacoes”). There were no revenues for the 2012 period and revenues of \$9.6 million for the 2011 first quarter. Participacoes had losses before taxes of \$13.0 million and \$4.8 million during the three months ended March 31, 2012 and 2011, respectively. The operating results of Participacoes are recorded as discontinued operations in the Condensed Consolidated Statements of Earnings (Unaudited). Participacoes' processing volume was transitioned to other vendors or back to its customers during the second quarter of 2011. As a result of the dismissal of employees related to the shut-down activities completed in 2011, the three months ended March 31, 2012 and 2011 included charges of \$11.6 million and \$10.1 million, respectively, to increase our accrual for potential labor claims. Former employees have up to two years from the date of termination to file labor claims. Consequently, we expect to have continued exposure to such claims, which were not transferred with other assets and liabilities in the disposal. Our accrued liability for labor claims is \$37.6 million as of March 31, 2012. Any changes in the estimated liability related to these labor claims will also be recorded as discontinued operations.

## (5) Condensed Consolidated Financial Statement Details

The following tables show the Company's condensed consolidated financial statement details as of March 31, 2012 and December 31, 2011 (in millions):



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FIDELITY NATIONAL INFORMATION SERVICES, INC.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

	March 31, 2012			December 31, 2011		
	Cost	Accumulated depreciation and amortization	Net	Cost	Accumulated depreciation and amortization	Net
Property and equipment	\$912.8	\$498.4	\$414.4	\$882.7	\$468.2	\$414.5
Intangible assets	\$3,061.1	\$1,218.4	\$1,842.7	\$3,053.4	\$1,150.1	\$1,903.3
Computer software	\$1,537.5	\$659.5	\$878.0	\$1,517.0	\$635.5	\$881.5

The Company entered into capital lease obligations of \$1.5 million and \$31.4 million during the three months ended March 31, 2012 and year ended December 31, 2011, respectively for certain computer hardware and software. The assets are included in property and equipment and computer software and the remaining capital lease obligation is classified as long-term debt on our Condensed Consolidated Balance Sheet as of March 31, 2012. Periodic payments are included in repayment of borrowings on the Condensed Consolidated Statements of Cash Flows.

## (6) Long-Term Debt

Long-term debt as of March 31, 2012 and December 31, 2011 consisted of the following (in millions):

	March 31, 2012	December 31, 2011
Term Loan A-2, secured (1)	250.0	2,088.6
Term Loan A-3, secured, quarterly principal amortization (2)	2,100.0	—
New Term Loan B, secured (3)	200.0	1,250.0
Senior Notes due 2017, unsecured, interest payable semi-annually at 7.625%	750.0	750.0
Senior Notes due 2020, unsecured, interest payable semi-annually at 7.875%	500.0	500.0
Senior Notes due 2022, unsecured, interest payable semi-annually at 5.000%	700.0	—
Revolving Loan, secured (4)	299.7	175.0
Other	44.4	46.2
	4,844.1	4,809.8
Current portion	(115.7)	(259.2)
Long-term debt, excluding current portion	\$4,728.4	\$4,550.6

Interest on the Term Loan A-2 is generally payable at LIBOR plus an applicable margin of up to 2.50% based upon (1) the Company's leverage ratio, as defined in the FIS Credit Agreement. As of March 31, 2012, the weighted average interest rate on the Term Loan A-2 was 2.49%.

Interest on the Term Loan A-3 is generally payable at LIBOR plus an applicable margin of up to 2.25% based upon (2) the Company's corporate credit ratings and the ratings on the FIS Credit Agreement. As of March 31, 2012, the weighted average interest rate on the Term Loan A-2 was 2.24%.

(3) Interest on the New Term Loan B is generally payable at LIBOR plus an applicable margin of 3.25%, subject to a LIBOR floor of 1.00%. As of March 31, 2012, the interest rate on the New Term Loan B was 4.25%.

(4) Interest on the Revolving Loan is generally payable at LIBOR plus an applicable margin of up to 2.25% plus an unused commitment fee of up to 0.35%, each based upon the Company's corporate credit ratings and the ratings on the FIS Credit Agreement. As of March 31, 2012, the applicable margin on the Revolving Loan, excluding facility fees and unused commitment fees, was 2.00%.



On March 30, 2012, FIS amended and restated its syndicated credit agreement (the "FIS Credit Agreement"). The FIS Credit Agreement, as of March 31, 2012, provides total committed capital of \$3,700.0 million comprised of: (1) a revolving credit facility in an aggregate maximum principal amount of \$1,150.0 million maturing on March 30, 2017 (the "Revolving Loan"); and (2) an aggregate of \$2,550.0 million of term loans consisting of \$250.0 million maturing on July 18, 2014 (the "Term Loan A-2"), \$200.0 million maturing on July 18, 2016 (the "New Term Loan B") and \$2,100.0 million maturing on March 30, 2017 (the "Term Loan A-3" and together with the Term Loan A-2 and the New Term Loan B, the "Term Loans"). As of March 31, 2012, the outstanding principal balance of the Revolving Loan was \$299.7 million, with \$849.5 million of borrowing capacity remaining thereunder (net of \$0.8 million in outstanding letters of credit issued under the Revolving Loan).

The obligations under the FIS Credit Agreement are guaranteed by substantially all of the domestic subsidiaries of FIS and are secured by a pledge of the equity interests issued by substantially all of the domestic subsidiaries of FIS and a pledge of 65% of the equity interests issued by certain foreign subsidiaries of FIS.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

On December 19, 2011, FIS entered into a supplemental indenture whereby FIS issued an additional \$150.0 million of our 7.625% Senior Notes due July 16, 2017 (the "Additional 2017 Notes") that have the same terms as the existing Senior Notes due in 2017 (the "2017 Notes").

On March 19, 2012, FIS completed an offering of \$700.0 million aggregate principal amount of 5.000% Senior Notes due 2022 (the "2022 Notes" and together with the 2017 Notes, the Additional 2017 Notes and the Senior Notes due in 2020 (the "2020 Notes"), the "Notes"). FIS issued the 2022 Notes under an indenture dated as of March 19, 2012 among FIS, FIS' domestic subsidiaries that guaranteed its amended credit facility (the "Guarantors") and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Additional 2017 Notes and the 2022 Notes were offered and sold in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The Additional 2017 Notes and the 2022 Notes have not been registered under the Securities Act and may not be offered or sold without registration unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and all applicable state laws.

The Notes are fully and unconditionally guaranteed on a senior unsecured basis by each of the Guarantors. The Notes and the related guarantees are general senior unsecured obligations of FIS and the Guarantors and (1) rank equally in right of payment with all of FIS' and the Guarantors' existing and future senior debt, (2) are effectively junior to all of FIS' and the Guarantors' existing and future secured debt to the extent of the value of the assets securing that secured debt, (3) are effectively junior to all existing and future debt and liabilities of FIS' non-guarantor subsidiaries and (4) rank senior in right of payment to all of FIS' future debt, if any, that is by its terms expressly subordinated to the Notes.

The following table summarizes the mandatory annual principal payments pursuant to the FIS Credit Agreement and the Notes' indentures as of March 31, 2012 (in millions). There are no mandatory principal payments on the Revolving Loan and any balance outstanding on the Revolving Loan will be due and payable at its scheduled maturity date:

	Term Loan A-2	Term Loan A-3	New Term Loan B	2017 Notes	2020 Notes	2022 Notes	Total
2012	\$—	\$78.8	\$—	\$—	\$—	\$—	\$78.8
2013	—	144.4	—	—	—	—	144.4
2014	250.0	196.9	—	—	—	—	446.9
2015	—	288.8	—	—	—	—	288.8
2016	—	393.8	200.0	—	—	—	593.8
Thereafter	—	997.3	—	750.0	500.0	700.0	2,947.3
Total	\$250.0	\$2,100.0	\$200.0	\$750.0	\$500.0	\$700.0	\$4,500.0

Our New Term Loan B and Notes are held by a number of institutional investors. As of March 31, 2012, \$2.1 million of New Term Loan B and \$41.8 million of Notes were held by FNF.

We monitor the financial stability of our counterparties on an ongoing basis. The lender commitments under the undrawn portions of the Revolving Loan are comprised of a diversified set of financial institutions, both domestic and international. The combined commitments of our top 10 revolving lenders comprise about 66% of our Revolving

Loan. The failure of any single lender to perform their obligations under the Revolving Loan would not adversely impact our ability to fund operations. If the single largest lender were to default under the terms of the FIS Credit Agreement (impacting the capacity of the Revolving Loan), the maximum loss of available capacity on the undrawn portion of the Revolving Loan, as of March 31, 2012, would be approximately \$80.6 million.

In connection with the March 2012 refinancing and bond offering, we wrote off certain previously capitalized debt issuance costs and transaction expenses totaling \$18.4 million and capitalized \$29.3 million of other costs. Debt issuance costs of \$60.3 million, net of accumulated amortization, remain capitalized as of March 31, 2012, related to all of the above credit facilities.

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The fair value of the Company's long-term debt is estimated to be approximately \$104.5 million higher than the carrying value as of March 31, 2012. This estimate is based on quoted prices of our Notes and trades of our other debt in close proximity to March 31, 2012, which are considered Level 2-type measurements. This estimate is subjective in nature and involves uncertainties and significant judgment in the interpretation of current market data. Therefore, the values presented are not necessarily indicative of amounts the Company could realize or settle currently.

As of March 31, 2012, we have entered into the following interest rate swap transactions converting a portion of the interest rate exposure on our Term Loans and Revolving Loan from variable to fixed (in millions):

Effective date	Termination date	Notional amount	Bank pays variable rate of	FIS pays fixed rate of
November 1, 2010	November 1, 2012	150.0	1 Month LIBOR (1)	0.50 % (2)
February 1, 2011	February 1, 2013	200.0	1 Month LIBOR (1)	0.62 % (2)
May 3, 2011	May 1, 2013	400.0	1 Month LIBOR (1)	0.73 % (2)
September 1, 2011	September 1, 2014	150.0	1 Month LIBOR (1)	0.74 % (2)
September 1, 2011	September 1, 2014	150.0	1 Month LIBOR (1)	0.74 % (2)
September 1, 2011	September 1, 2014	300.0	1 Month LIBOR (1)	0.72 % (2)
		\$1,350.0		

(1)0.24% in effect as of March 31, 2012.

(2) Does not include the applicable margin and facility fees paid to lenders on the Term Loans and Revolving Loan as described above.

We have designated these interest rate swaps as cash flow hedges and, as such, they are carried on the Condensed Consolidated Balance Sheets at fair value with changes in fair value included in other comprehensive earnings, net of tax.

A summary of the fair value of the Company's derivative instruments is as follows (in millions):

	March 31, 2012		December 31, 2011	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate swap contracts	Accounts payable and accrued liabilities	\$0.9	Accounts payable and accrued liabilities	\$3.4
Interest rate swap contracts	Other long-term liabilities	5.5	Other long-term liabilities	4.0
Total derivatives designated as hedging instruments		\$6.4		\$7.4

In accordance with the authoritative guidance for fair value measurements, the inputs used to determine the estimated fair value of our interest rate swaps are Level 2-type measurements. We considered our own credit risk and the credit risk of the counterparties when determining the fair value of our interest rate swaps. Adjustments are made to these amounts and to accumulated other comprehensive earnings ("AOCE") within the Condensed Consolidated Statements of Equity and Comprehensive Earnings as the factors that impact fair value change, including current and projected interest rates, time to maturity and required cash transfers/settlements with our counterparties. Periodic actual and estimated settlements with counterparties are recorded to interest expense as a yield adjustment to effectively fix the

otherwise variable rate interest expense associated with the Term Loans and Revolving Loan.

A summary of the effect of derivative instruments on the Company's Condensed Consolidated Statements of Comprehensive Earnings and recognized in AOCE for the years ended March 31, 2012 and 2011 is as follows (in millions):

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	Amount of loss recognized in AOCE on derivatives		Location of loss reclassified from AOCE into income	Amount of loss reclassified from AOCE into income	
	Three months ended March 31, 2012	2011		Three months ended March 31, 2012	2011
Derivatives in cash flow hedging relationships	\$ (1.8 )	\$ (0.7 )	Interest expense	\$ (2.5 )	\$ (6.5 )

Approximately \$2.7 million of the balance in AOCE as of March 31, 2012 is expected to be reclassified into income over the next twelve months.

Our existing cash flow hedges are highly effective and there was no impact on earnings due to hedge ineffectiveness. It is our practice to execute such instruments with credit-worthy banks at the time of execution and not to enter into derivative financial instruments for speculative purposes. As of March 31, 2012, we believe that our interest rate swap counterparties will be able to fulfill their obligations under our agreements and we believe we will have debt outstanding through the various expiration dates of the swaps such that the forecasted transactions remain probable of occurring.

## (7) Supplemental Guarantor Financial Information

The following supplemental financial information sets forth for FIS and its guarantor and non-guarantor subsidiaries: (a) the Condensed Consolidating Balance Sheets as of March 31, 2012 and December 31, 2011; (b) the Condensed Consolidating Statements of Earnings and Comprehensive Earnings for the three months ended March 31, 2012 and 2011; and (c) the Condensed Consolidating Statements of Cash Flows for the three months ended March 31, 2012 and 2011.

	March 31, 2012				
	FIS (in millions)	Guarantor subsidiaries	Non-guarantor subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 12.7	\$ 173.8	\$ 295.2	\$—	\$ 481.7
Settlement deposits	—	31.5	0.2	—	31.7
Trade receivables, net	—	696.3	193.0	—	889.3
Investment in subsidiaries, intercompany and receivables from related parties	9,639.6	8,361.4	1,061.0	(19,002.6 )	59.4
Other current assets	8.7	230.5	66.3	—	305.5
Total current assets	9,661.0	9,493.5	1,615.7	(19,002.6 )	1,767.6
Property and equipment, net	1.6	344.3	68.5	—	414.4
Goodwill	—	7,401.1	1,144.4	—	8,545.5
Intangible assets, net	—	1,413.7	429.0	—	1,842.7
Computer software, net	32.8	669.3	175.9	—	878.0
Other noncurrent assets	97.3	241.3	117.6	—	456.2
Total assets	\$ 9,792.7	\$ 19,563.2	\$ 3,551.1	\$ (19,002.6 )	\$ 13,904.4
Liabilities and Equity					
Current liabilities:					

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Accounts payable and accrued liabilities	\$80.2	\$186.5	\$ 256.6	\$—	\$523.3
Settlement payables	—	132.2	8.7	—	140.9
Current portion of long-term debt	105.0	10.4	0.3	—	115.7
Deferred revenues	5.7	203.7	77.6	—	287.0
Other current liabilities	—	—	37.7	—	37.7
Total current liabilities	190.9	532.8	380.9	—	1,104.6
Deferred income taxes	—	878.4	(0.2	) —	878.2
Long-term debt, excluding current portion	4,716.5	11.8	0.1	—	4,728.4
Other long-term liabilities	18.3	109.6	298.2	—	426.1
Total liabilities	4,925.7	1,532.6	679.0	—	7,137.3
Total equity	4,867.0	18,030.6	2,872.1	(19,002.6 )	6,767.1
Total liabilities and equity	\$9,792.7	\$19,563.2	\$ 3,551.1	\$(19,002.6 )	\$13,904.4

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	December 31, 2011				
	FIS	Guarantor subsidiaries	Non-guarantor subsidiaries	Eliminations	Consolidated
	(in millions)				
Assets					
Current assets:					
Cash and cash equivalents	\$19.4	\$163.3	\$232.8	\$—	