Technology Solutions International, Inc.
Form S-4/A
September 15, 2008

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As filed with the Securities and Exchange Commission on September 15, 2008

Registration No. 333-153004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to
FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

First Data Corporation

(Exact name of registrant issuer as specified in its charter)

SEE TABLE OF ADDITIONAL REGISTRANTS

Delaware	**6199**	**47-0731996**
(State or other jurisdiction of incorporation)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**6200 South Quebec Street
Greenwood Village, Colorado 80111
(303) 967-8000**

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

**David R. Money
First Data Corporation
Executive Vice President, General Counsel and Secretary
6200 South Quebec Street
Greenwood Village, Colorado 80111
(303) 967-8000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**With a copy to:
Richard A. Fenyes, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017-3954
Telephone: (212) 455-2000**

**Approximate date of commencement of proposed exchange offer:
As soon as practicable after this Registration Statement is declared effective.**

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Additional Registrant Guarantors

Exact Name of Registrant Guarantor as Specified in its Charter (or Other Organizational Document)	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number	Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant Guarantor's Principal Executive Offices
Achex, Inc.	Delaware	94-3338768	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Atlantic Bankcard Properties Corporation	North Carolina	56-0927587	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Atlantic States Bankcard Association, Inc.	Delaware	47-0765184	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
B1 PTI Services, Inc.	Delaware	58-2517182	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Bankcard Investigative Group Inc.	Delaware	58-2368158	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Business Office Services, Inc.	Delaware	62-1571233	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
BUYPASS Inco Corporation	Delaware	51-0362700	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Call Interactive Holdings LLC	Delaware	45-0492144	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CallTeleservices, Inc.	Nebraska	58-2462499	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Cardservice Delaware, Inc.	Delaware	73-1631637	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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Cardservice International, Inc.	California	95-4207932	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CESI Holdings, Inc.	Delaware	11-3145051	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CIFS Corporation	Delaware	01-0593914	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CIFS LLC	Delaware	75-2984066	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Computing Corporation	Delaware	36-3833854	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Corporate Services, Inc.	Delaware	23-2709591	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord EFS Financial Services, Inc.	Delaware	01-0757630	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord EFS, Inc.	Delaware	04-2462252	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Emerging Technologies, Inc.	Arizona	86-0837769	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Equipment Sales, Inc.	Tennessee	62-1479971	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Financial Technologies, Inc.	Delaware	13-4064184	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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Concord NN, LLC	Delaware	01-0757616	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord One, LLC	Delaware	01-0757619	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Payment Services, Inc.	Georgia	58-1495598	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Processing, Inc.	Delaware	57-1143159	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Concord Transaction Services, LLC	Colorado	20-0187517	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Credit Performance Inc.	Delaware	47-0789664	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CTS Holdings, LLC	Colorado	20-0675870	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
CTS, Inc.	Tennessee	52-2251178	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
DDA Payment Services, LLC	Delaware	20-0941440	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
DW Holdings, Inc.	Delaware	20-8394043	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
EFS Transportation Services, Inc.	Tennessee	62-1830443	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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EFTLogix, Inc.	Nevada	86-0885804	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
EPSF Corporation	Delaware	51-0380978	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDC International Inc.	Delaware	58-2293393	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDFS Holdings, LLC	Delaware	84-1564482	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDGS Holdings General Partner II, LLC	Delaware	83-0346356	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDGS Holdings, LLC	Delaware	58-2574166	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDGS Holdings, LP	Delaware	58-2582293	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDMS Partner, Inc.	Delaware	73-1638409	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDR Interactive Technologies Corporation	New York	22-2915649	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDR Ireland Limited	Delaware	98-0122368	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDR Limited	Delaware	98-0122367	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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FDR Missouri Inc.	Delaware	47-0772712	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDR Signet Inc.	Delaware	58-2266420	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FDR Subsidiary Corp.	Delaware	47-0839789	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Aviation LLC	Delaware	75-2977653	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Capital, Inc.	Delaware	58-2436936	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Card Solutions, Inc.	Maryland	75-1300913	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Commercial Services Holdings, Inc.	Delaware	20-5626772	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Communications Corporation	Delaware	22-2991933	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Digital Certificates Inc.	Delaware	58-2508132	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Financial Services, L.L.C.	Delaware	76-0561084	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Government Solutions, Inc.	Delaware	59-2957887	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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First Data Government Solutions, LLC	Delaware	58-2583070	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Government Solutions, LP	Delaware	58-2582959	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Integrated Services Inc.	Delaware	47-0772477	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Latin America Inc.	Delaware	47-0789663	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Merchant Services Corporation	Florida	59-2126793	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Merchant Services Northeast, LLC	Delaware	11-3383565	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Merchant Services Southeast, L.L.C.	Delaware	11-3301903	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Mobile Holdings, Inc.	Delaware	20-5449819	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Payment Services, LLC	Delaware	26-0359308	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Pittsburgh Alliance Partner Inc.	Delaware	11-3343001	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data PS Acquisition Inc.	Delaware	20-5449746	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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First Data Real Estate Holdings L.L.C.	Delaware	84-1593311	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Resources, LLC	Delaware	47-0535472	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Retail ATM Services L.P.	Texas	01-0757624	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Secure LLC	Delaware	47-0902841	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Solutions L.L.C.	Delaware	41-2032686	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Technologies, Inc.	Delaware	04-3125703	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data Voice Services	Delaware	22-2915646	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
First Data, L.L.C.	Delaware	Not applicable	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FSM Services Inc.	Delaware	58-2517180	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FundsXpress Financial Network, Inc.	Texas	74-2830594	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
FundsXpress, Inc.	Delaware	74-2935781	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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FX Securities, Inc.	Delaware	74-2943569	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Gibbs Management Group, Inc.	Georgia	58-1791876	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Gift Card Services, Inc.	Oklahoma	73-1483616	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Gratitude Holdings LLC	Delaware	41-2077284	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
H & F Services, Inc.	Tennessee	62-1646207	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
ICVerify Inc.	Delaware	Not applicable	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
IDLogix, Inc.	Delaware	71-0914684	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Initial Merchant Services, LLC	Delaware	Not applicable	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Instant Cash Services, LLC	Delaware	30-0412561	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Intelligent Results, Inc.	Washington	91-2113799	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
IPS Holdings Inc.	Delaware	58-2496617	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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IPS Inc.	Colorado	58-2615237	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
JOT, Inc.	Nevada	86-0882455	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Linkpoint International, Inc.	Nevada	95-4704661	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
LoyaltyCo LLC	Delaware	Not applicable	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
MAS Inco Corporation	Delaware	51-0362703	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
MAS Ohio Corporation	Delaware	52-2139525	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Money Network Financial, LLC	Delaware	36-4483540	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
National Payment Systems Inc.	New York	13-3789541	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
New Payment Services, Inc.	Georgia	20-3848972	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
NPSF Corporation	Delaware	52-2251181	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
PayPoint Electronic Payment Systems, LLC	Delaware	82-0569438	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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PaySys International, Inc.	Florida	59-2061461	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
POS Holdings, Inc.	California	94-3312834	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
QSAT Financial, LLC	Delaware	91-1766549	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
REMITCO LLC	Delaware	82-0580864	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Sagebrush Holdings Inc.	Delaware	75-3097583	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Sagetown Holdings Inc.	Delaware	75-3097496	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Sageville Holdings LLC	Delaware	68-0546814	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Shared Global Systems, Inc.	Texas	76-0352456	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Size Technologies, Inc.	California	94-3329671	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Southern Telecheck, Inc.	Louisiana	72-0780470	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Star Networks, Inc.	Delaware	59-3558624	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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Star Processing, Inc.	Delaware	23-2696693	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Star Systems Assets, Inc.	Delaware	33-0886220	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Star Systems, Inc.	Delaware	59-3558623	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Star Systems, LLC	Delaware	33-0886218	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Strategic Investment Alternatives LLC	Delaware	01-0716816	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
SurePay Real Estate Holdings, Inc.	Delaware	58-2615240	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
SY Holdings, Inc.	Delaware	83-0337977	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TASQ Corporation	Delaware	84-1581144	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TASQ Technology, Inc.	California	68-0345149	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Taxware, LLC	Delaware	68-0537213	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Technology Solutions International, Inc.	Georgia	58-1953753	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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TeleCheck Acquisition LLC	Delaware	46-0478631	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TeleCheck Acquisition-Michigan, LLC	Delaware	Not applicable	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TeleCheck Holdings, Inc.	Georgia	58-1922310	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TeleCheck International, Inc.	Georgia	58-2014182	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TeleCheck Pittsburgh/West Virginia, Inc.	Pennsylvania	25-1405316	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
TeleCheck Services, Inc.	Delaware	58-2035074	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Transaction Solutions Holdings, Inc.	Delaware	73-1650437	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Transaction Solutions, LLC	Delaware	82-0547328	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Unibex, LLC	Delaware	20-0686414	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Unified Merchant Services	Georgia	58-2169129	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Unified Partner, Inc.	Delaware	73-1638403	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

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ValueLink, LLC	Delaware	20-0055795	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Virtual Financial Services, LLC	Delaware	84-1596983	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000
Yclip, LLC	Delaware	47-0900299	6200 South Quebec Street Greenwood Village, Colorado 80111 (303) 967-8000

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 15, 2008

PRELIMINARY PROSPECTUS

FIRST DATA CORPORATION

Offer to Exchange (the "Exchange Offer")

\$2,200,000,000 aggregate principal amount of its 9$^{7}/_{8}$% Senior Notes due 2015 (the "exchange notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act") for any and all of its outstanding 9$^{7}/_{8}$% Senior Notes dues 2015 (the "outstanding notes").

We are conducting the exchange offer in order to provide you with an opportunity to exchange your unregistered outstanding notes for freely tradable notes that have been registered under the Securities Act.

The Exchange Offer

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.

You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 11:59 p.m., New York City time, on , 2008, unless extended. We do not currently intend to extend the expiration date.

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes, except that the exchange notes will be freely tradable.

Results of the Exchange Offer

The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. We do not plan to list the notes on a national market.

All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

See "Risk Factors" beginning on page 12 for a discussion of certain risks that you should consider before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. The prospectus may be used only for the purposes for which it has been published, and no person has been authorized to give any information not contained herein. If you receive any other information, you should not rely on it. We are not making an offer of these securities in any state where the offer is not permitted.

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BASIS OF PRESENTATION

On April 1, 2007, Omaha Acquisition Corp. ("Acquisition Corp."), a Delaware corporation formed by investment funds associated with Kohlberg Kravis Roberts & Co. ("KKR"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with First Data Corporation ("First Data") and New Omaha Holdings L.P. ("Parent") pursuant to which, effective September 24, 2007, Acquisition Corp. merged with and into First Data, with First Data continuing as the surviving corporation and a subsidiary of First Data Holdings, Inc. ("Holdings") (formerly known as New Omaha Holdings Corporation), a Delaware corporation, a newly formed subsidiary of Parent and our parent company (the "Merger"). As a result of the Merger, investment funds associated with or designated by KKR and certain other co-investors indirectly own First Data.

The Merger, the equity investment by the co-investors (described in more detail under "The Transactions"), the initial borrowings under our senior secured credit facilities (described in more detail under "The Transactions"), the offering of the senior PIK notes of Holdings and the contribution of the net proceeds to First Data as common equity (described in more detail under "The Transactions"), the borrowings under First Data's unsecured debt, the repayment of amounts outstanding under our previously existing credit facilities other than certain foreign lines of credit, the tender offers and consent solicitation of our previously existing notes and the payment of related premiums, fees and expenses are collectively referred to in this prospectus as the "Transactions."

In connection with the Transactions, we entered into (i) a senior unsecured interim loan agreement, dated as of September 24, 2007, with Citibank, N.A., as administrative agent, which consists of (a) a $3,750.0 million senior unsecured cash-pay term loan facility with a term of eight years (the "senior cash-pay unsecured interim credit facility") and (b) a $2,750.0 million senior unsecured PIK term loan facility with a term of eight years (the "senior PIK unsecured interim credit facility"), (ii) a senior subordinated unsecured credit loan agreement, dated as of September 24, 2007, with Citibank, N.A., as administrative agent, which consists of a $2,500.0 million senior subordinated unsecured term loan facility with a term of eight and a half years (the "senior subordinated unsecured interim credit facility") and (iii) a $13,000.0 million senior secured term loan facility with a seven-year maturity (the "senior secured credit facilities").

The financial information presented in this prospectus is presented for two periods: Predecessor and Successor, which primarily relate to the periods preceding the Transactions and the period succeeding the Transactions, respectively. The Predecessor period includes results of First Data through September 24, 2007. The Successor period includes the results of operations of Acquisition Corp. for the period prior to the Merger from March 29, 2007 (its formation) through September 24, 2007 (comprised entirely of the change in fair value of certain forward starting, deal contingent interest rate swaps) and includes Post-Merger results of First Data for the period beginning September 25, 2007, including all impacts of purchase accounting.

Financial information identified in this prospectus as "pro forma" gives effect to the Transactions described in this prospectus, as well as the offering of the notes (including the exchange notes).

A substantial portion of our business is conducted through "alliances" with banks and other institutions. Where we discuss the operations of our Merchant Services and International segments, such discussions include our alliances since they generally do not have their own operations (other than certain majority owned and equity method alliances) and are part of our core operations. Our alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance program, we and a bank or other institution form a joint venture, either contractually or through a separate legal entity. Merchant contracts may be contributed to the venture by us and/or the bank or institution. The banks or other institutions generally provide card association sponsorship, clearing and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other

relationship. We provide transaction processing and related functions. Both owners may provide management, sales, marketing and other administrative services. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner.

At June 30, 2008, there were eight affiliates accounted for under the equity method of accounting, comprised of five merchant alliances and three strategic investments in companies in related markets. The majority of equity earnings relate to the Chase Paymentech alliance, our largest merchant alliance. Chase Paymentech is 51% owned by J.P. Morgan Chase Bank, N.A. ("JPMorgan") and 49% owned by us. On May 27, 2008, we announced we had reached an agreement with JPMorgan to end the joint venture, Chase Paymentech Solutions , a global payments and merchant acquiring entity, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service independent sales organization ("ISO") and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. The information included in this prospectus does not reflect the impact of the end of this joint venture though, on a pro forma basis, it would not be expected to have a material impact on our historical income (loss) from continuing operations.

KKR 2006 Fund L.P. and certain affiliates of the initial purchasers (collectively, the "Equity Investors") made equity contributions to Parent in connection with the closing of the Transactions. In addition, GS Mezzanine Partners VI Fund, L.P. and the Goldman Sachs Group, Inc. purchased $380 million and $620 million, respectively, of senior PIK notes of Holdings in connection with the closing of the Transactions.

Unless the context requires otherwise, in this prospectus, "First Data," "FDC," the "company," "we," "us" and "our" refers to First Data Corporation and its consolidated subsidiaries, both before and after the consummation of the Transactions described herein. References to the "notes" refers to the outstanding $2,200,000,000 aggregate principal amount of its $9^{7}/_{8}$% Senior Notes due 2015 and the exchange notes.

PROSPECTUS SUMMARY

This summary highlights key aspects of the information contained elsewhere in this prospectus and may not contain all of the information you should consider before investing in the notes. You should read this summary together with the entire prospectus, including the information presented under the heading "Risk Factors" and the information in the unaudited pro forma condensed consolidated financial information and the historical financial statements and related notes appearing elsewhere in this prospectus. For a more complete description of our business, see the "Business" section in this prospectus.

Our Company

We are a leading provider of electronic commerce and payment solutions for merchants, financial institutions and card issuers globally. We have operations in 37 countries, serving more than 5.4 million merchant locations and more than 2,000 card issuers and their customers. With a wide geographic presence and a broad product offering, we are well-positioned to capitalize on the continued shift from cash and checks to electronic payment transactions.

We have built long-standing relationships with merchants, financial institutions and card issuers globally through superior industry knowledge and high-quality, reliable service. As a result, our revenue is highly diversified across customers, products, geography and distribution channels, with no single customer accounting for more than 3.5% of our 2007 successor or predecessor consolidated revenue (excluding reimbursables). We also enter into alliances with banks and other institutions, increasing our broad geographic coverage and presence in various industries. The contracted and stable nature of our revenue base makes our business highly predictable. Our revenue is recurring in nature, as we typically initially enter into multi-year contracts with our merchant, financial institution and card issuer customers.

Recent Developments

Acquisition of InComm Holdings, Inc.

On April 28, 2008, we announced that we had reached an agreement to acquire InComm Holdings Inc. ("InComm") for approximately $980 million consisting of stock in Holdings and approximately $665 million in cash plus contingent future payments of up to $250 million over a three-year performance period based on the performance of our combined stored value business. InComm is a distributor of gift cards, prepaid wireless products, reloadable debit cards, digital music downloads, content, games, software and bill payment solutions. InComm also provides stored value product marketing and technology solutions to international markets in Europe and Canada. The transaction is subject to customary closing conditions and regulatory approvals. The parties have agreed to extend the completion date of the transaction in order to complete certain closing conditions and to negotiate and mutually agree upon changes to the merger terms. Subject to our reaching agreement with the sellers on such revised terms, we would expect to close the transaction in the second half of 2008.

Expiration of Our Alliance with Chase Paymentech

Our largest merchant alliance, Chase Paymentech Solutions , a global payments and merchant acquiring entity, is 51% owned by JPMorgan and 49% owned by FDC. On May 27, 2008, we announced we had reached agreement with JPMorgan to end the Chase Paymentech joint venture by the end of 2008. In the interim, the two companies will continue to operate the joint venture. After the transition, JPMorgan and FDC will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service independent sales organization ("ISO") and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have

historically accounted for our minority interest in the joint venture under the equity method of accounting. Subsequent to the wind up of the joint venture, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. As a result and on a pro forma basis, the expiration would not be expected to have a material impact on historical net income (loss) and our historical reported revenues and expenses would increase. Expiration of the alliance will result in the loss of JPMorgan branch referrals and access to the JPMorgan brand. Additionally, expiration in 2008 will cause us to incur an obligation associated with taxes. Based on preliminary estimates and assumptions this obligation could be in excess of $200 million. A significant portion of this obligation may, however, be recovered through the future amortization of increased tax basis generated by this event. Expiration will also pose the following potential risks: loss of certain processing volume over time, disruption of the business due to the need to identify and transition to a new financial institution sponsorship and clearing services for the merchants allocated to FDC, and post-expiration competition by JPMorgan, any of which could have a material adverse effect on our operations and results.

Amendments to Our Interim Loan Agreements

On June 19, 2008, we entered into the First Amendment (the "First Senior Amendment") to the Senior Unsecured Interim Loan Agreement, dated as of September 24, 2007 (as amended and restated as of October 24, 2007, the "Amended Senior Unsecured Interim Loan Agreement"). The First Senior Amendment amends the Amended Senior Unsecured Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008, to 8.490% per annum with respect to senior cash-pay loans and 9.320% per annum with respect to senior PIK loans, and (ii) at any date on or after August 18, 2008, to 9.875% per annum with respect to senior cash-pay loans and 10.550% per annum with respect to senior PIK loans. The lenders in respect of the senior cash-pay loans and senior PIK loans will have the option on September 24, 2008 and on the 15th day of each calendar month thereafter to exchange such loans for notes having substantially identical terms, as applicable. See "Description of Other Indebtedness Senior Unsecured Cash-pay Term Loan Facility and Senior Unsecured PIK Term Loan Facility."

Also on June 19, 2008, we entered into the First Amendment (the "First Senior Subordinated Amendment") to the Senior Subordinated Interim Loan Agreement, dated as of September 24, 2007 (as amended and restated as of October 24, 2007, the "Amended Senior Subordinated Interim Loan Agreement"). The First Senior Subordinated Amendment amends the Amended Senior Subordinated Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008 to 9.800% per annum, and (ii) at any date on or after August 18, 2008, to 11.250% per annum. The lenders in respect of the subordinated loans will have the option on September 24, 2008 and on the 15th day of each calendar month thereafter to exchange such loans for notes having substantially identical terms. See "Description of Other Indebtedness Senior Subordinated Unsecured Interim Term Loan Facility."

Other Developments

In July 2008, our subsidiary Integrated Payment Systems Inc. ("IPS") agreed with The Western Union Company ("Western Union") that on October 1, 2009, IPS will assign and transfer to Western Union, among other things, certain assets and equipment used by IPS to issue retail money orders and an amount sufficient to satisfy all outstanding retail money orders. On the closing date, Western Union will assume IPS's role as issuer of the retail money orders. The transfer will result in a significant decrease to the IPS settlement asset portfolio.

General economic conditions in the United States continue to show signs of weakening. Many of our businesses rely in part on the number and size of consumer transactions which may be challenged by a declining U.S. economy and difficult capital markets. After experiencing a rebound in the early

part of 2008 from the slow 2007 holiday spending period, domestic merchant transaction growth has since slowed slightly. This reduction in spending is across a wide range of categories, with discounters showing less of an effect than smaller retailers. While we are partially insulated from specific industry trends through our diverse market presence, broad slowdowns in consumer spending could have a material adverse impact on future revenues and profits.

The Sponsor

Kohlberg, Kravis Roberts & Co.

Established in 1976, KKR is a leading global alternative asset manager. The core of the Firm's franchise is sponsoring and managing funds that make private equity investments in North America, Europe, and Asia. Throughout its history, KKR has brought a long-term investment approach to portfolio companies, focusing on working in partnership with management teams and investing for future competitiveness and growth. The Firm's sponsored funds include KKR Private Equity Investors, L.P. (Euronext Amsterdam: KPE), a permanent capital fund that invests in KKR-identified investments; and two credit strategy funds, KKR Financial and the KKR Strategic Capital Funds, which make investments in debt transactions. KKR has offices in New York, Menlo Park, San Francisco, London, Paris, Hong Kong, and Tokyo.

Our principal executive offices are located at 6200 S. Quebec Street, Greenwood Village, CO 80111. The telephone number of our principal executive offices is (303) 967-8000. Our Internet address is *http://www.firstdata.com*. Information on our web site does not constitute part of this prospectus.

The Exchange Offer

On October 24, 2007, First Data issued in a private offering $2,200,000,000 aggregate principal amount of 9 7/8% senior notes due 2015.

General	In connection with the private offering, First Data and the guarantors of the outstanding notes entered into a registration rights agreement with the initial purchasers pursuant to which they agreed, among other things, to deliver this prospectus to you and to complete the exchange offer within 360 days after the date of original issuance of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes which are identical in all material respects to the outstanding notes except: the exchange notes have been registered under the Securities Act; the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and the additional interest provisions of the registration rights agreement are not applicable.
The Exchange Offer	First Data is offering to exchange $2,200,000,000 aggregate principal amount of 9 7/8% senior notes due 2015. You may only exchange outstanding notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
Resale	Based on an interpretation by the staff of the Securities and Exchange Commission (the "SEC") set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by you (unless you are our "affiliate" within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that: you are acquiring the exchange notes in the ordinary course of your business; and you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes. If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any resale of the exchange notes. See "Plan of Distribution."

	Any holder of outstanding notes who: - is our affiliate; - does not acquire exchange notes in the ordinary course of its business; or - tenders its outstanding notes in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes cannot rely on the position of the staff of the SEC enunciated in *Morgan Stanley & Co. Incorporated* (available June 5, 1991) and *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in *Shearman & Sterling* (available July 2, 1993), or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.
Expiration Date	The exchange offer will expire at 11:59 p.m., New York City time, on , 2008, unless extended by First Data. First Data currently does not intend to extend the expiration date.
Withdrawal	You may withdraw the tender of your outstanding notes at any time prior to the expiration of the exchange offer. First Data will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	Each exchange offer is subject to customary conditions, which First Data may waive. See "The Exchange Offer Conditions to the Exchange Offer."
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offer, you must complete, sign and date the applicable accompanying letter of transmittal, or a facsimile of such letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of such letter of transmittal, together with your outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.

	If you hold outstanding notes through The Depository Trust Company ("DTC") and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things: you are not our "affiliate" within the meaning of Rule 405 under the Securities Act; you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; you are acquiring the exchange notes in the ordinary course of your business; and if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities, you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender those outstanding notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.
Guaranteed Delivery Procedures	If you wish to tender your outstanding notes and your outstanding notes are not immediately available, or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents, or you cannot comply with the procedures under DTC's Automated Tender Offer Program for transfer of book-entry interests prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer Guaranteed Delivery Procedures."

Effect on Holders of Outstanding Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered outstanding notes pursuant to the terms of the exchange offer, First Data and the guarantors of the notes will have fulfilled a covenant under the registration rights agreement. Accordingly, there will be no increase in the applicable interest rate on the outstanding notes under the circumstances described in the registration rights agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the indenture, except First Data and the guarantors of the notes will not have any further obligation to you to provide for the exchange and registration of untendered outstanding notes under the registration rights agreement. To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes that are not so tendered and accepted could be adversely affected.
Consequences of Failure to Exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, First Data and the guarantors of the notes do not currently anticipate that they will register the outstanding notes under the Securities Act.
Certain United States Federal Income Tax Consequences	The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences."
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. See "Use of Proceeds."
Exchange Agent	Wells Fargo Bank, National Association is the exchange agent for the exchange offer. The addresses and telephone numbers of the exchange agent are set forth in the section captioned "The Exchange Offer Exchange Agent."

The Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this prospectus contains more detailed descriptions of the terms and conditions of the outstanding notes and exchange notes. The exchange notes will have terms identical in all material respects to the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations in the registration rights agreement.

Issuer	First Data Corporation
Securities Offered	$2,200,000,000 aggregate principal amount of $9^7/_8$% senior notes due 2015.
Maturity Date	The exchange notes will mature on September 24, 2015.
Interest Rate	Interest on the exchange notes will be payable in cash and will accrue at a rate of $9^7/_8$% per annum.
Interest Payment Dates	We will pay interest on the exchange notes on March 31 and September 30. Interest began to accrue from the issue date of the notes.
Ranking	The exchange notes will be unsecured senior obligations and will:

- rank equal in right of payment with all of our existing and future senior indebtedness, including under our senior cash-pay unsecured interim credit facility and senior PIK unsecured interim credit facility and any senior cash-pay notes or senior PIK notes issued in exchange therefor (together, the "senior unsecured debt"), each of which is scheduled to mature in 2015;
- rank senior in right of payment to all existing and future subordinated indebtedness, including under our senior subordinated unsecured interim credit facility (the "senior subordinated unsecured debt" and collectively, with the senior unsecured debt, the "unsecured debt"), which is scheduled to mature in 2016;
- be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and our guarantors' obligations under the senior secured credit facilities (including any future obligations thereto); and
- be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries).

As of June 30, 2008, on a pro forma basis after giving effect to the exchange offer (1) the exchange notes and related guarantees would have ranked effectively junior to approximately $12,951.3 million of senior secured indebtedness under our senior secured credit facilities and $195.0 million of other secured debt, which represents capital leases, (2) the exchange notes and related guarantees would have ranked effectively junior to $7,500.0 million notional of floating rate

to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility as well as €91.1 million and $115.0 million Australian dollars notional, respectively, of cross currency swaps that serve as net investment hedges; these derivative instruments are pari passu with the senior secured indebtedness and represented a negative mark to market (liability) of $217.9 million as of June 30, 2008 and (3) we would have had an additional $1,870.0 million of available capacity under our senior secured revolving credit facility (without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008). In addition, we have lines of credit, available solely for settlement funding except as otherwise noted, associated with:

- First Data Deutschland, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008), of which approximately US$131.7 million was available for borrowings as of June 30, 2008;
- Cashcard Australia, Ltd., which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008), of which US$87.2 million was available for borrowings as of June 30, 2008; and
- First Data Polska, the maximum amount available, which varies for peak needs during the year, which totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008), all of which was available for borrowings as of June 30, 2008.
- Our joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, which totaled committed lines of credit of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes and of which US$175.9 million was available for borrowings as of June 30, 2008.

Our Merchant Solutions joint venture partner funds settlement activity on behalf of the joint venture in accordance with the joint venture's operating agreement and on an uncommitted basis. The joint venture, which is consolidated by us, had $64.8 million outstanding under this agreement as of June 30, 2008.

Guarantees

The exchange notes will be jointly and severally and fully and unconditionally guaranteed on a senior basis by each of our direct and indirect wholly owned domestic subsidiaries that guarantees the senior secured credit facilities. Each of the guarantees of the senior notes will be a general senior obligation of each guarantor and will:

- rank senior in right of payment to all existing and future subordinated indebtedness of the guarantor subsidiary, including their guarantees under our senior subordinated unsecured debt;

	rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiary, including their guarantees under our senior unsecured debt; be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and the guarantors' obligations under the senior secured credit facilities (including any future obligations thereto); and be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of any subsidiary of a guarantor that is not also a guarantor of the notes. Any guarantee of the exchange notes will be released in the event such guarantee is released under the senior secured credit facilities. Our non-guarantor subsidiaries accounted for approximately $1,163.1 million, or 26.9%, of our consolidated revenue for the six months ended June 30, 2008, and approximately $9,962.0 million, or 29.1%, of our total assets excluding settlement assets, and approximately $771.6 million, or 2.8%, of our total liabilities excluding settlement liabilities, in each case as of June 30, 2008.
Optional Redemption	We may redeem the exchange notes, in whole or in part, at any time prior to September 30, 2011, at a price equal to 100% of the principal amount of the exchange notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium," as described under "Description of Notes Optional Redemption." We may redeem the exchange notes, in whole or in part, on or after September 30, 2011, at the redemption prices set forth under "Description of Notes Optional Redemption." Additionally, from time to time on or before September 30, 2010, we may choose to redeem up to 35% of the principal amount of each of the exchange notes with the proceeds from one or more public equity offerings at the redemption prices set forth under "Description of Notes Optional Redemption."
Change of Control Offer	Upon the occurrence of a change of control, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. See "Description of Notes Repurchase at the Option of Holders Change of Control."
Asset Sale Proceeds Offer	Upon the occurrence of a non-ordinary course asset sale, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 100% of their face amount, plus accrued and unpaid interest to the repurchase date. See "Description of Notes Repurchase at the Option of Holders Change of Control."

Certain Covenants	The indenture governing the exchange notes contains covenants limiting our ability and the ability of our restricted subsidiaries to: incur additional debt or issue certain preferred shares; pay dividends on or make other distributions in respect of our capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; enter into certain transactions with our affiliates; and designate our subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of important limitations and exceptions. See "Description of Notes."
Voting	The exchange notes will be treated along with certain other senior unsecured debt of First Data as a single class for voting purposes and consent by the holders of the exchange notes will not be sufficient by itself to take any action requiring majority consent or the action of holders of at least 30% of the debt entitled to vote unless, in the case of the latter, at least 91.2% of the holders of the exchange notes as of June 30, 2008, consent to such action.
Original Issue Discount	Because the "stated redemption price at maturity" of the exchange notes exceeds their "issue price" by more than the statutory de minimis threshold, the exchange notes will be treated as having been issued with original issue discount for United States federal income tax purposes. A U.S. holder (as defined in "Certain United States Federal Income Tax Consequences") of an exchange note will be required to include such original issue discount in gross income as it accrues, in advance of the receipt of cash attributable to that income and regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences" for more detail.
No Prior Market	The exchange notes will be freely transferable but will be new securities for which there will not initially be a market. Accordingly, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any such market that may develop. The initial purchasers in the private offering of the outstanding notes have informed us that they currently intend to make a market in the exchange notes; however, they are not obligated to do so, and they may discontinue any such market-making activities at any time without notice.

You should consider carefully all of the information set forth in this prospectus prior to exchanging your outstanding notes. In particular, we urge you to consider carefully the factors set forth under the heading "Risk Factors."

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before deciding to tender your outstanding notes in the exchange offer. Any of the following risks could materially and adversely affect our business, financial condition, operating results or cash flow; however, the following risks are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial also may materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the exchange notes could decline or we may not be able to make payments of interest and principal on the exchange notes, and you may lose all or part of your original investment.

Risks Related to the Exchange Offer

There may be adverse consequences if you do not exchange your outstanding notes.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, you will continue to be subject to restrictions on transfer of your outstanding notes as set forth in the offering memorandum distributed in connection with the private offering of the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. You should refer to "Prospectus Summary The Exchange Offer" and "The Exchange Offer" for information about how to tender your outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the outstanding amount of the outstanding notes, which may have an adverse effect upon, and increase the volatility of, the market prices of the outstanding notes due to a reduction in liquidity.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the exchange notes.

We are offering the exchange notes to the holders of the outstanding notes. The outstanding notes were offered and sold in October 2007 to institutional investors and are eligible for trading in the PORTAL market.

We do not intend to apply for a listing of the exchange notes on a securities exchange or on any automated dealer quotation system. There is currently no established market for the exchange notes, and we cannot assure you as to the liquidity of markets that may develop for the exchange notes, your ability to sell the exchange notes or the price at which you would be able to sell the exchange notes. If such markets were to exist, the exchange notes could trade at prices that may be lower than their principal amount or purchase price depending on many factors, including prevailing interest rates, the market for similar notes, our financial and operating performance and other factors. The initial purchasers in the private offering of the outstanding notes have advised us that they currently intend to make a market with respect to the exchange notes. However, these initial purchasers are not obligated to do so, and any market making with respect to the exchange notes may be discontinued at any time without notice. In addition, such market making activity may be limited during the pendency of the exchange offer or the effectiveness of a shelf registration statement in lieu thereof. Therefore, we cannot assure you that an active market for the exchange notes will develop or, if developed, that it will continue. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the exchange notes may experience similar disruptions and any such disruptions may adversely affect the prices at which you may sell your exchange notes.

Certain persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1983), we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under "Plan of Distribution," certain holders of exchange notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the exchange notes. If such a holder transfers any exchange notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, such a holder may incur liability under the Securities Act. We do not and will not assume, or indemnify such a holder against, this liability.

Risks Related to Our Indebtedness

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the notes.

We are highly leveraged. The following chart shows our level of indebtedness and certain other information as of June 30, 2008.

	(in millions)
Senior secured credit facilities(1)	
Revolving credit facility	$ 130.0
Term loan facility	12,821.3
Senior cash-pay notes due 2015	2,200.0
Senior cash-pay unsecured interim credit facility(2)	1,550.0
Senior PIK unsecured interim credit facility(2)	2,941.2
Senior subordinated unsecured interim credit facility(2)	2,500.0
Capital lease obligations and other debt(3)	678.1
Total	$ 22,820.6

(1) Upon the closing of the Transactions, we entered into senior secured credit facilities, consisting of (a) a $2,000.0 million senior secured revolving credit facility with a six-year maturity, $200.0 million of which was drawn on the closing date of the Transactions to fund costs related to the Transactions and $130.0 million of which was outstanding as of June 30, 2008 (without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008) and (b) a $13,000.0 million senior secured term loan facility with a seven year maturity, approximately $1,000.0 million of which was available in euros, $12,775.0 million of which was drawn on the date of the closing of the Transactions. A portion of the term loan facility in the amount of $225.0 million, which is approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offers for such notes, remained available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the Previously Existing Notes are repaid (of which approximately $25.6 million and $68.1 million was drawn on December 24, 2007 and August 1, 2008, respectively, when certain Previously Existing Notes were repaid). The principal balance of the term loan facility was $12,821.3 as of June 30, 2008 and is net of quarterly installment payments of 1% annual principal amortization of the original funded principal amount and also reflects the foreign exchange impact of the euro-demoninated portion as well as the aforementioned delayed term loan draw executed prior to June 30, 2008. See "Description of Other Indebtedness Senior Secured Credit Facilities."

(2) The $1,550.0 million senior cash-pay unsecured interim credit facility and the $2,941.2 million senior PIK unsecured interim credit facility are scheduled to mature on September 24, 2015. The senior PIK unsecured interim credit facility balance has increased from inception balance of $2,750.0 million due to the "payment" of accrued interest through June 30, 2008. The $2,500.0 million senior subordinated unsecured interim credit facility is scheduled to mature on March 31, 2016.

(3) Consists primarily of $177.4 million of Previously Existing Notes not repaid as part of the tender offer or the subsequent repayment in December 2007 and remaining outstanding as of June 30, 2008 (net of unamortized portion of purchase price adjustments to reflect debt at fair market value effective with the Merger), $195.0 million of capital lease obligations, $237.2 million of borrowings outstanding against lines of credit associated with our non-guarantor subsidiaries and $64.8 million of settlement activity funding provided by our joint venture partner, in accordance with the joint venture's operating agreement and on an uncommitted basis, in connection with our Merchant Solutions joint venture which we consolidate. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008), US$119.3 million of which was outstanding as of June 30, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008), US$66.8 million of which was outstanding as of June 30, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under the facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008), with no amount outstanding as of June 30, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes, US$51.1 million of which was outstanding as of June 30, 2008.

Our high degree of leverage could have important consequences for you, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under our senior secured credit facilities, will be at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make unintended divestitures;
- making it more difficult for us to obtain network sponsorship and clearing services from financial institutions as a result of our increased leverage;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Increase in interest rates may negatively impact our operating results and financial condition.

Certain of our borrowings, including borrowings under our senior secured credit facilities, to the extent the interest rate is not fixed by an interest rate swap, are at variable rates of interest. An increase in interest rates would have a negative impact on our results of operations by causing an increase in interest expense.

At June 30, 2008, we had $12,951.3 million aggregate principal amount of variable rate indebtedness under our senior secured credit facilities. A 100 basis point increase in such rates would increase our annual interest expense by approximately $129.5 million. At June 30, 2008 and currently,

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we have interest rate swaps that fix the interest rate on $7.5 billion in notional amount of this variable rate indebtedness thus reducing the impact of a 100 basis point increase in rates to $54.5 million.

Our pro forma cash interest expense, net for the year ended December 31, 2007 was $1,669.5 million.

Despite our high indebtedness level, we and our subsidiaries still may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture governing the notes (including the exchange notes), the indenture governing the senior PIK notes of Holdings, the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, and our senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition to the $1,870.0 million (which reflects $130.0 million drawings as of June 30, 2008 but without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008) which will be available to us for borrowing under the revolving credit facility, the terms of the senior secured credit agreement will enable us to increase the amount available under the term loan and revolving credit facilities by up to an aggregate of $1,500.0 million if we are to obtain loan commitments from banks. In addition, under our senior unsecured PIK indebtedness, we will pay interest by increasing the principal amount of the outstanding indebtedness until September 30, 2011, which will increase our debt by the amount of any such interest. In addition, we have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008), of which approximately US$131.7 million was available for borrowings as of June 30, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008), US$87.2 million of which was available for borrowings as of June 30, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008), all of which was available for borrowings as of June 30, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes, US$175.9 million of which was available for borrowing as of June 30, 2008. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we will face would increase. In addition, the indenture governing the notes will not prevent us from incurring obligations that do not constitute indebtedness under the indenture.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The indenture governing the notes (including the exchange notes), the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, the indenture governing the senior PIK notes of Holdings and the agreement governing our senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;

- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions and, in the case of the revolving credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under our senior secured credit facilities, the lenders could elect to declare all amounts outstanding under our senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under our senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under our senior secured credit facilities. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, we may not have sufficient assets to repay our senior secured credit facilities as well as our unsecured indebtedness, including the notes. See "Description of Other Indebtedness."

Risks Related to Our Business

The ability to adopt technology to changing industry and customer needs or trends may affect our competitiveness or demand for our products, which may adversely affect our operating results.

Changes in technology may limit the competitiveness of and demand for our services. Our businesses operate in industries that are subject to technological advancements, developing industry standards and changing customer needs and preferences. Also, our customers continue to adopt new technology for business and personal uses. We must anticipate and respond to these industry and customer changes in order to remain competitive within our relative markets.

For example, the ability to adopt technological advancements surrounding POS technology available to merchants could have an impact on our International and Merchant Services business. Our inability to respond to new competitors and technological advancements could impact all of our businesses.

Changes in credit card association or other network rules or standards could adversely affect our business.

In order to provide our transaction processing services, several of our subsidiaries are registered with Visa and MasterCard and other networks as members or service providers for member institutions. As such, we and many of our customers are subject to card association and network rules that could subject us or our customers to a variety of fines or penalties that may be levied by the card associations or networks for certain acts or omissions by us, acquirer customers, processing customers and merchants. Visa, MasterCard and other networks, some of which are our competitors, set the standards with which we must comply. The termination of our member registration or our status as a certified service provider, or any changes in card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to or through our customers, could have an adverse effect on our business, operating results and financial condition.

Changes in card association and debit network fees or products could increase costs or otherwise limit our operations.

From time to time, card associations and debit networks increase the organization and/or processing fees (known as interchange fees) that they charge. It is possible that competitive pressures will result in us absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin and adversely affect our business, operating results and financial condition. Furthermore, the rules and regulations of the various card associations and networks prescribe certain capital requirements. Any increase in the capital level required would further limit our use of capital for other purposes.

First Data is the subject of various legal proceedings which could have a material adverse effect on our revenue and profitability.

We are involved in various litigation matters. We are also involved in or are the subject of governmental or regulatory agency inquiries or investigations from time to time. If we are unsuccessful in our defense in the litigation matters, or any other legal proceeding, we may be forced to pay damages or fines and/or change our business practices, any of which could have a material adverse effect on our revenue and profitability. For more information about our legal proceedings, see "Business Legal Proceedings."

Our business may be adversely affected by risks associated with foreign operations.

We are subject to risks related to the changes in currency rates as a result of our investments in foreign operations and from revenues generated in currencies other than the U.S. dollar. Revenue and profit generated by international operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. From time to time, we utilize foreign currency forward contracts or other derivative instruments to mitigate the cash flow or market value risks associated with foreign currency denominated transactions. However, these hedge contracts may not eliminate all of the risks related to foreign currency translation. Furthermore, we may become subject to exchange control regulations that might restrict or prohibit the conversion of our other revenue currencies into U.S. dollars. The occurrence of any of these factors could decrease the value of revenues we receive from our international operations and have a material adverse impact on our business.

Future consolidation of client financial institutions or other client groups may adversely affect our financial condition.

We have experienced the negative impact of the bank industry consolidation in recent years. Bank industry consolidation impacts existing and potential clients in our service areas, primarily in Financial Services and Merchant Services. Our alliance strategy could be negatively impacted as a result of consolidations, especially where the banks involved are committed to their internal merchant processing businesses that compete with us. Bank consolidation has led to an increasingly concentrated client base in the industry, resulting in a changing client mix for Financial Services as well as increased price compression. Further consolidation in the bank industry or other client base could have a negative impact on us.

Our cost saving plans may not be effective which may adversely affect our financial results.

Our operations strategy includes goals such as data center consolidation, outsourcing labor and reducing corporate overhead expenses and business unit operational expenses. While we have and will continue to implement these strategies, there can be no assurance that we will be able to do so successfully or that we will realize the projected benefits of these and other cost saving plans. If we are

unable to realize these anticipated cost reductions, our financial health may be adversely affected. Moreover, our continued implementation of cost saving plans and facilities integration may disrupt our operations and performance.

Our cost saving plans are based on assumptions that may prove to be inaccurate which may negatively impact our operating results.

We are in the process of consolidating our data centers and command centers in the United States and internationally over the next few years. In addition, we are implementing a technology outsourcing initiative, a cost reduction effort related to overhead spending (including corporate functions and overhead expenses embedded in our segments) and other cost improvement and cost containment programs across all of our business segments. While we expect our cost saving initiatives to result in significant cost savings throughout our organization, our estimated savings are based on several assumptions that may prove to be inaccurate, and as a result we cannot assure you that we will realize these cost savings. The failure to achieve our estimated cost savings would negatively affect our financial condition and results of operations.

We depend, in part, on our merchant relationships and alliances to grow our Merchant Services business. If we are unable to maintain these relationships and alliances, our Merchant Services business may be adversely affected.

Growth in our Merchant Services business is derived primarily from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment and the strength of our alliance partnerships with banks and financial institutions and other third parties.

A substantial portion of our business is conducted through "alliances" with banks and other institutions. Our alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance program, we and a bank or other institution form a joint venture, either contractually or through a separate legal entity. Merchant contracts may be contributed to the venture by us and/or the bank or institution. The banks and other institutions generally provide card association sponsorship, clearing and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other relationship. We provide transaction processing and related functions. Both alliance partners may provide management, sales, marketing, and other administrative services. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner.

We rely on the continuing growth of our merchant relationships, alliances and other distribution channels. There can be no guarantee that this growth will continue. The loss of merchant relationships or alliance and financial institution partners could negatively impact our business and result in a reduction of our revenue and profit.

The early expiration of our alliance with Chase Paymentech may adversely impact us.

Our largest merchant alliance, Chase Paymentech Solutions , a global payments and merchant acquiring entity, is 51% owned by J.P. Morgan, and 49% owned by us. On May 27, 2008, we announced we had reached an agreement with JPMorgan to end the Chase Paymentech joint venture, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will integrate 49% of the joint venture's assets and a portion of the joint

venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. As a result and on a pro forma basis, the expiration would not be expected to have a material impact on historical net income (loss) and our historical reported revenues and expenses would increase. However, expiration of the alliance will result in the loss of JPMorgan branch referrals and access to the JPMorgan brand. Additionally, the wind up of the joint venture will cause us to incur an obligation associated with taxes. Based on preliminary estimates and assumptions this obligation could be in excess of $200 million. A significant portion of this obligation may, however, be recovered through the future amortization of increased tax basis generated by this event. Expiration will also pose the following potential risks:

- loss of certain processing volume over time;
- disruption of the business due to the need to identify and transition to a new financial institution sponsorship and clearing services for the merchants allocated to us; and
- post-expiration competition by JPMorgan,

any of which could have a material adverse effect on our operations and results.

Acquisitions and integrating such acquisitions create certain risks and may affect our operating results.

We have been an active business acquirer both in the United States and internationally, and may continue to be active in the future. The acquisition and integration of businesses involves a number of risks. The core risks are in the areas of valuation (negotiating a fair price for the business based on inherently limited diligence) and integration (managing the complex process of integrating the acquired company's people, products, technology and other assets so as to realize the projected value of the acquired company and the synergies projected to be realized in connection with the acquisition). In addition, international acquisitions often involve additional or increased risks including, for example:

- managing geographically separated organizations, systems and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- complying with foreign regulatory requirements;
- fluctuations in currency exchange rates;
- enforcement of intellectual property rights in some foreign countries;
- difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of these new markets; and
- general economic and political conditions.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with acquisitions and the integration of the two companies' operations could have an adverse effect on our business, results of operations, financial condition or prospects.

Unfavorable resolution of tax contingencies could adversely affect our tax expense.

We have established contingency reserves for material tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. These reserves reflect what we believe to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While we believe that the reserves are adequate to cover

reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost not in excess of any related reserve. An unfavorable resolution, therefore, could negatively impact our results of operations.

Changes in laws, regulations and enforcement activities may adversely affect the products, services and markets in which we operate.

We and our customers are subject to regulations that affect the electronic payments industry in the many countries in which our services are used. In particular, our customers are subject to numerous regulations applicable to banks, financial institutions and card issuers in the United States and abroad, and, consequently, we are at times affected by such federal, state and local regulations. Regulation of the payments industry, including regulations applicable to us and our customers, has increased significantly in recent years. Failure to comply with regulations may result in the suspension or revocation of license or registration, the limitation, suspension or termination of service, and/or the imposition of civil and criminal penalties, including fines which could have an adverse effect on our financial condition. As described in this prospectus, we are subject to U.S. and international financial services regulations, a myriad of consumer protection laws, escheat regulations and privacy and information security regulations to name only a few. Changes to legal rules and regulations, or interpretation or enforcement thereof, could have a negative financial effect on us. In addition, even an inadvertent failure by us to comply with laws and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage our reputation or brands.

There is also increasing scrutiny of a number of credit card practices, from which some of our customers derive significant revenue, by the U.S. Congress and governmental agencies. For example, the Senate Permanent Subcommittee on Investigations has considered the methods used to calculate finance charges and allocate payments received from cardholders, and the methods by which default interest rates, late fees and over-the-credit-limit fees are determined, imposed and disclosed. These investigative efforts and other congressional activity could lead to legislation and/or regulation that could have a material impact on our customers' businesses and our business if implemented. Any such legislative or regulation restrictions on our customers' ability to operate their credit card programs or to price credit freely could result in reduced revenue and increased cost for our customers, reduced amounts of credit available to consumers and, therefore, a potential reduction of our transaction volume and revenues.

We have structured our business in accordance with existing tax laws and interpretations of such laws which have been confirmed through either tax rulings or opinions obtained in various jurisdictions including those related to value added taxes in Europe. Changes in tax laws or their interpretations could decrease the value of revenues we receive and have a material adverse impact on our business.

Failure to protect our intellectual property rights and defend ourselves from potential patent infringement claims may diminish our competitive advantages or restrict us from delivering our services.

Our trademarks, patents and other intellectual property are important to our future success. The STAR trade name is an intellectual property right which is individually material to us. The STAR trade name is widely recognized and is associated with quality and reliable service. Loss of the proprietary use of the STAR trade name or a diminution in the perceived quality associated with this name could harm our growth in the debit network business.

We also rely on proprietary technology. It is possible that others will independently develop the same or similar technology. Assurance of protecting our trade secrets, know-how or other proprietary information cannot be guaranteed. Our patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or

advantage. If we were unable to maintain the proprietary nature of our technologies, we could lose competitive advantages and be materially adversely affected.

The laws of certain foreign countries in which we do business or contemplate doing business in the future do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings could prevent us from selling our services or prevent us from preventing others from selling competing services, and thereby may have a material adverse affect on the business and results of operations. Additionally, claims have been made, are currently pending, and other claims may be made in the future, with regards to our technology infringing on a patent or other intellectual property rights. Unfavorable resolution of these claims could either result in us being restricted from delivering the related service or result in a settlement that could be material to us.

Material breaches in security of our systems may have a significant effect on our business.

The uninterrupted operation of our information systems and the confidentiality of the customer/consumer information that resides on such systems are critical to the successful operations of our business. We have security, backup and recovery systems in place, as well as a business continuity plan to ensure the system will not be inoperable. We also have what we deem sufficient security around the system to prevent unauthorized access to the system. An information breach in the system and loss of confidential information such as credit card numbers and related information could have a longer and more significant impact on the business operations than a hardware failure. The loss of confidential information could result in losing the customers' confidence and thus the loss of their business, as well as imposition of fines and damages.

The ability to recruit, retain and develop qualified personnel is critical to our success and growth.

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory developments that requires a wide ranging set of expertise and intellectual capital. For us to successfully compete and grow, we must retain, recruit and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. In addition, we must develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability.

We also manage our business with a number of key personnel, including the executive officers listed in the "Management" section of this prospectus, only two of whom have employment agreements with us. We cannot assure you that key personnel, including executive officers, will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

Failure to comply with state and federal antitrust requirements could adversely affect our business.

Through our merchant alliances, we hold an ownership interest in several competing merchant acquiring businesses while serving as the electronic processor for those businesses. In order to satisfy state and federal antitrust requirements, we actively maintain an antitrust compliance program. Notwithstanding our compliance program, it is possible that perceived or actual violation of state or federal antitrust requirements could give rise to regulatory enforcement investigations or actions. Regulatory scrutiny of, or regulatory enforcement action in connection with, compliance with state and federal antitrust requirements could have a material adverse effect on our reputation and business.

Global economics, political and other conditions may adversely affect trends in consumer spending, which may adversely impact our revenue and profitability.

The global electronic payments industry depends heavily upon the overall level of consumer, business and government spending. A sustained deterioration in the general economic conditions, particularly in the United States or Europe, or increases in interest rates in key countries in which we operate may adversely affect our financial performance by reducing the number of average purchase amount of transactions involving payment cards. A reduction in the amount of consumer spending could result in a decrease of our revenue and profits.

Specifically, general economic conditions in the United States continue to show signs of weakening. Many of our businesses rely in part on the number and size of consumer transactions which may be challenged by a declining U.S. economy and difficult capital markets. After experiencing a rebound in the early part of 2008 from the slow 2007 holiday spending period, domestic merchant transaction growth has since slowed slightly. This reduction in spending is across a wide range of categories, with discounters showing less of an effect than smaller retailers. Broad slowdowns in consumer spending could have a material adverse impact on future revenues and profits.

The market for our electronic commerce services is evolving and may not continue to develop or grow rapidly enough for us to maintain and increase our profitability.

If the number of electronic commerce transactions does not continue to grow or if consumers or businesses do not continue to adopt our services, it could have a material adverse effect on the profitability of our business, financial condition and results of operations. We believe future growth in the electronic commerce market will be driven by the cost, ease-of-use, and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain our profitability, consumers and businesses must continue to adopt our services.

We may experience breakdowns in our processing systems that could damage customer relations and expose us to liability.

We depend heavily on the reliability of our processing systems in our core business. A system outage or data loss could have a material adverse effect on our business, financial condition and results of operations. Not only would we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Many of our contractual agreements with financial institutions require the payment of penalties if our systems do not meet certain operating standards. To successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include but are not limited to:

- fire;
- natural disaster;
- unauthorized entry;
- power loss;
- telecommunications failure;
- computer viruses;
- terrorist acts; and
- war.

Although we have taken steps to protect against data loss and system failures, there is still risk that we may lose critical data or experience system failures. We perform the vast majority of disaster recovery operations ourselves, though we utilize select third parties for some aspects of recovery, particularly internationally. To the extent we outsource our disaster recovery, we are at risk of the vendor's unresponsiveness in the event of breakdowns in our systems. Furthermore, our property and

business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

We may experience software defects, computer viruses and development delays, which could damage customer relations, decrease our potential profitability and expose us to liability.

Our products are based on sophisticated software and computing systems that often encounter development delays, and the underlying software may contain undetected errors, viruses or defects. Defects in our software products and errors or delays in our processing of electronic transactions could result in:

- additional development costs;
- diversion of technical and other resources from our other development efforts;
- loss of credibility with current or potential customers;
- harm to our reputation; or
- exposure to liability claims.

In addition, we rely on technologies supplied to us by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on our business, financial condition and results of operations. Although we attempt to limit our potential liability for warranty claims through disclaimers in our software documentation and limitation-of-liability provisions in our license and customer agreements, we cannot assure you that these measures will be successful in limiting our liability.

We are subject to the credit risk that our merchants and agents will be unable to satisfy obligations for which we may also be liable.

We are subject to the credit risk of our merchants and agents being unable to satisfy obligations for which we also may be liable. For example, we and our merchant acquiring alliances are contingently liable for transactions originally acquired by us that are disputed by the card holder and charged back to the merchants. If we or the alliance are unable to collect this amount from the merchant, due to the merchant's insolvency or other reasons, we or the alliance will bear the loss for the amount of the refund paid to the cardholder. Also, our subsidiary Integrated Payment Systems potentially may be liable if holders of official checks that it issues are sold by an agent bank which then becomes insolvent, to the extent that such liabilities are not federally insured or otherwise recovered through the receivership process. We have an active program to manage our credit risk and often mitigate our risk by obtaining collateral. Notwithstanding our program for managing our credit risk, it is possible that a default on such obligations by one or more of our merchants or agents could have a material adverse effect on our business.

Risks Related to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply

with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Your right to receive payments on the notes is effectively junior to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

Our obligations under the notes and our guarantors' obligations under their guarantees of the notes will be unsecured, but our obligations under our senior secured credit facilities and each guarantor's obligations under its guarantee of the senior secured credit facilities are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of substantially all of our wholly owned U.S. subsidiaries and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our senior secured credit facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indenture governing the notes at such time. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims in full. See "Description of Other Indebtedness."

As of June 30, 2008, we had $12,951.3 million of senior secured indebtedness, which is indebtedness under our senior secured credit facilities, not including the availability of an additional $1,870.0 million under our revolving credit facility (without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008), $199.4 million under our delayed draw term facility (subsequently reduced to $131.3 million after an additional delayed draw term of $68.1 million on August 1, 2008), up to an additional $1,500.0 million of term loan and revolving credit facilities that we are permitted to obtain under our senior secured credit agreement if we are able to obtain loan commitments from banks, $7,500.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and €91.1 million and $115.0 million Australian dollars, respectively, notional of cross currency swaps that serve as net investment hedges (which represented a negative mark to market (liability) of $217.9 million as of June 30, 2008). The indenture governing the notes will permit us, our subsidiary guarantors and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

Claims of noteholders will be structurally subordinated to claims of creditors of our subsidiaries that do not guarantee the notes.

The notes will not be guaranteed by any of our foreign subsidiaries or certain other subsidiaries, including Integrated Payment Systems Inc. Accordingly, claims of holders of the notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or creditors of us, including the holders of the notes.

Our non-guarantor subsidiaries accounted for approximately $1,163.1 million, or 26.9%, of our consolidated revenue for the six months ended June 30, 2008, and approximately $9,962.0 million, or 29.1%, of our total assets excluding settlement assets, and approximately $771.6 million, or 2.8%, of our total liabilities excluding settlement liabilities, in each case as of June 30, 2008.

In addition, we have lines of credit associated with First Data Deutschland, available solely for settlement purposes, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008), of which approximately US$131.7 million was available for borrowings as of June 30, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., available solely for settlement purposes, which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008), US$87.2 million of which was available for borrowings as of June 30, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008), all of which was available for borrowings as of June 30, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes, US$175.9 million of which was available for borrowing as of June 30, 2008.

The voting interest of the holders of the notes are diluted.

The exchange notes, the outstanding notes, the senior cash-pay unsecured interim credit facility and the senior PIK interim credit facility, including any notes issued to refinance or to be exchanged for the senior unsecured debt, will not be treated as separate classes for voting purposes, but rather as a single class of debt. Consequently, any action requiring the consent of holders of the outstanding principal amount of the notes under the indenture will also require the consent of holders of the senior unsecured debt (including any notes issued to refinance or to be exchanged for the senior unsecured debt), and the individual voting interest of each holder of the exchange notes is accordingly diluted.

Any action requiring a majority consent, such as making certain amendments to the indenture or waiving defaults under the indenture, or the action of holders of at least 30% of the debt entitled to vote, such as declaring certain defaults under the indenture or accelerating the amounts due under the notes, may effectively be accomplished by the holders of the senior unsecured debt whether or not the holders of the exchange notes consent to such action. Furthermore, consent by the holders of the exchange notes will not be sufficient by itself to take any action requiring majority consent or the action of holders of at least 30% of the debt entitled to vote unless, in the case of the latter, at least 91.2% of the holders of the exchange notes as of June 30, 2008, consent to such action.

Repayment of our debt, including the notes, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under the senior secured credit facilities or the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our indebtedness (including covenants in our senior secured credit facilities, the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, and the indenture governing the notes), we could be in default under the terms of the agreements governing such indebtedness, including our senior secured credit facilities, the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, and the indenture governing the notes. In the event of such default,

- the holders of such indebtedness may be able to cause all of our available cash flow to be used to pay such indebtedness and, in any event, could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;

- the lenders under our senior secured credit facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and

- we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior secured credit facilities and unsecured debt to avoid being in default. If we breach our covenants under our senior secured credit facilities or the agreements governing our unsecured debt and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit facilities or the agreements governing our unsecured debt, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of the notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Further, we will be contractually restricted under the terms of our senior secured credit facilities and the agreements governing our senior unsecured debt, including the indentures governing the exchange notes related thereto, from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase the notes unless we are able to refinance or obtain waivers under our senior secured credit facilities and the agreements governing our senior unsecured debt, including the indentures governing the exchange notes related thereto. Our failure to repurchase the notes upon a change of control would cause a default under the indenture governing the notes and a cross default under the senior secured credit facilities and the agreements governing our senior unsecured debt, including the indentures governing the exchange notes related thereto. The senior secured credit facilities also provide that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions.

The lenders under the senior secured credit facilities will have the discretion to release any subsidiary guarantors under the senior secured credit facilities in a variety of circumstances, which will cause those subsidiary guarantors to be released from their guarantees of the notes.

While any obligations under the senior secured credit facilities remain outstanding, any subsidiary guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indenture governing the notes, at the discretion of lenders under the senior secured credit facilities, if the related subsidiary guarantor is no longer a guarantor of obligations under the senior secured credit facilities or any other indebtedness. See "Description of Notes." The lenders under the senior secured credit facilities will have the discretion to release the subsidiary guarantees under the senior secured credit facilities in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of any guarantees of the notes, including the guarantee by the guarantors entered into upon issuance of the notes and subsidiary guarantees (if any) that may be entered into thereafter under the terms of the indenture governing the notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;

- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;

- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay such debts as they mature; or

- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other

debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

Although each guarantee entered into by a subsidiary will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

United States holders may be required to pay United States federal income tax on accrual of original issue discount on the notes

Because the "stated redemption price at maturity" of the notes exceeds their "issue price" by more than the statutory *de minimis* threshold, the notes are treated as having been issued with original issue discount for United States federal income tax purposes. A U.S. holder (as defined in "Certain United States Federal Income Tax Consequences") of a note will be required to include such original issue discount in gross income as it accrues, in advance of the receipt of cash attributable to that income and regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences" for more detail.

The interests of our controlling stockholders may differ from the interests of the holders of the notes.

Affiliates of KKR indirectly own approximately 39.6% of our voting capital stock. Affiliates of KKR are entitled to elect all of our directors, to appoint new management and to approve actions requiring the approval of the holders of our capital stock, including adopting amendments to our certificate of incorporation and approving mergers or sales of substantially all of our assets.

The interests of these persons may differ from yours in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of KKR and its affiliates, as equity holders, might conflict with your interests as a note holder. KKR and its affiliates may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a note holder. Additionally, the indenture governing the notes permit us to pay advisory fees, dividends or make other restricted payments under certain circumstances, and KKR may have an interest in our doing so.

Additionally, KKR is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us. KKR may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects. See "Security Ownership of Certain Beneficial Owners" and "Certain Relationships and Related Party Transactions."

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. Forward looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "projects" or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements we made relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive many of its forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results.

Some of the important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

We caution you that the important factors discussed above may not contain all of the material factors that are important to you. The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

THE TRANSACTIONS

On April 1, 2007, we entered into the Merger Agreement with Acquisition Corp. and Parent. On September 24, 2007, Acquisition Corp. merged with and into First Data with First Data continuing as the surviving corporation. In the Merger, each share of First Data common stock issued and outstanding immediately prior to the effective time of the Merger (other than shares held in treasury, shares owned by any of our wholly owned subsidiaries or by Parent or by Holdings and the shares for which appraisal rights have been properly exercised under Delaware law) was cancelled and converted into the right to receive $34.00 in cash, without interest and less any applicable withholding taxes. Unless otherwise agreed between Parent and the holder thereof, each option to acquire our common stock and each restricted stock award and restricted stock unit representing a share of our common stock, which was outstanding at the effective time of the Merger, whether or not exercisable or vested, was cancelled in exchange for a cash payment, less any applicable tax withholdings. As a result, holders of stock options received cash equal to the intrinsic value of the awards based on a market price of $34.00 per share while holders of restricted stock awards and restricted stock units received $34.00 per share in cash, without interest.

The total amount of funds used to complete the Merger and the related transactions was approximately $29.8 billion, which included approximately $26.2 billion paid to First Data's former stockholders and former holders of other equity-based interests in First Data, with the remaining funds used to refinance certain previously existing indebtedness and to pay customary fees and expenses in connection with the Merger, the financing arrangements and the related transactions.

The sources and uses of the funds for the Transactions are shown in the table below.

Sources of funds:		**Uses of funds:**	
	(Dollars in millions)		
Revolving credit facility(1)	$ 200.0	Merger consideration for shares(6)	$ 26,244.6
Term loan facility(2)	12,775.0	Repayment of Previously Existing Notes and other(7)	2,279.5
Rollover of capital leases and other existing debt(3)	467.8	Rollover of capital leases and other existing debt(3)	467.8
Senior cash-pay unsecured interim credit facility(4)	3,750.0	Fees related to the Transactions(8)	807.1
Senior PIK unsecured interim credit facility(4)	2,750.0	Total Uses	$ 29,799.0
Senior subordinated unsecured interim credit facility(4)	2,500.0		
Total debt issued	$22,442.8		
Equity contribution(5)	7,231.8		
First Data Cash	124.4		
Total Sources	$29,799.0		

(1) Upon the closing of the Transactions, we entered into a $2,000.0 million senior secured revolving credit facility with a six-year maturity, $200.0 million of which was drawn on the closing date of the Transactions to fund costs related to the Transactions.

(2) Upon the closing of the Transactions, we entered into a $13,000.0 million senior secured term loan facility with a seven-year maturity, approximately $1,000.0 million of which was available in euros, $12,775.0 million of which was drawn on the date of the consummation of the Transactions. The remaining $225.0 million portion of the term loan facility, approximately the amount of the Previously Existing Notes (defined below) not tendered and remaining outstanding after consummation of the tender offer for such notes, remains available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the

Previously Existing Notes are repaid (of which approximately $25.6 million and $68.1 million was drawn on December 24, 2007 and August 1, 2008, respectively, when certain Previously Existing Notes were repaid).

(3)

Consisted primarily of $222.1 million of Previously Existing Notes not repaid as part of the tender offer, $170.5 million of capital lease obligations and $71.8 million of borrowings outstanding against lines of credit associated with our non-guarantor subsidiaries. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008). We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008). Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under the facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008). In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes.

(4)

The $3,750.0 million senior cash-pay unsecured interim credit facility and the $2,750.0 million senior PIK unsecured interim credit facility are scheduled to mature on September 24, 2015. The $2,500.0 million senior subordinated unsecured interim credit facility is scheduled to mature on March 31, 2016. $2,200.0 million of the $3,750.0 million senior cash-pay unsecured interim credit facility was subsequently refinanced with our $9^{7}/_{8}$% senior notes due 2015, with respect to which this exchange offer relates.

(5)

Consists of the equity contributions by the Equity Investors and/or their assignees, net of $82.2 million of equity fees paid by Parent, and by Holdings of the $980.0 million of net proceeds from its offering of senior PIK notes. Neither we nor our subsidiaries provide credit support for Holdings' obligations. In addition, certain members of management were subsequently offered an opportunity to make equity investments in Holdings. Such additional equity investments were made by paying cash for shares of Holdings but are not reflected in the sources and uses of funds relating to the Transactions. Through June 30, 2008, approximately 21.3 million shares were issued by Holdings to members of management at $5.00 per share and substantially all proceeds were contributed to us. For a more detailed explanation of the management equity investment, see "Management Equity Investment by Key Employee Participants."

(6)

The holders of outstanding shares of common stock immediately prior to the effective time of the Merger received $34.00 in cash per share in connection with the Transactions. The cost of the stock option, restricted stock and restricted stock units cancellation payment was $720.2 million.

(7)

Represents the amount that was paid to (i) repay Previously Existing Notes in the Transactions plus the associated accrued interest as well as the fees for tendering the existing debt, (ii) terminate interest rate swaps that were used to hedge the exposure to changes in fair value resulting from our Previously Existing Notes that were repaid, (iii) buy out two synthetic operating leases due to change-in-control provisions included in the leases, (iv) buy out a portion of our cross-currency swaps used to hedge net investment in foreign operations due to change-in-control provisions contained in the agreements, and (v) fund the supplemental incentive savings plan (the "SISP") as required by a change in control provision in the SISP. Amounts are as follows (in millions):

Repayment of Previously Existing Notes	$1,961.4
Payment of accrued interest and tender related costs on existing debt	31.3
Cash outlay to terminate interest rate swaps	20.2
Cash outlay to buy out synthetic operating leases	98.0
Cash outlay to buy out cross-currency swaps	85.2
Cash outlay to fund the SISP	83.4
Total repayment of Previously Existing Notes and other	$2,279.5

(8)

Represents transaction fees as follows (in millions):

Deferred financing fees associated with the Transactions(i)	$540.5
Other fees related to the Transactions(ii)	$266.6
Total transaction fees	$807.1

The total amount of transaction fees ultimately incurred may immaterially differ from those presented above based on finalization of billings with all service providers.

(i)

Represents deferred financing fees incurred on the debt issued in connection with the Transactions. Such fees are capitalized and amortized over the related terms of the financings. Included in this amount is $112.5 million, or 1.25%, of the amounts borrowed under the unsecured interim credit facilities with affiliates of the initial purchasers. The terms of the unsecured interim credit facilities provide for the repayment of all or a diminishing portion of the fees, depending upon timing, if the unsecured interim credit facilities are refinanced in one year or less. $2,200.0 million of the $3,750.0 million senior cash-pay unsecured interim credit facility was refinanced with our 9⁷/₈% senior notes due 2015, with respect to which this exchange offer relates. As a result, we have already received refunds of $27.5 million of the $112.5 million reflected in the sources and uses of funds relating to the Transactions. The $85.0 million not refunded will be amortized to operations. Any underwriting or structuring fees incurred in connection with the refinancing of the interim credit facilities will be amortized over the related terms of the financings and are not reflected in the sources and uses of funds relating to the Transactions.

(ii)

Represents the costs we and the sponsor of the Merger incurred directly related to the Transactions, $77.9 million of which was directly expensed by us in the Predecessor and Successor periods, $7.3 million of which was treated as a reduction to equity and $181.4 million of which was treated as an additional component of the purchase price consideration.

As discussed in footnote 7 above and on September 24, 2007, we consummated offers to purchase and consent solicitations with respect to our 6³/₈% Medium-Term Notes due 2007, 3.375% Notes due 2008, 5.8% Medium-Term Notes due 2008, 3.9% Notes due 2009, 4.5% Notes due 2010, 5.625% Notes due 2011, 4.7% Notes due 2013, 4.85% Notes due 2014 and 4.95% Notes due 2015 (collectively, the "Previously Existing Notes"). Of the approximately $2.2 billion aggregate outstanding principal balance on September 24, 2007, approximately $2.0 billion was tendered and repaid by us (unrelated to the Transactions, an additional $25.6 and $68.1 million was repaid by us on December 24, 2007 and August 1, 2008, respectively).

See also "Description of Other Indebtedness."

Ownership and Corporate Structure

The following chart shows a summary of our organizational structure as of June 30, 2008. For further information, please see "The Transactions," "Use of Proceeds," "Capitalization," "Executive Compensation" and "Security Ownership of Certain Beneficial Owners."

(1) Consists of the equity contributions by the Equity Investors and/or their assignees. Net of $82.2 million of equity fees incurred by Parent, $6,251.8 million was contributed to us.

(2) Certain members of management were offered an opportunity to make equity investments in Holdings. Through June 30, 2008, approximately $106 million had been received by Holdings from members of management (none of which is reflected in sources and uses of funds for the Transactions) for which approximately 21.3 million shares were issued at $5.00 per share and substantially all proceeds were contributed to us. For a more detailed explanation of the management equity investment, see "Management Equity Investment by Key Employee Participants."

(3) $1,000 million senior PIK notes of Holdings, net of associated fees, $980 million of which was contributed to us as equity. Neither we nor our subsidiaries provide credit support for Holdings' obligations under its PIK notes. As a result, the senior PIK notes of Holdings are not indebtedness of ours or our subsidiaries.

(4) Upon the closing of the Transactions, we entered into a $13,000.0 million senior secured term loan facility with a seven-year maturity, approximately $1,000.0 million of which was available in euros, $12,775.0 million of which was drawn on the date of the consummation of the Transactions (the principal balance of the facility was $12,821.3 million as of June 30, 2008, including the foreign exchange impact of the euro-denominated portion). The remaining $225.0 million portion of the term loan facility, approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offer for such notes, remains available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the Previously Existing Notes are repaid. In December 2007, approximately $25.6 million was drawn on

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the delayed draw term loan facility when certain Previously Existing Notes were repaid (an additional $68.1 million was drawn subsequent to June 30, 2008 when additional Previously Existing Notes were repaid). In addition, upon the closing of the Transactions, we entered into a $2,000.0 million senior secured revolving credit facility with a six-year maturity (without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008), $200.0 million of which was drawn on the closing date of the Transactions to fund costs related to the Transactions (and $130.0 million of which was outstanding as of June 30, 2008).

(5)

The net proceeds from the offering of the outstanding notes, together with cash on hand, were used to repay $2,200.0 million of our senior cash-pay unsecured interim credit facility. The outstanding notes are fully and unconditionally guaranteed on a senior basis by each subsidiary that guarantees our senior secured credit facilities. The outstanding notes are the subject of this exchange offer.

(6)

The $1,550 million senior cash-pay unsecured interim credit facility and the $2,941.2 million senior PIK unsecured interim credit facility (together, the "senior unsecured debt") are scheduled to mature in 2015. The senior PIK unsecured interim credit facility balance has increased from the inception balance of $2,750.0 million due to the "payment" of accrued interest through June 30, 2008. The $2,500 million senior subordinated unsecured interim credit facility is scheduled to mature in 2016 (the "senior subordinated unsecured debt" and collectively, with the senior unsecured debt, the "unsecured debt").

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes pursuant to the exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes, except that the exchange notes will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations in the registration rights agreement. The outstanding notes surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any change in our capitalization.

CAPITALIZATION

The following table summarizes our cash position and capitalization as of June 30, 2008. This table should be read in conjunction with the information included under the headings "The Transactions," "Use of Proceeds," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2008 (Unaudited)
	(in millions)
Cash and cash equivalents	$ 655.3
Debt(1):	
Senior secured credit facilities:	
Revolving credit facility(2)	$ 130.0
Term loan facility(3)	12,821.3
Existing 9 7/8% senior notes(4)	2,200.0
Senior cash-pay unsecured interim credit facility(5)	1,550.0
Senior PIK unsecured interim credit facility(5)	2,941.2
Senior subordinated unsecured interim credit facility(5)	2,500.0
Previously Existing Notes	177.4
Capital lease obligations	195.0
Other existing debt(6)	305.7
Total debt	22,820.6
Stockholders' equity	6,842.9
Total capitalization	$ 29,663.5

(1) Neither we nor our subsidiaries provide credit support for Holdings' obligations under its $1,000.0 million of senior PIK notes. As a result, the senior PIK notes of Holdings are not indebtedness of ours or our subsidiaries.

(2) Upon the closing of the Transactions, we entered into a $2,000.0 million senior secured revolving credit facility with a six-year maturity, $200.0 million of which was drawn at that time to fund costs related to the Transactions. As of June 30, 2008, $130.0 million was drawn on the facility (without giving effect to approximately $42.0 million of outstanding letters of credit as of June 30, 2008). See "Description of Other Indebtedness Senior Secured Credit Facilities."

(3) Upon the closing of the Transactions, we entered into a $13,000.0 million senior secured term loan facility with a seven year maturity, $1,000.0 million of which was available in euros,

$12,775.0 million of which was drawn on the date of the consummation of the Transactions. A portion of the term loan facility in the amount of $225.0 million, which is approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offers for such notes, remained available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the Previously Existing Notes are repaid (of which approximately $25.6 million and $68.1 million was drawn on December 24, 2007 and August 1, 2008, respectively, when certain Previously Existing Notes were repaid). The term loan facility balance as of June 30, 2008 is net of quarterly installment payments of 1% annual principal amortization of the original funded principal amount and also reflects foreign exchange impact of euro denominated portion of loan, as well as the aforementioned delayed term loan draw executed prior to June 30, 2008.

(4)

The net proceeds from the offering of our existing $9^{7}/_{8}$% senior notes, together with cash on hand, were used to repay $2,200.0 million of our senior cash-pay unsecured interim credit facility. These outstanding notes are the basis for this exchange offer.

(5)

The $1,550.0 million senior cash-pay unsecured interim credit facility and the $2,941.2 million senior PIK unsecured interim credit facility are scheduled to mature on September 24, 2015. The senior PIK unsecured interim credit facility balance has increased from the inception balance of $2,750.0 million due to accrued interest rolled into principal as of scheduled "payment" dates through June 30, 2008. The $2,500.0 million senior subordinated unsecured interim credit facility is scheduled to mature on March 24, 2016.

(6)

Consists of $237.2 million of borrowings outstanding under lines of credit and $68.5 million of miscellaneous notes payable. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$251 million as of June 30, 2008), US$119.3 million of which was outstanding as of June 30, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 160 million Australian dollars (approximately US$154 million as of June 30, 2008), US$66.8 million of which was outstanding as of June 30, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$114 million as of June 30, 2008), with no amount outstanding as of June 30, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$227 million as of June 30, 2008), all but €10 million of which is available solely for settlement activity purposes, US$51.1 million of which was outstanding as of June 30, 2008. Our Merchant Solutions joint venture partner funds settlement activity on behalf of the joint venture in accordance with the joint venture's operating agreement and on an uncommitted basis. The joint venture, which is consolidated by us, had $64.8 million outstanding under this agreement as of June 30, 2008.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

The following unaudited pro forma condensed consolidated statement of operations has been derived from or developed by applying pro forma adjustments to the historical audited consolidated financial statements appearing elsewhere in this prospectus. The unaudited pro forma condensed consolidated statement of operations has been prepared to give effect to the Transactions, the offerings of the outstanding notes and the exchange notes as if they had occurred at January 1, 2007. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma condensed consolidated statement of operations.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. Note that the pro forma adjustments in this unaudited pro forma condensed consolidated statement of operations differ from the pro forma adjustments presented in the 2007 annual financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus since they reflect fee changes associated with amendments to our interim loan agreements as described in "Prospectus Summary Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Loan Agreement Amendments" as well as updated valuation data for purposes of valuing the merger under purchase accounting. The unaudited pro forma condensed consolidated statement of operations is presented for informational purposes only. The unaudited pro forma condensed consolidated statement of operations does not purport to represent what our results of operations would have been had the Transactions, the offerings of the outstanding notes and the exchange notes actually occurred on the date indicated and they do not purport to project the results of operations for any future period. The unaudited pro forma condensed consolidated statement of operations should be read in conjunction with the information contained in "The Transactions," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. All pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated statement of operations.

Although First Data continued as the same legal entity after the Transactions, the financial data is presented for two periods: Predecessor and Successor, which generally relate to the period preceding the Transactions and the period succeeding the Transactions, respectively. "First Data," "the Company," "we," "us" and "our" refers to our operations and our consolidated subsidiaries for both the Predecessor and Successor periods.

The Merger was accounted for using purchase accounting. The final purchase price allocation is dependent on, among other things, the finalization of asset and liability valuations. As of the date of this prospectus, we have not completed the valuation studies necessary to finalize the fair values of the assets acquired, the liabilities assumed, and the related allocation of purchase price. We have allocated the total estimated purchase price to the assets acquired and liabilities assumed based on preliminary valuation data. Any final adjustment to the allocations of purchase price could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed consolidated statement of operations.

As described in "Prospectus Summary Recent Developments"and "Management's Discussion and Analysis of Financial Condition and Results of Operations Significant Subsequent Events" elsewhere in this prospectus, we reached an agreement with JPMorgan to end our joint venture, Chase Paymentech Solutions , of which we own 49% and which is accounted for on the equity method, by the end of 2008. The impact of this expected expiration is not included in the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2007. We do not

expect the expiration to have a material impact on our pro forma loss from continuing operations; however, upon the end of the joint venture, the portion of the alliance's business retained by us will subsequently be accounted for on a consolidated basis throughout our financial statements, including in the consolidated statement of operations. Accordingly, both revenues and expenses will increase. For informational purposes and as disclosed in the Chase Paymentech Solutions combined financial statements included elsewhere in this prospectus, the Chase Paymentech Solutions joint venture reported total combined revenue of $1,286.2 million and combined net income of $582.4 million for the year ended December 31, 2007. Such amounts do not reflect items such as amortization associated with intangible assets resulting from purchase accounting recorded by us.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Historical			
	Predecessor January 1, 2007 through September 24, 2007	Successor September 25, 2007 through December 31, 2007	Pro Forma Adjustments	Pro Forma Year Ended December 31, 2007
	(in millions)			
Revenues:				
Transaction and processing service fees	$ 3,965.9	$ 1,553.3		$ 5,519.2
Investment income, net	(66.9)	(8.2)		(75.1)
Product sales and other	616.4	223.0		839.4
Reimbursable debit network fees, postage and other	1,257.5	510.4		1,767.9
	5,772.9	2,278.5		8,051.4
Expenses:				
Cost of services (exclusive of items shown below)	2,207.3	790.3	$ (114.2)(a)	2,883.4
Cost of products sold	209.2	87.3		296.5
Selling, general and administrative	1,058.8	367.9	(150.1)(b)	1,276.6
Reimbursable debit network fees, postage and other	1,257.5	510.4		1,767.9
Depreciation and amortization	476.4	367.8	382.2 (c)	1,226.4
Other operating expenses(d)	23.3	(0.2)		23.1
	5,232.5	2,123.5	117.9	7,473.9
Operating profit	540.4	155.0	(117.9)	577.5
Interest income	30.8	17.9		48.7
Interest expense	(103.6)	(584.7)	(1,360.1)(e)	(2,048.4)
Other income (expense)	4.9	(74.0)	15.8 (f)	(53.3)
	(67.9)	(640.8)	(1,344.3)	(2,053.0)
Income (loss) before income taxes, minority interest, equity earnings in affiliates and discontinued operations	472.5	(485.8)	(1,462.2)	(1,475.5)
Income tax expense (benefit)	125.8	(176.1)	(595.5)(g)	(645.8)
Minority interest	(105.3)	(39.0)		(144.3)
Equity earnings in affiliates	223.0	46.8	(134.2)(h)	135.6
Income (loss) from continuing operations	$ 464.4	$ (301.9)	$ (1,000.9)	$ (838.4)

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Statement of Operations

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(a)

Adjustment to "Cost of services" consists of the following:

	Year Ended December 31, 2007
	(in millions)
Reverse amortization of prior year service costs and actuarial gains and losses related to defined benefit plans(1)	(3.9)
Reverse costs associated with the accelerated vesting of equity awards(2)	(105.6)
Reverse rent expense related to synthetic leases(3)	(4.7)
Total "Cost of services" adjustments	$ (114.2)

(1) Represents reversal of historical amounts recognized in the consolidated statement of operations related to our defined benefit plans for amortization of prior years service costs and actuarial gains and losses.

(2) Represents stock compensation expense from the accelerated vesting of stock options and restricted stock resulting from the Transactions.

(3) Represents reversal of rent expense recognized related to the buy out of synthetic operating leases as a direct result of the Transactions.

(b)

Reflects pro forma adjustments to recognize expense resulting from the sponsor's management fee. The fee is $20 million annually effective beginning September 25, 2007, subject to an annual 5% escalation thereafter, of which about $5 million was expensed in the fourth quarter of 2007. Also reflects a pro forma adjustment in the year ended December 31, 2007 to reverse Transaction costs of $72.6 million incurred and expensed by us and stock compensation expense of $89.9 million from the accelerated vesting of stock options and restricted stock resulting from the Transactions. Finally, reflects a pro forma adjustment to reverse amortization of prior year service costs and actuarial gains and losses related to defined benefit plans of $2.6 million for the year ended December 31, 2007.

(c)

Adjustment to "Depreciation and amortization" consists of increased other intangible asset amortization expense of $404.1 million and a decrease in fixed asset depreciation expense of $25.5 million (although the total value of the fixed assets increased from the valuation, certain of the depreciable assets had longer lives which resulted in lower annual depreciation) both as the result of valuation adjustments related to purchase accounting on the merger. The adjustment also reflects increased depreciation expense on buildings bought out of synthetic leases of $3.6 million as a direct result of the Transactions. Note that amortization of customer relationships intangible assets are recognized on an accelerated basis and other intangible assets are recognized on a straight-line basis. Based on the preliminary valuation of the intangible assets, amortization was approximately $1,059 million for pro forma 2007 and is projected to be approximately as follows for 2008 through 2012: respectively, $989 million, $910 million, $832 million, $676 million and $588 million.

(d)

Other operating expenses include: restructuring charges, net; impairments; litigation and regulatory settlements; and other.

(e)

Reflects pro forma interest expense resulting from our new capital structure as follows:

		Year Ended December 31, 2007
		(in millions)
Cash interest expense related to new capital structure(1)	$	1,639.5
Other existing debt obligations(2)		30.0
Total cash interest expense		1,669.5
Interest expense on senior unsecured PIK debt(3)		290.1
Amortization of capitalized debt issuances costs and discount on other debt(4)		88.8
Total pro forma interest expense		2,048.4
Less historical interest expense		(688.3)
Net adjustment to interest expense	$	1,360.1

(1)

Reflects interest on $200.0 million outstanding against the senior secured revolving credit facility with a six-year maturity, $12,775.0 million senior secured term loan facility ($1,000.0 million of which was issued in euros) with a seven-year maturity, $1,550.0 million senior cash-pay interim credit facility scheduled to mature on September 24, 2015, $2,500.0 million senior subordinated interim credit facility scheduled to mature on March 31, 2016, and $2,200.0 million of the $9^{7}/_{8}$% senior notes scheduled to mature on September 24, 2015. Also reflects a 0.50% commitment fee on the unutilized portion of the senior secured revolving credit facility ($1,800.0 million) and a 0.75% commitment fee on the undrawn delayed draw term loan facility (an additional available facility in the amount of $225.0 million, which is approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offers for such notes, in the form of a senior secured delayed draw term loan facility, with a seven-year maturity). This delayed draw facility may be drawn as the Previously Existing Notes are repaid (of which approximately $25.6 million was drawn in December 2007 when certain Previously Existing Notes were repaid). The interest amounts reflect the effect of interest rate swaps with a notional amount of $7,500.0 million related to the senior secured term loan facility as if these swaps were effective on January 1, 2007. Interest for the interim credit facilities has been calculated at a rate consistent with the final fixed interest rate per the loan agreement amendment described in "Summary Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Loan Agreement Amendments". Interest for floating rate debt has been calculated based on the effective LIBOR rate as of December 31, 2007.

(2)

Represents interest on existing capital lease obligations and other notes payable, including the Previously Existing Notes that were not repaid as part of the tender offer.

(3)

Reflects PIK interest on $2,750.0 million of senior PIK interim credit facility scheduled to mature on September 24, 2015. Interest has been calculated at a rate consistent with the final fixed interest rate per the loan agreement amendment described in "Summary Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Loan Agreement Amendments". Interest on the senior PIK interim credit facility up to and including September 30, 2011 will be paid entirely by increasing the principal amount of the outstanding senior PIK interim credit facility or by issuing additional senior PIK notes, as applicable ("PIK interest"). Beginning on October 1, 2011, interest will be payable in cash. Note that the actual

principal balance of senior PIK interim credit facility will increase due to incremental accrued interest rolled into principal as of scheduled "payment" dates subsequent to the Transactions. The increasing principal balance will result in higher periodic interest expense than shown in this pro forma adjustment effective with each payment date until interest is paid in cash beginning on October 1, 2011.

(4)

Represents debt issuance fees of $577.6 million associated with the new bank facilities and notes and discount on Previously Existing Notes not tendered amortized over the respective terms of the debt. The debt issuance fees of $577.6 million on the new bank facilities and notes include $102.4 million for a 1.375% to 1.625% structuring fee (depending upon tranche) to be incurred in connection with the Amended Senior Unsecured Interim Loan Agreement and the Amended Senior Subordinated Interim Loan Agreement as described in "Summary Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Significant Subsequent Events". The debt issuance fees of $577.6 million exclude bridge financing fees incurred at the closing of the Merger and amortized through the date of the aforementioned amended loan agreements as they are not considered indicative of long-term ongoing results of operations.

(f)

Represents elimination of debt repayment costs associated with existing debt.

(g)

Represents the tax effect of the pro forma adjustments, calculated at a marginal rate of 37.3% for 2007.

(h)

Represents the amortization of the portion of the preliminary valuation of other intangible assets attributed to equity method investments related to purchase accounting on the Merger.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data of the Predecessor as of December 31, 2006 and for each of the two years in the period ended December 31, 2006 and for the period from January 1, 2007 through September 24, 2007 have been derived from our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. The selected historical consolidated financial data of the Successor as of December 31, 2007 and for the period from September 25, 2007 through December 31, 2007 have been derived from our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. The selected historical consolidated financial data of the Predecessor as of December 31, 2003, 2004 and 2005 presented in this table has been derived from our unaudited consolidated financial statements not included in this prospectus. The selected historical consolidated financial data of the Predecessor for the two years in the period ended December 31, 2004 presented in this table have been derived from unaudited consolidated financial statements not included in this prospectus. The selected historical financial data as of and for the six months ended June 30, 2008 (successor) and as of and for the six months ended June 30, 2007 (predecessor) have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus.

Although First Data continued as the same legal entity after the Transactions, the financial data for 2007 is presented for two periods: Predecessor and Successor, which relate to the period preceding the Transactions and the period succeeding the Transactions, respectively.

The results of operations for any period are not necessarily indicative of the results to be expected for any future period. The selected historical consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

	Predecessor						Successor	
	As of and for the Year Ended December 31,				As of and for the Six Months Ended June 30, 2007	Period from January 1 through September 24, 2007	As of December 31, and period from September 25, through December 31, 2007	As of and for the Six Months Ended June 30, 2008
	2003	2004	2005	2006				
					(in millions)			
Statement of Operations Data:								
Revenues	$ 5,432.7	$ 6,633.4	$ 6,526.1	$ 7,076.4	$ 3,837.0	$ 5,772.9	$ 2,278.5	$ 4,330.8
Expenses:								
Cost of services (exclusive of items shown below)(1)	2,423.8	2,741.9	2,307.2	2,493.3	1,411.7	2,207.3	790.3	1,506.1
Cost of products sold(1)	201.9	223.3	249.6	281.0	139.6	209.2	87.3	154.3
Selling, general and administrative(1)	816.0	1,061.6	1,010.8	1,129.3	625.7	1,058.8	367.9	619.6
Reimbursable debit network fees, postage and other	772.5	1,084.7	1,283.4	1,467.6	841.8	1,257.5	510.4	989.6
Depreciation and amortization(1)			610.0	619.7	321.0	476.4	367.8	657.9
Other operating expenses, net(2)	35.5	120.3	142.6	5.0	21.5	23.3	(0.2)	(0.1)
	4,249.7	5,231.8	5,603.6	5,995.9	3,361.3	5,232.5	2,123.5	3,927.4
Operating profit	1,183.0	1,401.6	922.5	1,080.5	475.7	540.4	155.0	403.4
Interest income	6.7	23.1	12.4	55.5	20.9	30.8	17.9	15.6
Interest expense	(81.6)	(116.4)	(190.9)	(248.0)	(70.4)	(103.6)	(584.7)	(968.8)
Other income (expense)(3)	(69.6)	150.1	145.8	22.6	3.4	4.9	(74.0)	(36.8)
Income (loss) before income taxes, minority interest, equity earnings in affiliates and discontinued operations	1,038.5	1,458.4	889.8	910.6	429.6	472.5	(485.8)	(586.6)
Income tax (benefit) expense	193.6	356.5	188.3	203.7	107.6	125.8	(176.1)	(199.9)
Minority interest	(120.8)	(113.8)	(126.9)	(142.3)	(69.1)	(105.3)	(39.0)	(69.3)
Equity earnings in affiliates	140.5	163.2	232.9	283.1	147.7	223.0	46.8	73.7
Income (loss) from continuing operations	$ 864.6	$ 1,151.3	$ 807.5	$ 847.7	$ 400.6	$ 464.4	$ (301.9)	$ (382.3)
Balance Sheet Data:								
Cash and cash equivalents	$ 779.1	$ 708.4	$ 676.4	$ 1,154.2	$ 924.5		$ 606.5	$ 655.3
Current and long-term settlement assets	14,551.1	14,995.5	16,076.3	19,149.8	17,635.7		18,228.4	13,164.4
Total assets	25,585.6	32,718.8	34,248.5	34,565.8	33,230.6		52,509.3	47,401.2
Total borrowings (including short-term	3,571.9	4,604.3	5,354.6	2,516.2	2,335.1		22,573.8	22,820.6

and current portion of long-term borrowings)								
Total stockholders' equity	4,047.3	8,886.1	8,457.0	10,141.2	10,487.7		6,829.0	6,842.9
Other Financial Data:								
EBITDA(4)	$ 1,627.7	$ 2,257.1	$ 1,863.3	$ 1,944.7	$ 922.7	$ 1,203.2	$ 516.0	$ 1,132.9
Capital expenditures, net(5)	287.9	380.7	327.4	300.1	186.7	399.2	112.7	199.7
Ratio of earnings to fixed charges(6)	9.77	10.93	5.51	4.76	6.87	5.64	0.28	0.41

(1) Effective in 2008, we revised our Statement of Operations presentation to begin presenting Depreciation and amortization as a separate component of Expenses rather than including it in Cost of services, Cost of products sold and Selling, general and administrative, respectively. The years ended December 31, 2006 and 2005, the period from January 1 through

September 24, 2007, the period from September 25 through December 31, 2007, and the six months ended June 30, 2007 have been conformed to this presentation. The years ended December 31, 2004 and 2003 have not been so conformed as the information is not currently available.

(2) Other operating expenses, net include: restructuring, net; impairments; litigation and regulatory settlements; and other.

(3) Other income (expense) includes: investment gains and (losses); derivative financial instruments gains and (losses); divestitures, net; debt repayment gains and (losses); and non-operating foreign currency gains and (losses).

(4) EBITDA, a measure used by management to measure performance, is defined as income (loss) from continuing operations plus net interest expense, income tax (benefit) expense, depreciation and amortization. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to income from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Management believes EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. In addition, EBITDA will provide more comparability between the historical results and results that reflect purchase accounting and the new capital structure. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, these presentations of EBITDA may not be comparable to other similarly titled measures of other companies.

EBITDA is calculated as follows:

	Predecessor						Successor	
	For the Year Ended December 31,				For the Six Months Ended June 30,	For January 1 through September 24,	For September 25, through December 31,	For the Six Months Ended June 30,
	2003	2004	2005	2006	2007	2007	2007	2008
Income (loss) from continuing operations	$ 864.6	$ 1,151.3	$ 807.5	$ 847.7	$ 400.6	$ 464.4	$ (301.9)	$ (382.3)
Interest expense, net	74.9	93.3	178.5	192.5	49.5	72.8	566.8	953.2
Income tax (benefit) expense	193.6	356.5	188.3	203.7	107.6	125.8	(176.1)	(199.9)
Depreciation and amortization(a)	494.6	656.0	689.0	700.8	365.0	540.2	427.2	761.9
EBITDA	$ 1,627.7	$ 2,257.1	$ 1,863.3	$ 1,944.7	$ 922.7	$ 1,203.2	$ 516.0	$ 1,132.9

(a) Depreciation and amortization includes amortization of pre-payments on customer contracts which is recorded as a contra-revenue, amortization related to equity method investments which is netted with Equity earnings in affiliates and all other depreciation and amortization which is classified within Expenses in the Consolidated Statements of Operations.

(5) Capital expenditures represent net cash paid for property and equipment as well as payments to secure customer service contracts, including outlays for conversion and capitalized systems development costs.

(6) For purposes of computing the ratio of earnings to fixed charges, fixed charges consist of interest on debt, amortization of deferred financing costs and a portion of rentals determined to be representative of interest. Fixed charges do not include interest on income tax liabilities. Earnings consist of income before income taxes plus fixed charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations covers periods prior to and following the consummation of the Transactions. The discussion and analysis of historical periods prior to the consummation of the Transactions does not reflect the significant impact that the Transactions have had and will have on us, including significantly increased leverage and liquidity requirements. You should read the following discussion of our results of operations and financial condition with the "Unaudited Pro Forma Condensed Consolidated Statement of Operations," "Selected Historical Consolidated Financial Data" and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements.

You also should read the following discussion of our results of operations and financial condition with "Business" for a discussion of certain of our important financial policies and objectives; performance measures and operational factors we use to evaluate our financial condition and operating performance; and our business segments.

Overview

First Data, with headquarters in Greenwood Village, Colorado, is a provider of electronic commerce providing services that include merchant transaction processing and acquiring services; credit, retail and debit card issuing and processing services; prepaid card services; official check issuance; and check verification, settlement and guarantee services.

To achieve our financial objectives, we focus on internal revenue growth and, to a lesser extent subsequent to the Merger noted below, growth through acquisitions. Internal growth is achieved through building our consumer brands, the development of new technologies and payment methods, focused sales force efforts and entering into new and strengthening existing alliance partner relationships. Internal growth also is driven through increased demand through growth of clients and partners. We have long-standing relationships and long-term contracts with these clients and partners. The length of the contracts varies across our business units, but the majority are for multiple years.

Segment Realignment

A new Chief Executive Officer, our chief operating decision maker ("CODM"), was appointed as a result of the Merger. In connection with this change in leadership, changes were made to our senior management and organization of the business. Effective January 1, 2008, our new Chief Executive Officer began making strategic and operating decisions with regards to assessing performance and allocating resources based on a new segment structure. Segment results for 2007, 2006 and 2005 have been adjusted to reflect the new structure. We now operate in five business segments: Merchant Services, Financial Services, International, Prepaid Services and Integrated Payment Systems. A summary of the new segments follows:

> The Merchant Services segment is comprised of businesses that provide services which facilitate the merchants' ability to accept credit, debit, stored-value and loyalty cards. The segment's processing services include authorization, transaction capture, settlement, chargeback handling, and internet-based transaction processing. Merchant Services also provide point-of-sale ("POS") devices and other equipment necessary to capture merchant transactions. A majority of these services are offered to the merchants through joint ventures or other alliance arrangements primarily with financial institutions and pertain to transactions in which consumer payments to merchants are made through a card association (such as Visa or MasterCard), a debit network, or another payment network (such as Discover).

The Financial Services segment provides issuer card and network solutions and payment management solutions for point of sale and recurring bill payments. Issuer card and network solutions include credit and retail card processing, debit card processing and network services (including the STAR Network), and output services for financial institutions and other organizations offering credit cards, debit cards and retail private label cards to consumers and businesses to manage customer accounts. Payment management solutions include check verification, settlement and guarantee services (provided by TeleCheck) and other payment options that support merchants and online retailers, businesses, and government agencies. The segment's largest components of revenue consist of fees for account management, transaction authorization and posting, network switching, check acceptance and warranty, as well as reimbursable postage.

The International segment is comprised of businesses that provide the following services outside of the United States: credit, retail, debit and prepaid card processing; merchant acquiring and processing; ATM and POS processing, driving, acquiring and switching services; and card processing software. The largest components of the segment's revenue are fees for facilitating the merchants' ability to accept credit, retail and debit cards by authorizing, capturing, and settling merchants' credit, retail, debit, stored-value and loyalty card transactions as well as for transaction authorization and posting, network switching and account management.

The Prepaid Services segment consists of businesses that provide a wide range of open and closed loop stored-value products and processing services. The closed loop operations comprise the largest component of the segment's revenue, providing gift card processing services to large national merchants as well as fleet services to trucking companies. The open loop products are the fastest growing component of the segment driven primarily by employers' adoption of the Money Network payroll product.

The Integrated Payment Systems segment's operations involve the issuance of official checks and money orders by agents which are typically banks or other financial institutions. Official checks serve as an alternative to a bank's own disbursement items such as cashiers or bank checks. Revenue is principally earned on invested funds which are pending settlement.

Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") excludes the accounts of Parent and Holdings (both defined in "Basis of Presentation" above) described in the Merger discussion below. Post merger, First Data continued as the surviving corporation and our Consolidated Financial Statements included elsewhere in this prospectus are presented for two periods for 2007: predecessor and successor, which primarily relate to the period preceding the Merger and the period succeeding the Merger, respectively. Note that the successor period also contains the results of Acquisition Corp. (defined in "Basis of Presentation" above) operations from March 29, 2007 (formation date) to September 24, 2007. Acquisition Corp. had no assets, liabilities or results of operations other than those related to two forward starting contingent interest rate swaps entered into prior to consummation of the Merger that were entered into to hedge a portion of the debt incurred to finance the Merger.

The discussion in this MD&A is presented with the predecessor and successor periods for 2007 and on a pro forma basis for the full year 2007. We believe that the discussion on a pro forma basis allows the 2007 results of operations to be analyzed on a more comparable basis to 2006. See the 2007 pro forma Condensed Consolidated Statements of Operations and segment results below. Note that there were no adjustments in the calculation of pro forma revenue and the most significant pro forma adjustments in the calculation of pro forma expense pertained to amortization of the valued intangibles and interest expense on the merger-related debt.

Our Consolidated Balance Sheet presentation has historically been unclassified due to the short-term nature of our settlement obligations contrasted with our ability to invest cash awaiting settlement in long-term investment securities. During 2007, we repositioned the majority of our investment portfolio associated with cash awaiting settlement from long-term investments to short-term investments. As a result of the repositioning of the portfolio such that a majority of the settlement assets and all settlement liabilities are short-term, we have changed to a classified balance sheet. The Consolidated Balance Sheets as of December 31, 2007 and 2006 as well as June 30, 2007 have been revised to conform to this presentation.

In connection with the segment realignment described above, we also reclassified certain Transaction and processing service fee revenue components in the Consolidated Statements of Operations, primarily the prepaid business from "Merchant related services" to "Other services" and the debit network business from "Merchants related services" to "Card services" for the years ended December 31, 2007, 2006 and 2005 and for the three and six months ended June 30, 2007. Additionally, consolidated expenses for the years ended December 31, 2007, 2006 and 2005 and for the three and six months ended June 30, 2007 have been adjusted to present certain depreciation and amortization amounts as a separate component of Expenses.

Financial Summary for the Three and Six Months Ended June 30, 2008

Significant financial and other measures for the three and six months ended June 30, 2008 included:

Total revenues increased 10% and 13% for the three and six month periods in 2008 in comparison to the same periods in 2007, with Merchant Services segment revenue growing 8% and 9%, Financial Services segment revenue decreasing 1% for the three month period and remaining flat for the six month period, and International segment revenue growing 20% and 21% for the same periods, respectively.

During the three and six months ended June 30, 2008 compared to the same periods in 2007, domestic merchant transactions increased 11% to 7.0 billion and 11% to 13.5 billion, respectively; domestic debit issuer transactions increased 3% to 3.1 billion and 3% to 5.9 billion, respectively; and international transactions increased 23% to 1.6 billion and 18% to 3.1 billion, respectively.

Operating profit for the three and six months ended June 30, 2008 decreased 26% and 15% from the same periods in the prior year due to increased depreciation and amortization principally as the result of merger-related purchase accounting and benefited from increased net investment income among other items.

Net losses of $160.6 million and $382.3 million were generated for the three and six months ended June 30, 2008, respectively, compared to net income of $228.9 million and $404.1 million for the same periods in 2007, most significantly impacted by an increase in interest expense of $260.3 million and $563.3 million for the three and six months ended June 30, 2008, respectively, net of tax, primarily driven by debt issued in connection with the Merger. Also contributing to the net losses was an increase in depreciation and amortization of $131.3 million and $248.9 million for the three and six months ended June 30, 2008, respectively, net of tax, primarily

as a result of merger-related purchase accounting offset by increased net investment income among other items.

Financial Summary for the Year Ended December 31, 2007

This financial summary presents comparative information for the year ended December 31, 2007 on a pro forma basis versus the historical results for the year ended December 31, 2006 and the year ended December 31, 2006 compared to the year ended December 31, 2005. The 2007 discussion of

results for the predecessor and successor periods are presented later in this MD&A. We believe the presentation of the 2007 results on a pro forma basis throughout this MD&A is a useful supplement to the historical results as it allows comparative analysis and is generally more indicative of future operations as it comprehends the impact of the Merger discussed below.

Total 2007 pro forma revenues increased 14% compared to historical 2006 and 2006 increased 8% compared to 2005. Merchant Services segment revenue grew 9% for pro forma 2007 compared to historical 2006 and 12% for 2006 compared to 2005. Financial Services segment revenue grew 8% for pro forma 2007 compared to historical 2006 and decreased 1% for 2006 compared to 2005. Lastly, the International segment revenue grew 30% for pro forma 2007 compared to historical 2006 and 38% for 2006 compared to 2005.

For 2007 compared to historical 2006, domestic merchant transactions increased 12% to 25.4 billion; domestic debit issuer transactions increased 10% to 11.7 billion; and international transactions increased 19% to 5.5 billion.

Merger

On April 1, 2007, we entered into the Merger Agreement with Acquisition Corp. and Parent. On September 24, 2007, Acquisition Corp. merged with and into First Data with First Data continuing as the surviving corporation. Parent is controlled by affiliates of KKR or the "sponsor". As of the effective time of the Merger, each issued and outstanding share of common stock of First Data was cancelled and converted into the right to receive $34.00 in cash, without interest (other than shares owned by Parent, Acquisition Corp or Holdings, which were cancelled and given no consideration). Additionally, vesting of FDC stock options, restricted stock awards and restricted stock units was accelerated upon closing of the Merger. As a result, holders of stock options received cash equal to the intrinsic value of the awards based on a market price of $34.00 per share while holders of restricted stock awards and restricted stock units received $34.00 per share in cash, without interest. Vesting of Western Union options, restricted stock awards and restricted stock units held by FDC employees was also accelerated upon closing of the Merger.

Immediately following consummation of the Merger, Michael D. Capellas was appointed as Chief Executive Officer of First Data. Capellas succeeds Henry C. Duques who announced his intention to retire within two years when he returned as Chairman and Chief Executive Officer in late 2005.

The Merger was financed by a combination of the following: borrowings under our senior secured credit facilities, senior unsecured interim loan agreement and senior subordinated unsecured interim loan agreement, and the equity investment of Holdings. See Note 2 of our 2007 annual Consolidated Financial Statements in this prospectus for detailed discussion of purchase price and transaction costs, and Note 10 for a detailed discussion regarding the tender of previously existing debt as well as the debt issued in conjunction with the Merger.

We applied purchase accounting to the opening balance sheet and results of operations on September 25, 2007, with subsequent adjustments to both December 31, 2007 and June 30, 2008, as the Merger occurred at the close of business on September 24, 2007. The purchase accounting had a material impact on the successor period presented due most significantly to the amortization of intangible assets and will have a material impact on future earnings. Our purchase accounting is in its preliminary stages. The value assigned to intangible assets at December 31, 2007 and at June 30, 2008 was based on preliminary valuation data and is expected to change due to finalization of the valuation. The valuation of fixed assets is in process, with the values assigned at December 31, 2007 being based on historical value which represented our then best estimate and the values at June 30, 2008 being based on preliminary valuation data which may change upon finalization of the valuation. We are also in the process of working through other potential purchase accounting adjustments that mostly relate to pre-acquisition contingencies, implementation of management's restructuring plans and related deferred taxes on the purchase accounting. We will finalize our purchase accounting in the third quarter of 2008.

We have implemented a plan to provide strategic direction for First Data under new leadership. The plan includes generating organic growth through improved sales effectiveness and accelerating new product innovations. The plan also captures efficiencies related to the simplification of domestic and international operations and other near term cost saving initiatives as well as certain reductions in personnel. In accordance with this plan, in November 2007, we terminated approximately 6% of our worldwide work force. A majority of them ceased working before December 31, 2007 and a majority of the remaining employees ceased working at various times through the first six months of 2008. A majority of the successor severance costs were recorded in purchase accounting while the remaining amount was or will be recorded through current operations. We expect to achieve approximately $200 million in annual savings from the reduction of corporate and business unit spending, including the headcount reductions in November 2007 noted above.

Official Check and Money Order Wind-down

In the first quarter of 2007, we announced our intent to wind-down the official check and money order business included within the Integrated Payment Systems segment. The official check and money order businesses are conducted by a subsidiary of First Data, Integrated Payment Systems Inc., with separate creditors and whose assets, including the investment portfolio associated with the official checks and money orders, are not intended to be available to our creditors or our other subsidiaries. We expect the wind-down of the majority of the business to take place in 2008. In the fourth quarter of 2007, we completed the repositioning of the investment portfolio associated with this business from long-term municipal bonds to short-term investments, the majority of which were short-term tax-exempt variable rate demand notes at December 31, 2007. Associated with this repositioning, we terminated the interest rate swaps used to hedge the portfolio. In January 2008, these short-term tax-exempt variable rate demand notes were repositioned into mostly short-term taxable investments.

Acquisitions

In February 2007, we acquired the assets of Datawire Communication Networks, Inc. ("Datawire"), an internet-based transaction delivery company. Datawire is reported as part of the Merchant Services segment.

In March 2007, we acquired Intelligent Results, a customer data analytics and decision management software provider. Intelligent Results is reported as part of All Other and Corporate.

In March 2007, we acquired Instant Cash Services® ("Instant Cash"), a debit card and ATM payment processing service provider for community banks, credit unions, thrifts and non-financial institutions. Instant Cash is reported as part of the Financial Services segment.

In June 2007, we acquired FundsXpress, a provider of online banking and bill payment services. FundsXpress is reported as part of the Financial Services segment.

In August 2007, we acquired First Data Polska (formerly POLCARD), a merchant acquirer and card issuer processor in Poland. First Data Polska is reported as part of the International segment.

In October 2007, we acquired Deecal International, a specialist software solutions provider for commercial payments in Dublin, Ireland. Deecal International is reported as part of the International segment.

In November 2007, we purchased the remaining interest in our First Data Government Solutions ("FDGS") subsidiary previously owned by minority interest holders. FDGS is reported as part of the Financial Services segment.

In November 2007, we acquired Check Forte Processamento de Dados Ltda. ("Check Forte"), a payment transaction processing company in Brazil. Check Forte is reported as part of the International segment.

In November 2007, we formed a joint venture with Standard Chartered PLC, of which First Data owns 56% ("Merchant Solutions"). The joint venture will provide merchant acquiring services in Asia. Merchant Solutions is consolidated within FDC and is reported as part of the International segment.

In January 2008, we entered into a joint venture with Allied Irish Banks p.l.c. ("AIB"), of which we own 50.1%. The joint venture will provide card acquiring services in the Republic of Ireland, the United Kingdom and elsewhere in Europe. The joint venture with AIB will be consolidated and reported in the International segment.

In April 2008, we signed an agreement to acquire InComm Holdings Inc. ("InComm"), a distributor of stored value gift and prepaid products. The transaction is subject to customary closing conditions and regulatory approvals. The parties have agreed to extend the completion date of the transaction in order to complete certain closing conditions and to negotiate and mutually agree upon changes to the merger terms. Subject to us reaching agreement with the sellers on such revised terms, we would expect to close the transaction in the second half of 2008.

In July 2008, we purchased the remaining 31.8% interest in our Money Network Financial, LLC subsidiary previously owned by minority interest holders.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. As allowed by the SEC, our policy is to not include in management's assessment of internal controls the internal controls of acquired companies in the year of acquisition if we deem that an assessment could not be adequately accomplished in the normal course of business. All acquisitions noted above that closed in 2007 were not within the scope of management's report on internal controls over financial reporting for 2007. We do not deem these acquisitions significant, individually or in aggregate, to the Consolidated Financial Statements.

Chase Paymentech

Our largest merchant alliance, Chase Paymentech Solutions , a global payments and merchant acquiring entity, is 51% owned by JPMorgan and 49% owned by FDC. On May 27, 2008, we announced we had reached agreement with JPMorgan to end the Chase Paymentech joint venture by the end of 2008. In the interim, the two companies will continue to operate the joint venture. After the transition, JPMorgan and we will operate separate payment business. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service independent sales organization ("ISO") and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. First Data has historically accounted for our minority interest in the joint venture under the equity method of accounting. Subsequent to the wind up of the joint venture, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. As a result and on a pro forma basis, the expiration would not be expected to have a material impact on historical net income (loss) and our historical reported revenues and expenses would increase. Expiration of the alliance will result in the loss of JPMorgan branch referrals and access to the JPMorgan brand. Additionally, expiration in 2008 will cause us to incur an obligation associated with taxes. Based on preliminary estimates and assumptions this obligation could be in excess of $200 million. A significant portion of this obligation may, however, be recovered through the future amortization of increased tax basis generated by this event. Expiration will also pose the following potential risks: loss of certain

processing volume over time, disruption of the business due to the need to identify and transition to a new financial institution sponsorship and clearing services for the merchants allocated to FDC, and post-expiration competition by JPMorgan, any of which could have a material adverse effect on our operations and results.

Loan Agreement Amendments

On June 19, 2008, we entered into the First Senior Amendment, which amends the Amended Senior Unsecured Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008, to 8.490% per annum with respect to senior cash-pay loans and 9.320% per annum with respect to senior PIK loans, and (ii) at any date on or after August 18, 2008, to 9.875% per annum with respect to senior cash-pay loans and 10.550% per annum with respect to senior PIK loans.

Also on June 19, 2008, we entered into the First Senior Subordinated Amendment, which amends the Amended Senior Subordinated Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008 to 9.800% per annum, and (ii) at any date on or after August 18, 2008, to 11.250% per annum.

Subsequent Events

In July 2008, IPS agreed with Western Union that on October 1, 2009, IPS will assign and transfer to Western Union, among other things, certain assets and equipment used by IPS to issue retail money orders and an amount sufficient to satisfy all outstanding retail money orders. On the closing date, Western Union will assume IPS's role as issuer of the retail money orders. The transfer will result in a significant decrease to the IPS settlement asset portfolio.

General economic conditions in the United States continue to show signs of weakening. Many of our businesses rely in part on the number and size of consumer transactions which may be challenged by a declining U.S. economy and difficult capital markets. After experiencing a rebound in the early part of 2008 from the slow 2007 holiday spending period, in the second quarter 2008 domestic merchant transaction growth slowed slightly. This reduction in spending was across a wide range of categories, with discounters showing less of an effect than smaller retailers. While we are partially insulated from specific industry trends through our diverse market presence, broad slowdowns in consumer spending could have a material adverse impact on future revenues and profits.

Companywide Initiatives

We have three companywide initiatives involving data center consolidation, platform consolidation and global sourcing (sourcing labor in the most cost effective and efficient marketplace). We began executing upon our U.S. data center consolidation initiative in the second quarter 2007. We plan to reduce our U.S. data centers to three from the current total of 12. Command centers will be reduced to two from the current total of seven. The cost in 2007 related to this U.S. initiative was approximately $29 million for the predecessor period and $10 million for the successor period consisting of approximately $13 million and $5 million, respectively, in capital expenditures and approximately $16 million and $5 million, respectively, of direct project costs. We expect to incur costs associated with this initiative through the second half of 2009 when the project is expected to be completed. Our domestic platform consolidation plan is under development and we began executing the global sourcing initiatives in the third quarter of 2007. As of December 31, 2007, two data centers and two command centers have been closed.

Internationally, we closed three European data centers in 2007. The International segment is also in the process of consolidating its operating platforms. The most significant international platform consolidation that is under way is the migration of clients from the Equasion card processing platform to the Vision*PLUS* card processing platform. We expect to continue to incur these costs into 2009 when the project is expected to be completed.

Direct incremental costs incurred to execute the companywide initiatives that are not comprehended as an assumed liability in purchase accounting, not classified as either restructuring or impairment and that are not salaries and benefits of existing, continuing employees recorded in 2007 were $13 million for the predecessor period and $6 million for the successor period relating to international data center and platform consolidation and $16 million and $5 million for the same periods for domestic data center consolidation.

2006 Overview

Financial Statement Restatement

In August 2006, we restated our previously issued Consolidated Financial Statements after an extensive review of our accounting for derivatives. The restatement pertained to the initial documentation for certain interest rate swaps associated with our official check business, within the Integrated Payment Systems segment, which we determined did not meet the requirements to qualify for hedge accounting. As a result, changes in the fair market value of these certain derivative instruments were recognized in the Consolidated Statements of Operations in the "Other income (expense)" line. In September 2006, we terminated most of the above noted interest rate swaps and entered into new interest rate swaps that qualified for hedge accounting under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). These new interest rate swaps were subsequently terminated in connection with the portfolio repositioning associated with the official check and money order wind-down noted above.

Spin-off of Western Union

On September 29, 2006, we separated our Western Union money transfer business into an independent, publicly traded company through a spin-off of 100% of Western Union to FDC shareholders in a transaction intended to qualify for tax-free treatment ("the spin-off"). FDC and Western Union are independent and have separate ownership, boards of directors and management.

Immediately prior to the spin-off, Western Union transferred $1 billion of Western Union notes and $2.5 billion in cash to FDC. On September 29, 2006, we exchanged these Western Union notes for FDC debt (commercial paper) held by investment banks ("the debt-for-debt exchange"). We utilized approximately $2.1 billion of the $2.5 billion cash to repurchase commercial paper and debt through a cash tender offer and other repurchases.

In connection with the distribution by us of all of the outstanding shares of common stock of Western Union to our stockholders, we entered into certain agreements with Western Union to govern the terms of the spin-off and to define the ongoing relationship between FDC and Western Union following the spin-off. We effected the contribution to Western Union of the subsidiaries that operate Western Union's business and related assets on an "as is, where is" basis without any representations or warranties. We generally have not retained any of the liabilities associated with the subsidiaries or assets contributed to Western Union, and Western Union and the contributed subsidiaries have agreed to perform and fulfill all of the liabilities arising out of the operation of the contributed money transfer and consumer payments businesses. Western Union also has indemnified us for taxes attributable to Western Union with respect to periods before the spin-off.

Discontinued Operations

The historic results of operations of the Western Union Company, Primary Payment Systems ("PPS"), IDLogix and Taxware, LP ("Taxware") are presented as discontinued operations due to the spin-off or sale of these entities in 2006. All prior period amounts presented in the financial statements and MD&A were adjusted to reflect this discontinued operation presentation. In 2004, we divested our 64% ownership of NYCE, an electronic funds transfer network. The sale agreement of NYCE contemplated potential adjustments to the sales price which resulted in activity in discontinued operations in 2005 and 2006.

Adoption of SFAS 123R

We adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"), following the modified prospective method effective January 1, 2006. SFAS 123R requires all share-based compensation to employees to be recognized in the income statement based on their respective grant date fair values over the corresponding service periods and also requires an estimation of forfeitures when calculating compensation expense. Refer to Note 15 of our Consolidated Financial Statements for a complete discussion of our stock-based compensation plans and the adoption of SFAS 123R.

Segment Discussion

Merchant Services Segment

The Merchant Services segment is comprised of businesses that provide merchant acquiring services. Merchant acquiring operations are the largest component of the segment's revenue, facilitating the merchants' ability to accept credit and debit cards by authorizing, capturing, and settling merchants' credit, debit, stored-value and loyalty card transactions. Many of the segment's services are offered through joint ventures and other alliance arrangements.

Merchant Services continues to grow in credit, signature debit and PIN-debit processing through the strength of its merchant alliances, focused sales force efforts and the development of new POS technologies and payment methods. We continue to expand our merchant alliance program and have one alliance that met the SEC's significant subsidiary test in the predecessor period. The alliance may not meet the significant subsidiary test in 2008. Financial results of the merchant alliance strategy appear both in the "Transaction and processing service fees revenue" and "Equity earnings in affiliates" line items of the Consolidated Statements of Operations. We also continue to expand our association with Independent Sales Organizations ("ISO") along with the merchant alliance program to sign-up new merchants. The segment's growth also benefited by the recent acquisition of Datawire.

Merchant Services segment revenues are driven most significantly by the number of transactions as well as dollar volumes. Consumers continue to increase the use of credit, debit and stored-value cards in place of cash and paper checks. We expect that if, for example, consumer-spending increases in correlation to an improved economy, we will experience a relatively proportionate increase in transactions. Internet payments continue to grow but account for a small portion of the segment's transactions. While transactions over the internet may involve increased risk, these transactions typically generate higher profits for us. We continue to enhance our fraud detection and other systems to address such risks.

We experienced transaction growth in the PIN-debit market in 2007 that exceeded the growth in the credit market and we expect this growth trend to continue. Trends in consumer spending between national, regional and boutique merchants impact revenue and operating margins as revenue per transaction and operating margins from national merchants are typically less than regional and boutique merchants. The segment has historically experienced three to five percent annual price compression on average, with price compression for the national merchants being higher. We currently mitigate the impact of a trend of consumers to a type of merchant through having a mix of national, regional and boutique merchants across a diverse industry set. Expense reductions and enhanced product offerings also help mitigate this impact.

The purchase and sale of merchant contracts is an ordinary element of our Merchant Services business as is the movement of merchant contracts between us and our merchant alliances, its ISO partners and other third parties. We periodically evaluate our merchant portfolios. We or a merchant alliance may purchase or sell a portfolio of contracts outright. Other times a partner may purchase our interest in a merchant alliance. This gives the partner 100% ownership in the underlying merchant contracts as compared to a partial interest in a joint venture alliance that owns the contracts. Other times the formation of a merchant alliance involves the sale or purchase of an interest in a portfolio of

our merchant contracts to the joint venture partner for cash. Management considers these transactions to be in the ordinary course of managing our business, and therefore, the gains from selling these revenue-generating assets are included within the "Product sales and other" component of revenues.

Financial Services Segment

The Financial Services segment is comprised of businesses that provide credit and retail card processing, debit card processing and network services, output services, check verification, settlement and guarantee services, remittance processing services and other payment options that support merchants and online retailers, businesses, and government agencies. This segment also provides other payment services such as remote deposit, clearing services and processing for payments which occur in such forms as checks, ACH, wire transfer and stored-value cards. The credit and retail card processing and debit network processing businesses provide services which enable financial institutions and other organizations offering credit cards, debit cards and retail private label cards to consumers and businesses to manage customer accounts. The output services business provides statement and letter printing and embossing and mailing services to clients processing accounts on our platform, as well as those using alternative platforms. The remittance processing business processes mail-in payments for third-party organizations. The segment's largest components of revenue consist of fees for account management, transaction authorization and posting, network switching, debit network acquiring and processing, check verification, settlement and guarantee services as well as reimbursable postage.

Credit and retail based revenue is derived primarily from the card processing services offered to financial institutions and other issuers of cards. Revenue from these markets is driven primarily by accounts on file, with active accounts having a larger impact on revenue than inactive. Retail account portfolios typically have a lower proportionate share of active accounts than credit account portfolios and product usage is different between the card types resulting in lower revenue per active retail account. In addition, contract pricing at the customer level is dependent upon the volume of accounts, mix of account types (e.g. retail, credit, co-branded credit and debit) and product usage.

Financial Services is focused on developing new product offerings, maximizing productivity and system capacity, and integrating its recent acquisitions which include Instant Cash and FundsXpress noted above. We also purchased the remaining minority interest in FDGS in 2007.

The underlying economic drivers of card issuance are population demographics and employment. Strengthening in the economy typically results in an improved credit risk profile, allowing card issuers to be more aggressive in their marketing campaigns to issue more cards. Conversely, a weakening in the economy typically results in a tightening of the credit market with fewer consumers qualifying for credit. We continue to see a shift to the use of debit cards from credit cards, checks and cash, with the decrease in use of checks negatively affecting our check verification, settlement and guarantee business. Domestic debit issuer transactions have been the fastest growing type of transaction.

International Segment

Through 2007, the International segment businesses operated in four main geographic regions: "EMEA" includes European, Middle Eastern and African countries and provides card issuing processing, merchant acquiring and processing, and ATM and POS processing, driving, acquiring and switching services across the region; "LAC" includes Canada and Latin American and Caribbean countries and provides merchant acquiring and processing, card issuing processing, software licensing and debit switching services; "ANZ" includes Australia and New Zealand and provides merchant acquiring, processing and switching services, managed service card processing and owns and operates an ATM network in Australia; Asia includes China and North and South Asian countries and mainly provides merchant POS transaction switching services, software licensing, card issuing processing services, host processing services and merchant acquiring and processing. The primary service offerings of the International segment are substantially the same as those provided in the Merchant Services and Financial Services segments.

The EMEA region is the largest region and accounted for approximately 60% of the segment's pro forma revenue for 2007, as well as 2006 and 2005, with LAC accounting for over 15% and ANZ accounting for over 12% of the segment's revenue for the same periods. The Asia regions accounted for the remaining revenue other than certain businesses that accounted for approximately 3% of the segment's total revenues that do not operate on a geographic basis.

In 2007, our international acquisitions included First Data Polska, Deecal International, Check Forte and 56% of the Merchant Solutions joint venture.

As noted above in the "Merchant Services" discussion, the purchase and sale of merchant contracts is also an ordinary element of our International business.

Prepaid Services Segment

The Prepaid Services segment develops, implements and manages prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others. The full-service stored-value/gift card program offers transaction processing services, card acquisition and customer service for over 200 national brands and several thousand small and mid-tier merchants. We also provide payment processing, settlement and specialized reporting services for transportation companies and own and operate ATMs at truck stops. During 2006, we began providing support to the card issuer in the distribution of a co-branded STAR Network and Visa gift card bearing the retailer's name, as well as the STAR Network Gift Card that is available in certain gift card malls. Segment revenues are driven most significantly by the number of transactions.

Integrated Payments Systems Segment

The Integrated Payment Systems segment's most significant operations involve the issuance of official checks and money orders by agents which are typically banks or other financial institutions. Official checks serve as an alternative to a bank's own disbursement items such as cashiers or bank checks and money orders primarily serve as a disbursement option for un-banked customers. A large component of revenue is earnings on invested funds which are pending settlement.

The Integrated Payment Systems segment businesses generate investment income from investing funds pending settlement from the sales of official checks and money orders or fee revenue from check processing. As noted above, we are in the process of winding-down the official check and money order business. During 2007, funds pending settlement were invested in tax free instruments issued by municipalities to minimize exposure to credit risks. Such investments were repositioned from long-term to mostly short-term during the year as noted above. In 2008, these investments, were further repositioned into mostly short-term taxable investments, the majority of which were in commercial paper and bank certificates of deposits, as well as some long-term auction-rate securities, the balance of which was approximately $541 million as of June 30, 2008. We pay our agents commissions based on short-term variable rates and the balance of outstanding checks or money orders. We net the commissions paid to agents against the revenue we earn from our investments. Prior to the portfolio repositioning discussed above, we managed interest rate risk through the use of interest rate swap agreements, which converted the fixed rate investments into variable rate, thus hedging the impact of market valuation of the long-term investments. The interest impact of the interest rate swaps associated with the investments were also netted against the revenue earned from the investments during the period which the interest rate swaps qualified for hedge accounting.

All Other and Corporate

All Other and Corporate is comprised of our business units not included in the segments noted above as well as our Corporate results. Other than the impact of the Merger and the acquisition of Intelligent Results, as discussed above, there were no significant developments within All Other and Corporate during 2007.

Industry

Bank industry consolidation impacts existing and potential clients in FDC's service areas. Our alliance strategy could be impacted negatively as a result of consolidations, especially where the banks involved are committed to merchant processing businesses that compete with us. Conversely, if an existing alliance bank partner acquires a new merchant business, this could result in such business being contributed to the alliance. Bank consolidation has led to an increasingly concentrated client base in the industry, resulting in a changing client mix for Financial Services as well as increased price compression.

We believe the following are the three most significant trends driving growth of electronic payments:

The Shift to Electronic Payments: The electronic payments industry in the United States continues to benefit from the consistent migration from cash and checks to electronic payments. This migration is being driven by customer convenience, card issuer rewards and new payment forms. Additionally, broader merchant acceptance in industries that did not typically accept electronic payments in the past, such as quick-service restaurants, is helping to drive the migration. However, the decrease in the use of checks will negatively affect our check verification, settlement and guarantee business, as well as remittance processing, and therefore partially offset the growth opportunities.

International Expansion: Many of the trends that have historically driven growth in FDC's industry in the United States are contributing to growth in international markets as well. International growth has been driven by the increased use of electronic payment instruments, an increased propensity of institutions to outsource payment processing, and regulatory initiatives that favor outsourced payment solutions. Electronic payment penetration is considerably lower outside of the United States as most transactions are still done in cash. In addition, many international financial institutions currently in-source their card processing functions. We believe there is a trend towards more outsourcing of such

non-core services to third-party processors. Further, regulatory initiatives in international markets are creating additional growth opportunities for the electronics payments industry.

Industry Innovation: The electronic payments industry has experienced rapid technological innovation. New payment technologies such as prepaid cards, mobile commerce, contactless payments, payroll cards, biometric authentication and innovative POS devices facilitate the increasing adoption of electronic payments. The continually increasing demand for new and more flexible payment options creates a significant opportunity for growth in the electronic payment processing industry.

Components of Revenue and Expenses

The following briefly describes the components of operating revenues and expenses as presented in the Consolidated Statements of Operations. Descriptions of the revenue recognition policies are included in Note 1 of the Consolidated Financial Statements.

Transaction and processing service fees Transaction and processing service fee revenue is comprised of fees related to merchant acquiring; check processing; credit, retail and debit card processing; output and remittance processing; the issuance of official checks and money orders by agents; and payment management services. Revenues are based on a per transaction fee, a percentage of dollar volume processed, accounts on file or some combination thereof. These revenues represent approximately 68%, 69% and 69% of FDC's 2007 successor, predecessor and pro forma revenue, respectively, and are most reflective of First Data's core business performance. Merchant related services revenue is comprised primarily of fees charged to merchants and processing fees charged to alliances accounted for under the equity method. Merchant discount revenue from credit card and signature debit card transactions acquired from merchants is recorded net of interchange and assessments charged by the credit card associations. Check services revenues include check verification, settlement and guarantee fees which are charged on a per transaction basis or as a percentage of the face value of the check. Card services revenue related to credit and retail card processing is comprised primarily of fees charged to the client based on cardholder accounts on file, both active and inactive. In addition, delivery of output services consists of printing statements and letters and embossing plastics. Debit network processing service fees are typically based on transaction volumes processed. Other services revenue includes all other types of transactional revenue not specifically related to the classifications noted above.

Investment income, net Revenue is derived primarily from interest generated by invested settlement assets within the Integrated Payment Systems, Merchant Services and Financial Services segments and realized net gains and losses from such assets. This revenue is recorded net of official check agents' commissions.

Product sales and other Sales and leasing of POS devices in the Merchant Services and International segments are the primary drivers of this revenue component, providing a recurring revenue stream. This component also includes incentive payments, contract termination fees, royalty income and gain/loss from the sale of merchant portfolios, all of which occur less frequently but are considered a part of ongoing operations. Also included within this line item is revenue recognized from custom programming and system consulting services as well as software licensing and maintenance revenue generated primarily from the Vision*PLUS* software in the International segment and software licensing and maintenance revenue in the Financial Services segment and in All Other and Corporate.

Reimbursable debit network fees, postage and other Debit network fees from PIN-debit card transactions acquired from merchants are recorded gross with the associated network fee recorded in the corresponding expense caption, principally within the Merchant Services segment. In addition, the reimbursable component and the offsetting expense caption include postage, telecommunications and similar costs that are passed through to customers principally within the Financial Services segment.

Cost of services This caption includes the costs directly associated with providing services to customers and includes the following: telecommunications costs, personnel and infrastructure costs to develop and maintain applications and operate computer networks and associated customer support, losses on check guarantee services and merchant chargebacks and other operating expenses.

Cost of products sold These costs include those directly associated with product and software sales such as cost of POS devices, merchant terminal leasing costs and software licensing and maintenance costs.

Selling, general and administrative This caption primarily consists of salaries, wages and related expenses paid to sales personnel, administrative employees and management as well as advertising and promotional costs and other selling expenses.

Depreciation and amortization This caption consists of our depreciation and amortization expense. Excluded from this caption is the amortization of customer contracts which is recorded as a contra-revenue within the "Transaction and processing services fees" line as well as amortization related to equity method investments which is netted within the "Equity earnings in affiliates" line.

Results of Operations for the Three and Six Months Ended June 30, 2008 and 2007

Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

Consolidated Results

	Successor		Predecessor			
	Three months ended June 30,		Three months ended June 30,		Change	
(in millions)	2008	% of Total Revenue	2007	% of Total Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$1,443.7	65%	$1,377.8	68%	$ 65.9	5%
Investment income, net	35.8	2%	(7.5)	(0)%	43.3	NM
Product sales and other	214.0	10%	199.5	10%	14.5	7%
Reimbursable debit network fees, postage and other	510.8	23%	430.9	22%	79.9	19%
	$2,204.3	100%	$2,000.7	100%	$203.6	10%
Expenses:						
Cost of services (exclusive of items shown below)	$ 749.3	35%	$ 720.3	35%	$ 29.0	4%
Cost of products sold	83.4	4%	72.9	4%	10.5	14%
Selling, general and administrative	315.3	14%	330.9	17%	(15.6)	(5)%
Reimbursable debit network fees, postage and other	510.8	23%	430.9	22%	79.9	19%
Depreciation and amortization	338.8	15%	162.2	8%	176.6	109%
Other operating expenses, net	(0.1)	(0)%	3.2	0%	(3.3)	NM
	$1,997.5	91%	$1,720.4	86%	$277.1	16%

	Successor		Predecessor			
	Six months ended June 30,		Six months ended June 30,		Change	
(in millions)	2008	% of Total Revenue	2007	% of Total Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$2,823.4	65%	$2,645.5	69%	$177.9	7%
Investment income, net	91.8	2%	(37.8)	(1)%	129.6	NM
Product sales and other	426.0	10%	387.5	10%	38.5	10%
Reimbursable debit network fees, postage and other	989.6	23%	841.8	22%	147.8	18%
	$4,330.8	100%	$3,837.0	100%	$493.8	13%
Expenses:						
Cost of services (exclusive of items shown below)	$1,506.1	35%	$1,411.7	37%	$ 94.4	7%
Cost of products sold	154.3	4%	139.6	4%	14.7	11%
Selling, general and administrative	619.6	14%	625.7	16%	(6.1)	(1)%
Reimbursable debit network fees, postage and other	989.6	23%	841.8	22%	147.8	18%
Depreciation and amortization	657.9	15%	321.0	8%	336.9	105%
Other operating expenses, net	(0.1)	(0)%	21.5	1%	(21.6)	NM
	$3,927.4	91%	$3,361.3	88%	$566.1	17%

NM Not Meaningful

The following provides highlights of revenue and expense growth for the three and six months ended June 30, 2008 compared to the same periods in 2007, while a more detailed discussion is included in the "Segment Results" section below:

Operating revenues overview

Transaction and processing service fees Revenue increased due to the growth of existing clients, increased transaction volumes, acquisitions and the benefit of foreign currency exchange rate movements. This increase was partially offset by price compression and lost business. Growth rates slowed in the second quarter 2008 compared to the first quarter 2008 due to a slow down in the economy and the grow over impact of the expansion of Electronic Check Acceptance ("ECA") into more locations of large national retailers in the second quarter 2007.

Investment income, net The increase in investment income is mostly due to reduced commissions that are netted against earnings on the official check and money order business investment portfolio in the IPS segment. The reduced commissions were caused by favorable changes in interest rates and modifications to the contract terms made in conjunction with the wind-down of the official check and money order business. Investment income also increased as a result of repositioning the IPS portfolio to taxable investments; however, this increase was more than offset by decreases resulting from lower market interest rates and a decrease in the portfolio balances caused by the wind-down of the official check and money order business. Investment income declined in the second quarter 2008 over the first quarter 2008 and we expect that investment income will continue to decline in future quarters as the official check and money order business continues to wind-down. IPS segment revenues benefited from the above noted items but were partially offset by a decrease resulting from presenting the segment's revenues on a pretax equivalent basis in 2007 but not in 2008. Such presentation is not necessary in

2008 due to the repositioning of the portfolio to taxable investments. The impact of this segment presentation in 2007 was eliminated for consolidated reporting purposes.

Product sales and other Increased for the three and six months ended June 30, 2008 over the same periods in 2007 due to an increase in royalty income of approximately $12 million and $40 million, respectively, within All Other and Corporate, the impact of acquisitions and an increase in the International segment terminal sales partially offset by decreases resulting from a decline in professional services revenue due to completed projects, higher contract termination fees in 2007 and a portfolio sale in 2007.

Reimbursable debit network fees, postage and other Increased most significantly due to increases in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks and due to an increase in postal rates.

Operating expenses overview

Cost of services The majority of the increase is due to the impact of acquisitions. Outside professional services expense increased due to global labor sourcing initiatives, consulting expenses and data center consolidation. Partially offsetting these increases was a decrease in employee related expenses due to a decrease in share-based compensation resulting from our new equity compensation plan implemented after the Merger as compared to the pre-merger equity compensation plan, within All Other and Corporate, as well as decreases resulting from merger-related reductions in force, the largest of which occurred in the fourth quarter 2007. Also, partially offsetting the increase was a decrease in check net warranty expense for the quarter due to changes in warranty rates as well as the grow over of the ECA expansion into more locations of large national retailers in the second quarter of 2007. Cost of services, as a percentage of transaction and processing service fee revenue, decreased slightly as a result of the items noted above.

Cost of products sold Increased due to acquisitions and increased terminal sales within the International segment offset partially by a decrease in costs associated with terminal and software sales due to a decline in sales volumes domestically.

Selling, general and administrative Decreased due to a decline in employee related expenses resulting from a decrease in share-based compensation expense due to our new equity compensation plan implemented after the Merger as compared to the pre-merger equity compensation plan and legal fees related to the Merger incurred in 2007, both within All Other and Corporate, as well as merger-related reductions in force. Partially offsetting these decreases are the impacts of acquisitions as well as sponsor management fees.

Depreciation and Amortization Increased significantly in both the three and six months ended June 30, 2008 due to the amortization of identifiable intangible assets recorded in purchase accounting related to the Merger as well as amortization of customer relationships on an accelerated basis in the successor period. Partially offsetting this increase was a decrease related to the depreciation of fixed assets recorded in purchase accounting related to the Merger. Although the total value of the fixed assets increased from pre-merger book values, certain of the depreciable assets were determined to have longer lives which resulted in lower annual depreciation.

Other operating expenses, net

Restructuring charges during the first quarter of 2007 resulted from efforts to improve the overall efficiency and effectiveness of the sales and sales support teams within the Merchant Services segment. This action resulted in the termination of approximately 230 sales related employees comprising approximately 10% of the segment's regional sales, cross-sale and sales support organizations. The charges recorded in second quarter 2007 resulted from the termination of approximately 120 employees

within the International segment. The terminations were associated with the data center consolidation and global sourcing initiatives.

During the first quarter 2007, we recorded a charge of $16.3 million related to the impairment of goodwill and intangible assets associated with the wind-down of our official check and money order business. In addition, during the second quarter 2007, we recorded a $5.0 million litigation accrual associated with a judgment against us pertaining to a vendor contract issue in the Prepaid Services segment. Also, during the second quarter 2007, we released a portion of the domestic escheatment accrual made in the fourth quarter 2005 which is reflected in "Other". The release was prompted by reaching resolution with a large majority of all the states as to our escheatment liability.

Interest expense

Interest expense for the three and six months ended June 30, 2008 increased significantly compared to the same periods in 2007 due to debt of approximately $22.8 billion at June 30, 2008, incurred primarily as the result of the Merger, compared to approximately $2.3 billion as of June 30, 2007. Higher interest rates on the new merger-related debt also contributed to the increase.

Other income (expense)

(in millions)	Successor Three months ended June 30, 2008	Predecessor Three months ended June 30, 2007
Investment gains and (losses)		$ (0.1)
Derivative financial instruments gains and (losses)	$ 9.4	
Divestitures, net		2.5
Non-operating foreign currency gains and (losses)	(3.0)	
Other income (expense)	$ 6.4	$ 2.4

(in millions)	Successor Six months ended June 30, 2008	Predecessor Six months ended June 30, 2007
Investment gains and (losses)	$ 22.1	$ (1.5)
Derivative financial instruments gains and (losses)	(3.4)	
Divestitures, net		3.5
Debt repayment gains and (losses)		1.4
Non-operating foreign currency gains and (losses)	(55.5)	
Other income (expense)	$ (36.8)	$ 3.4

The investment gains for the six months ended June 30, 2008 resulted from the sale of MasterCard stock. The derivative financial instruments gains and losses for the three and six month periods in 2008 were due most significantly to the mark-to-market adjustments for cross currency swaps that were not designated as accounting hedges, certain interest rate swaps that were not designated as accounting hedges for a period of time and the ineffectiveness from interest rate swaps that were designated as accounting hedges but are not perfectly effective.

For the three and six months ended June 30, 2008, the net non-operating foreign currency exchange losses related to the mark-to-market of our intercompany loans and the euro-denominated debt issued in connection with the Merger. Historically, intercompany loans were deemed to be of a long-term nature for which settlement was not planned or anticipated in the foreseeable future.

Accordingly, the translation adjustments were reported in "Other comprehensive income". Effective in September 2007 and in conjunction with the Merger, we made the decision to begin settling intercompany loans which results in a benefit or charge to earnings due to movement in foreign currency exchange rates.

Income taxes

Our effective tax rate on pretax (loss) income was (30.2%) and (34.4%), a tax benefit, for the three and six months ended June 30, 2008, respectively, and 23.4% and 21.2%, a tax expense, for the same periods in 2007. The effective tax benefits in the three month period ended June 30, 2008 are less than the statutory rate due primarily to state tax accruals and continued accruals on prior year uncertain tax positions and increases in valuation allowances. Prior to the second quarter of 2008, our tax benefit was increased by the accrual of a dividend received deduction on certain of the equity earnings from Chase Paymentech. It was determined that the alliance would suspend its dividend payments on 2008 earnings due to the anticipated termination of the alliance. Following the suspension of dividend payments, we have reversed the dividend received tax benefit in the second quarter 2008. Accruals in uncertain tax positions and increases in valuation allowances were substantially offset by other items for the 2008 six-month period. The 2007 effective tax rate, for the three and six month periods, was below the statutory rate due to the impact of non-taxable interest income from the IPS municipal bond portfolio. This non-taxable interest income significantly reduced the effective tax rate for the three and six months ended June 30, 2007 by 12 and 15 percentage points, respectively. Other items that impacted the effective tax rate are not individually significant.

During the six months ended June 30, 2008, our liability for unrecognized tax benefits accrued under FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109" ("FIN 48") was reduced by $11 million after negotiating settlement with certain state jurisdictions. The reduction in the liability was recorded through cash payments and a decrease to goodwill. As of June 30, 2008, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may change within the next twelve months; however, we do not expect the change to significantly increase or decrease the total amounts of unrecognized tax benefits.

Equity earnings in affiliates

The decrease in equity earnings in affiliates for the three and six months ended June 30, 2008 compared to the same periods in 2007 was due to increased amortization associated with the value assigned to the identifiable intangible assets of merchant alliances in the preliminary intangible asset valuation resulting from the Merger as well as amortization of customer relationships on an accelerated basis in the successor period. As discussed in " Overview" above, equity earnings will decrease significantly subsequent to the termination of the Chase Paymentech alliance.

Consolidated Results of Operations for the Years Ended December 31, 2007, 2006 and 2005

The following discussion for both consolidated results and segment results for 2007 will be discussed on a successor basis for the period from September 25 to December 31, 2007 and on a predecessor basis for the period January 1 to September 24, 2007 in comparison to the predecessor year ended December 31, 2006. On a supplemental basis, pro forma results for the year ended December 31, 2007 will be compared to the predecessor year ended December 31, 2006. The consolidated results and segment results for the year ended December 31, 2006 versus the same period in 2005 will also be presented. Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

Consolidated Results

	Pro Forma	Historical					
		Successor	Predecessor			Percent Change	Historical Percent Change
(in millions)	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
Revenues:							
Transaction and processing service fees	$ 5,519.2	$ 1,553.3	$ 3,965.9	$ 5,037.6	$ 4,658.9	10%	8%
Investment income, net	(75.1)	(8.2)	(66.9)	(128.6)	(33.6)	*	*
Product sales and other	839.4	223.0	616.4	699.8	617.4	20%	13%
Reimbursable debit network fees, postage and other	1,767.9	510.4	1,257.5	1,467.6	1,283.4	20%	14%
	8,051.4	2,278.5	5,772.9	7,076.4	6,526.1	14%	8%
Expenses:							
Cost of services (exclusive of items shown below)	2,883.4	790.3	2,207.3	2,493.3	2,307.2	16%	8%
Cost of products sold	296.5	87.3	209.2	281.0	249.6	6%	13%
Selling, general and administrative	1,276.6	367.9	1,058.8	1,129.3	1,010.8	13%	12%
Reimbursable debit network fees, postage and other	1,767.9	510.4	1,257.5	1,467.6	1,283.4	20%	14%
Depreciation and amortization	1,318.1	367.8	476.4	619.7	610.0	113%	2%
Other operating expenses, net	23.1	(0.2)	23.3	5.0	142.6	*	*
	7,565.6	2,123.5	5,232.5	5,995.9	5,603.6	26%	7%
Interest income	48.7	17.9	30.8	55.5	12.4	(12)%	348%
Interest expense	(2,052.7)	(584.7)	(103.6)	(248.0)	(190.9)	728%	30%
Other income (expense)(a)	(53.3)	(74.0)	4.9	22.6	145.8	*	*
Income tax (benefit) expense	(686.6)	(176.1)	125.8	203.7	188.3	*	8%
Minority interest	(144.3)	(39.0)	(105.3)	(142.3)	(126.9)	1%	12%
Equity earnings in affiliates	122.0	46.8	223.0	283.1	232.9	(57)%	22%
(Loss) income from discontinued operations, net of taxes			(3.6)	665.7	909.9	*	*
Net (loss) income	$ (907.2)	$ (301.9)	$ 460.8	$ 1,513.4	$ 1,717.4	*	(12)%

*
Calculation not meaningful.

(a)
Other income (expense) includes investment gains and (losses), derivative financial instruments gains and losses, divestitures, net, debt repayment gains and losses and non-operating foreign exchange gain/(loss).

The following provides highlights of revenue and expense growth on a consolidated basis for the predecessor and successor periods and the pro forma period in 2007 and the predecessor years ended December 31, 2006 and 2005 while a more detailed discussion is included in the "Segment Results" section below:

Operating revenues overview

Transaction and processing service fees Merchant Services segment: the 2007 predecessor and successor periods were positively impacted by growth of existing clients resulting from increased transaction volumes. Growth in 2006 compared to 2005 is due to internal growth of existing clients, increased transaction volumes, new alliances, new sales and pricing changes. Financial Services segment: the 2007 predecessor and successor periods were positively impacted by acquisitions, growth of existing clients as well as an increase in Electronic Check Acceptance ("ECA") processing revenue. Negatively impacting the 2007 predecessor and successor periods were price compression and the net impact of new and lost business. Revenue decreased in 2006 versus 2005 most significantly due to deconversions that occurred in 2005 and price compression partially offset by growth of existing clients and new business. TeleCheck negatively impacted the growth rate in 2006 compared to 2005. International segment: the 2007 predecessor and successor periods were positively impacted by acquisitions, growth of new and existing clients and benefit from foreign currency exchange rate movements and negatively impacted by lost business. Revenue increased in 2006 compared to 2005 due to the same factors noted above. Prepaid Services segment: the 2007 predecessor and successor periods were favorably impacted by sales and processing of gift cards and open loop products to merchants partially offset by a decline in the transportation business. Growth in 2006 compared to 2005 is due to an increase in transactions.

Investment income, net The loss was reduced in the 2007 predecessor and successor periods due to benefits from decreased interest rates which resulted in lower commissions compared to 2006.

During the pro forma 2007 period, we recognized a gain of $0.5 million on the repositioning of portfolio investments, net of the impact of terminating the associated interest rate swaps. We further repositioned the portfolio from short-term tax-exempt variable rate demand notes held at December 31, 2007 to short-term taxable investment securities in January 2008.

The decrease in investment income in 2006 from 2005 was driven by the official check business. Rising interest rates caused commissions paid to official check agents to increase which was partially offset by increases in investment earnings resulting from rate increases. In addition, investment earnings growth in Merchant Services in 2006 over 2005 resulted mostly from increased interest rates.

Product sales and other The 2007 predecessor and successor periods were positively impacted by acquisitions, royalty income and contract termination fees. Product sales and other increased in 2006 compared to 2005 due to increased terminal sales and leasing revenue, the impact of acquisitions, an increase in merchant portfolio sales in 2006 as well as an increase in royalty income partially offset by a decrease resulting from contract termination fees received in 2005.

Reimbursable debit network fees, postage and other Increases in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks benefited the 2007 predecessor and successor periods. Postage revenue increased due to new business and an increase in postage rates in May 2007, offset partially by lost business. The increases in 2006 compared to 2005 were due to increases in debit network fees resulting from higher PIN-debit transaction volumes and rate increases imposed by the debit networks. Postage revenue increased in 2006 due to new business and a postage rate increase in January 2006 partially offset by lost business.

Operating expenses overview

Cost of services In the 2007 predecessor period, cost of services increased significantly due to an increase in employee related expenses, the impact of acquisitions, increased net warranty expense and increased outside professional services. The employee related expenses resulted most significantly from the accelerated vesting of stock options, restricted stock awards and units upon the change of control (see "Merger" above). The impact from the accelerated vesting of stock options, restricted stock awards and units was approximately $106 million, the majority which was recorded in All Other and Corporate. There was also an increase due to the presentation of certain independent sales organizations ("ISO") commission payments on a gross basis in the 2007 predecessor period versus a net presentation against transaction and processing service fee revenue in 2006.

Cost of services, as a percentage of transaction and processing service fee revenue, increased for the 2007 predecessor and successor periods compared to 2006 as a result of the items noted above.

The majority of the increase in cost of services for 2006 over 2005 was attributable to the first year results of international acquisitions. Also contributing to the increase was compensation expense related to stock options and the employee stock purchase plan ("ESPP") recognized since the adoption of SFAS 123R on January 1, 2006. Additionally, First Data recorded higher incentive compensation accruals in 2006 compared to 2005 due to achieving certain financial targets. Partially offsetting these increases were lower costs due to 2005 restructuring activities resulting from client deconversions. Cost of services, as a percentage of transaction and processing service fee revenue, decreased slightly for 2006 compared to 2005 as a result of the items noted above.

Cost of products sold The 2007 predecessor and successor periods had higher costs than the respective periods in 2006 due to costs associated with the sale and leasing of terminals in international operations offset partially by a decrease in costs associated with the domestic sale and leasing of terminals. Cost of products sold increased in 2006 in comparison to 2005 as the result of increases in costs associated with the sale and leasing of terminals and the inclusion of the 2005 acquisitions partially offset by lower conversion costs written off due to contract terminations recognized in 2006 versus 2005.

Selling, general and administrative The 2007 predecessor period was impacted by Merger-related costs including legal, accounting, other advisory fees and accelerated vesting of stock options and restricted stock awards and units upon the change of control. The impact from the accelerated vesting of stock options, restricted stock awards and restricted stock units was approximately $90 million (including payroll tax impacts of all accelerations). Consulting, legal and professional service fees related to the Merger were approximately $73 million, all but approximately $3 million of which was incurred in the predecessor period. The majority of the acceleration of stock options, restricted stock awards and restricted stock units as well as the fees related to the Merger were recorded in All Other and Corporate.

Also contributing to increased costs in the 2007 predecessor and successor periods were platform consolidation expenses related to the International segment, data center consolidation costs in the U.S., and to a lesser extent, an increase in other employee related expenses. The 2007 periods did not have costs that were incurred in 2006 in connection with re-aligning our operating structure after the spin-off of Western Union. Selling, general and administrative expenses, as a percentage of transaction and processing service fee revenue increased for the 2007 predecessor and successor periods compared to 2006 as a result of the items noted above.

Selling, general and administrative expenses increased for 2006 compared to 2005 due to the results of 2006 and 2005 acquisitions, expenses related to stock options and the ESPP, and increases in other employee-related expenses. We also recorded higher incentive compensation accruals in 2006 in comparison to 2005 as noted above. Partially offsetting the increase was a decrease in legal expenses.

Depreciation and Amortization The successor period had a significant increase in depreciation and amortization due to the amortization of identifiable intangible assets recorded in purchase accounting from the Merger. Amortization of incremental identifiable intangible assets due to purchase accounting impacted earnings by approximately $186 million in the successor period.

Other operating expenses, net

Other operating expenses related to restructuring, impairments, litigation and regulatory settlements and other totaled $23.3 million in the predecessor period from January 1, 2007 through September 24, 2007, and totaled a net benefit of $0.2 million in the successor period from September 25, 2007 through December 31, 2007. These items are presented on the Consolidated Statements of Operations under those respective descriptions.

2007 Activities

Predecessor Period from January 1 through September 24, 2007	Pretax Benefit (Charge) Merchant Services	Financial Services	International	Prepaid Services	Integrated Payment Systems	All Other and Corporate	Totals
	(in millions)						
Restructuring charge	$ (2.6)	$ (0.2)	$ (7.4)				$(10.2)
Restructuring accrual reversals	0.4	0.2	1.0			$ 0.7	2.3
Impairments		(4.3)			$ (16.3)		(20.6)
Litigation and regulatory settlements				$ (5.0)		2.5	(2.5)
Other	2.1		(0.4)		2.2	3.8	7.7
Total pretax benefit (charge), net of reversals	$ (0.1)	$ (4.3)	$ (6.8)	$ (5.0)	$ (14.1)	$ 7.0	$(23.3)

A portion of the restructuring charges in the predecessor period resulted from efforts to improve the overall efficiency and effectiveness of the sales and sales support teams principally within the Merchant Services segment. This action resulted in the termination of approximately 230 sales related employees comprising approximately 10% of the Merchant Services segment's regional sales, cross-sale and sales support organizations. The other restructuring in the predecessor period resulted from the termination of approximately 140 employees within the International segment. The terminations were associated with the data center consolidation and global sourcing initiatives. Similar actions will occur in future periods and are expected to continue into 2009 with certain of these actions being accrued in purchase accounting and the remainder being recognized through income. We estimate cost savings resulting from 2007 restructuring activities was approximately $7 million in the 2007 predecessor period, $5 million in the successor period of 2007 and will be approximately $21 million on an annual basis. Partially offsetting the charges are reversals of prior period restructuring accruals of $2.3 million for the 2007 predecessor period and $0.2 million for the 2007 successor period.

See "Merger" above for description of restructuring type activities in the successor period which impacted principally purchase accounting.

The following table summarizes our utilization of restructuring accruals from continuing operations for the years ended December 31, 2006 and 2007 (in millions):

	Employee Severance	Facility Closure
Remaining accrual at January 1, 2006 (Predecessor)	$ 66.2	$ 2.8
Expense provision	24.6	2.7
Cash payments and other	(60.4)	(3.9)
Changes in estimates	(3.3)	
Remaining accrual at December 31, 2006 (Predecessor)	27.1	1.6
Expense provision	10.2	
Cash payments and other	(24.6)	(1.0)
Changes in estimates	(2.3)	
Remaining accrual at September 24, 2007 (Predecessor)	10.4	0.6
Expense provision		
Cash payments and other	(3.7)	(0.5)
Changes in estimates	(0.2)	
Remaining accrual at December 31, 2007 (Successor)	$ 6.5	$ 0.1

During the 2007 predecessor period, we recorded a charge of $16.3 million related to the impairment of goodwill and intangible assets associated with the wind-down of our official check and money order business and an additional $4.3 million related to the impairment of fixed assets and software associated with our government business included in the Financial Services segment. We also recorded a $5.0 million litigation accrual associated with a judgment against us pertaining to a vendor contract issue within the Prepaid Services segment, and a benefit of $2.5 million related to the Visa settlement originally recorded in 2006 in All Other and Corporate. We also released a portion of the domestic escheatment accrual made in the fourth quarter 2005 which is reflected in Other. The release was prompted by reaching resolution with a large majority of states as to our escheatment liability. We believe any remaining uncertainty is adequately accrued.

2006 Activities

Predecessor Year ended December 31, 2006	Pretax Benefit (Charge) (in millions) Merchant Services	Financial Services	International	Prepaid Services	Integrated Payment Systems	All Other and Corporate	Totals
Restructuring charge	$ (4.4)	$ (3.7)	$ (15.2)		$ (0.2)	$ (3.8)	$ (27.3)
Restructuring accrual reversals		1.5	1.0	$ 0.1		0.7	3.3
Impairments		(17.5)	0.9			0.5	(16.1)
Litigation and regulatory settlements	7.4	(15.0)				42.4	34.8
Other		0.3					0.3
Total pretax benefit (charge), net of reversals	$ 3.0	$ (34.4)	$ (13.3)	$ 0.1	$ (0.2)	$ 39.8	$ (5.0)

Associated with the realigning of our operating structure related to shared service functions and global technology functions, including data centers, a company initiative to reduce operating costs to

the appropriate level after the spin-off and certain business driven restructurings, we recorded restructuring charges comprised of severance totaling $24.6 million and facility closures totaling $2.7 million for the year ended December 31, 2006. Severance charges resulted from the termination of approximately 600 employees across the organization, representing all levels of employees and approximately 2% of our workforce. The restructuring plans associated with our initiative to reduce operating costs and business driven items were completed in 2006. We reversed $3.3 million of prior period restructuring accruals during the year ended December 31, 2006 related to changes in estimates regarding severance costs that occurred in 2006 and 2005.

Impairment charges related to the impairment of a prepaid asset, software, terminals and buildings offset partially by gains on the sale of assets previously impaired.

We recorded a benefit of approximately $45 million due to the Visa settlement within All Other and Corporate. Also in 2006, excess litigation accruals in the Merchant Services segment totaling $7.5 million were released. We recorded minority interest expense of $3.5 million associated with this release. The settlement and accrual release were partially offset by a $15.0 million settlement associated with a patent infringement lawsuit against TeleCheck, clearing all past and future claims related to this litigation, within the Financial Services segment and a charge of $2.7 million related to the settlement of a claim within All Other and Corporate.

2005 Activities

	Pretax Benefit (Charge)						
Predecessor Year ended December 31, 2005	**Merchant Services**	**Financial Services**	**International**	**Prepaid Services**	**Integrated Payment Systems**	**All Other and Corporate**	**Totals**
	(in millions)						
Restructuring charge	$ (16.3)	$ (29.8)	$ (20.3)	$ (0.9)	$ (0.6)	$ (11.5)	$ (79.4)
Restructuring accrual reversals	1.7	1.2	0.2			0.1	3.2
Impairments	(0.2)	(4.4)	(7.8)			(28.4)	(40.8)
Other	(8.0)	(8.9)	(1.1)		(4.8)	(2.8)	(25.6)
Total pretax benefit (charge), net of reversals	$ (22.8)	$ (41.9)	$ (29.0)	$ (0.9)	$ (5.4)	$ (42.6)	$(142.6)

We recorded restructuring charges comprised of severance totaling $75.9 million and facility closures totaling $3.5 million for the year ended December 31, 2005. Severance charges resulted from the termination of approximately 1,600 employees across the organization, representing all levels of employees and approximately 6% of our workforce. In December 2005, we implemented a company wide restructuring of our operations. The restructuring closely followed a change in our senior management. The new management took steps it determined necessary to position the company for growth, reduce operating costs and build shareholder value. These restructuring plans were completed in 2005. We reversed $3.2 million of prior period restructuring accruals during 2005 related to changes in estimates regarding severance and facility costs from restructuring activities that occurred in 1998 and 2000 through 2005.

In June 2005, Simpay Limited, the only client of First Data Mobile Payments, announced and executed a plan to cease operations. As a result, the Simpay product solutions supporting interoperable mobile payments was not launched as planned. Based on these developments and the completion of a strategic review in August 2005, we significantly reduced the scale of our operations. These actions and the reduced business outlook led us to record asset impairment charges in All Other and Corporate of approximately $28.4 million related to goodwill, other assets and fixed assets. Several smaller unrelated impairment charges were also taken during 2006.

During 2005, we recognized an "Other" charge related to an additional accrual of domestic and international escheatment liabilities related to years prior to 2005. Additionally, other charges related to reimbursement to certain clients for the misallocation of certain pass-through billings, the majority of which related to 2004. The misallocations had no impact on prior period expenses.

Interest income

Interest income in the 2007 predecessor period was higher than the comparable period in 2006 while the successor period was lower than the comparable period in 2006. This was most significantly a result of an increase in cash balances as described above in the "Spin-off of Western Union" discussion. Interest income increased for 2006 compared to 2005 due most significantly to the increased cash balance discussed above.

Interest expense

Interest expense in the 2007 successor period was higher than we have experienced in the past due to increasing our debt to approximately $22.5 billion after the Merger from approximately $2.3 billion as of June 30, 2007. Interest expense was lower during the 2007 predecessor period due to lower debt balances than we had prior to the debt for debt exchange related to the Western Union spin-off and the repayments of debt in September, November and December 2006 and January 2007.

Interest expense increased in 2006 compared to 2005 as a result of higher interest rates, increased commercial paper balances issued in connection with the spin-off, and, less significantly, higher average debt balances during the first four months of the year related to the issuance of $1 billion in debt in May 2005. Partially offsetting the increase was the extinguishment and repurchase of commercial paper in the fourth quarter 2006, the repurchase of $1.7 billion in aggregate principal amount of outstanding notes associated with a tender offer and private arrangement in December 2006 and the exchange of $1 billion of commercial paper in September 2006.

Other income (expense)

	Successor	Predecessor		
	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
	(in millions)			
Investment gains and (losses)	$ 0.9	$ (2.0)	$ 11.6	$ 22.3
Derivative financial instruments gains and (losses)	(33.3)	(0.6)	33.8	62.4
Divestitures, net	0.2	6.1	8.0	61.1
Debt repayment gains and (losses)	(17.2)	1.4	(30.8)	
Non-operating foreign currency gains and losses	(24.6)			
Other income (expense)	$ (74.0)	$ 4.9	$ 22.6	$ 145.8

Investment gains and losses

The 2007 predecessor and successor investment gains and losses related to a variety of small gains and losses on the sale of investments none being significant on an individual basis.

The 2006 investment gain resulted from the recognition of a gain of $10.5 million on the redemption of MasterCard stock, and additionally, recognized gains on other strategic investments.

During 2005, we recognized pretax gains of $21.4 million on the sale of CheckFree Corporation common stock.

Derivative financial instruments

The derivative loss in the 2007 successor period related most significantly to a $12.2 million mark-to-market loss on collars entered into to economically hedge, although not designated as an accounting hedge, MasterCard stock held by us and a loss of approximately $19 million due to decreases in the fair value of the Holdings forward starting contingent interest rate swaps prior to the Merger and prior to their designation as accounting hedges. The above noted collars were terminated in January 2008 in connection with the sale of the hedged MasterCard stock.

The 2006 and 2005 derivative gains were associated with the mark-to-market of and net settlements with derivative counterparties on the interest rate swaps not qualifying for hedge accounting that were formally related to the official check business. The majority of the change between periods was driven by varying interest rates which impacted the value of derivatives as well as net settlements with derivative counterparties.

Non-operating foreign currency gains and losses

In the 2007 successor period, the foreign currency exchange loss related to the mark-to-market of our existing intercompany loans and the euro-denominated debt issued in connection with the Merger of approximately $25 million. Historically, intercompany loans were deemed to be of a long-term nature for which settlement was not planned or anticipated in the foreseeable future. Therefore, the translation adjustments were reported in other comprehensive income. Effective in September 2007, we now plan to settle the intercompany loans which results in a benefit or charge to earnings due to movement in foreign currency exchange rates.

Divestitures, net

During the 2007 predecessor period, we recognized benefits resulting from the release of excess divestiture accruals due to the expiration of certain contingencies.

During 2006, we recognized gains on the sale of land, corporate aircraft and other assets.

During 2005, we recognized a pretax gain upon the divestiture of certain interests including the following: $36.3 million for the sale of a portion of the PNC alliance, $9.0 million for the sale of our investment in Link2Gov, and $8.3 million for the sale of our remaining interest in International Banking Technologies. We also recognized a gain on the sale of a small business and reversed $4.3 million of divestiture accruals due to the expiration of certain contingencies.

Debt repayment gains and losses

In the 2007 predecessor period, the debt repayment gain related to the early repayment of long-term debt at a discount from the principal amount. In the 2007 successor period, the debt repayment losses related to costs of tendering debt at the time of the Merger and the premium paid for obtaining a consent from holders to modify terms of our debt they held.

The 2006 debt repayment loss consisted of net losses on the early repayment of debt, expenses associated with the interest rate swaps associated with the repurchased debt, write-off of unamortized portion of associated deferred financing costs and certain transaction fees.

Income taxes

FDC's effective tax rate on pretax income (loss) from continuing operations was 21.3% in the 2007 predecessor period and (36.8)% for the 2007 successor period compared to 19.4% and 18.9% in 2006 and 2005, respectively. The calculation of the effective tax rate includes most of the equity earnings in affiliates and minority interest in pretax income because these items relate principally to entities that are considered pass-through entities for income tax purposes.

The change from pretax income in predecessor periods to a pretax loss in the successor period causes a general shift from an overall tax expense to an overall tax benefit. The non-taxable interest income from the Integrated Payment Systems municipal bond portfolio in the successor period causes an increase to the effective tax rate benefit of almost 8%. State income tax benefits are reduced in the successor loss period for separate company income and franchise tax liabilities. Also reducing the tax benefit of the pretax loss in the successor period is the valuation allowance against foreign operating losses in certain countries and foreign tax credits which may not be available to offset our U.S. income taxes upon repatriation of the earnings of our foreign subsidiaries.

The non-taxable interest income from the Integrated Payment Systems municipal bond portfolio significantly impacted the effective tax rate from continuing operations in the predecessor periods, reducing the statutory rate by approximately 19 percentage points in the 2007 predecessor period compared to 15 percentage points for both prior years 2006 and 2005. The increase in the effective tax rate for the 2007 predecessor period compared to 2006 and 2005 resulted most significantly from: (a) non-deductible expenses associated with the Merger; (b) a net tax expense associated with the income tax return to provision true-ups for 2006; and (c) an adjustment to the income taxes payable account pertaining to an under accrual of taxes in prior years. Offsetting most of the increase is the above noted non-taxable interest income being a larger portion of pretax income in the 2007 predecessor period.

The increase in the effective tax rate in 2006 compared to 2005 resulted most significantly from recording a valuation allowance mostly against the deferred tax asset for foreign tax credits, as well as the impact of other less significant items partially offset by a larger foreign tax rate differential.

The Integrated Payment Systems municipal bond portfolio was converted into taxable investments in January 2008 and therefore will not have an impact on our effective tax rate in the future.

As a subsidiary of Holdings subsequent to the Merger and a member of a new U.S. consolidated group for income tax purposes, we expect to be in a net operating loss position in the near term future. We anticipate being able to record an income tax benefit related to future operating losses due to the existence of significant deferred tax liabilities established in connection with purchase accounting. However, we may not be able to record a benefit related to losses in certain countries, requiring the establishment of valuation allowances. Additionally, we and our subsidiaries will continue to incur income taxes in foreign jurisdictions. Generally, these foreign income taxes result in a foreign tax credit in the U.S. to the extent of any U.S. income taxes on the income upon repatriation. However, due to our anticipated net operating loss position and the requirement to allocate certain expenses against our foreign source income for U.S. income tax purposes, we may not be able to provide a benefit for our potential foreign tax credits which would increase our effective tax rate. We also will continue to incur income taxes in states for which it files returns on a separate entity basis.

The additional taxes recognized as part of discontinued operations in 2007 related to 2006 income tax return to provision true-ups and other tax items associated with operations discontinued in 2006.

Minority interest

Most of the minority interest expense relates to our consolidated merchant alliances. Minority interest was relatively consistent in 2007 and 2006.

The increase in expense for 2006 compared to 2005 is due to an increase in the alliances' income in 2006 as well as a minority interest expense recognized in the second quarter 2006 related to the reversal of a 2004 litigation accrual in the Merchant Services segment.

Equity earnings in affiliates

Equity earnings for the 2007 successor period decreased from the predecessor periods due to increased amortization associated with the assigned value to the identifiable intangible assets of merchant alliances in the preliminary intangible asset valuation. Equity earnings in affiliates decreased for pro forma 2007 compared to historical 2006 earnings levels resulting most significantly from the above noted amortization partially offset by increased merchant transaction volume in the merchant alliances. Increased amortization negatively impacted the pro forma 2007 period by 71 percentage points. The increase in equity earnings in affiliates for 2006 compared to 2005 resulted from increased merchant transaction volume in the merchant alliances.

Segment Results

Operating segments are defined by Statement of Financial Accounting Standard ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("SFAS 131"), as components of an enterprise about which separate financial information is available that is evaluated regularly by the CODM, or decision-making group, in deciding how to allocate resources and in assessing performance. FDC's CODM is its Chief Executive Officer. FDC classifies its businesses into five segments: Merchant Services, Financial Services, International, Prepaid Services and Integrated Payment Systems. Integrated Payment Systems, Prepaid Services and All Other and Corporate are not discussed separately as their results that had a significant impact on operating results are discussed in the "Consolidated Results" discussion above.

Our financial statements reflect Western Union, PPS, IDLogix, Taxware and NYCE as discontinued operations. The results of operations were treated as income from discontinued operations, net of tax, and separately stated on the Consolidated Statements of Operations below income from continuing operations.

The business segment measurements provided to, and evaluated by, our CODM are computed in accordance with the following principles:

- The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.
- Segment revenue includes equity earnings in affiliates (excluding amortization expense) and intersegment revenue.
- Segment operating profit includes minority interest and equity earnings in affiliates net of related amortization expense.
- Segment operating profit excludes restructuring charges, impairment charges, significant litigation and regulatory settlement charges, other charges, interest expense, other income or expense and income taxes since they are not allocated to the segments for internal evaluation purposes. While these items are generally identifiable to the business segments, they are not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.
- Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by corporate that are directly related to a segment are allocated to the respective segment. Administrative and shared service costs are retained by corporate.

Segment Results for the Three and Six Months Ended June 30, 2008 and 2007

Merchant Services Segment Results

(in millions)	Successor Three months ended June 30, 2008	% of Segment Revenue	Predecessor Three months ended June 30, 2007	% of Segment Revenue	Change Amount	%
Revenues:						
Transaction and processing service fees	$ 525.1	51%	$ 511.0	54%	$ 14.1	3%
Product sales and other	81.0	8%	91.4	10%	(10.4)	(11)%
Reimbursable debit network fees, postage and other	332.3	32%	260.1	27%	72.2	28%
Equity earnings in affiliates	84.0	8%	77.8	8%	6.2	8%
Other revenue	5.3	1%	12.9	1%	(7.6)	(59)%
Total revenue	$1,027.7	100%	$ 953.2	100%	$ 74.5	8%
Operating profit	$ 109.0		$ 261.1		$(152.1)	(58)%
Operating margin	11%		27%		(16)pts	
Key indicators:						
Domestic merchant transactions(a)	7,019.4		6,346.4		673.0	11%

(in millions)	Successor Six months ended June 30, 2008	% of Segment Revenue	Predecessor Six months ended June 30, 2007	% of Segment Revenue	Change Amount	%
Revenues:						
Transaction and processing service fees	$ 1,002.0	51%	$ 958.6	54%	$ 43.4	5%
Product sales and other	159.2	8%	178.5	10%	(19.3)	(11)%
Reimbursable debit network fees, postage and other	623.2	32%	490.2	27%	133.0	27%
Equity earnings in affiliates	155.9	8%	145.9	8%	10.0	7%
Other revenue	13.2	1%	25.0	1%	(11.8)	(47)%
Total revenue	$ 1,953.5	100%	$ 1,798.2	100%	$ 155.3	9%
Operating profit	$ 181.9		$ 456.2		$ (274.3)	(60)%
Operating margin	9%		25%		(16)pts	
Key indicators:						
Domestic merchant transactions(a)	13,473.8		12,124.7		1,349.1	11%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, and processed-only or gateway customer transactions at the POS.

Transaction and processing service fees revenue

The increase in acquiring revenue for the three and six months ended June 30, 2008 compared to the same periods in 2007 was driven by increases in transaction volume due to consumer spending at the point of sale. Although overall transaction growth rates remained stable in the second quarter 2008 compared to first quarter 2008, revenue growth slowed due to a shift in transaction volumes from local

and regional merchants to national discount merchants from which we realize lower per transaction revenues. We believe the move to national discount merchants is partially attributable to the slowing domestic economy.

Also contributing to slower growth in revenue is the continued growth of debit card transactions exceeding the growth in credit card transactions. This also continues to contribute to the spread between the transaction growth rate and the transaction and processing service fee revenue growth rate for the three and six months ended June 30, 2008 compared to the same periods in 2007 as we generally realize lower revenues from debit card transactions than from credit card transactions. We expect that overall transaction growth will slow slightly in the third quarter.

Product sales and other revenue

The decrease in product sales and other revenues for the three and six months ended June 30, 2008 compared to the same periods in 2007 was driven by decreased terminal sales resulting from slowing in equipment demand in part due to elevated prior year placements associated with merchants having to remain compliant with association rules. Also, contributing to the decrease for the six month period was a portfolio sale in the first quarter 2007.

Reimbursable debit network fees, postage and other

The increase in reimbursable debit network fees, postage and other for the three and six months ended June 30, 2008 versus the comparable periods in 2007 was due to growth in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks. Debit network fees represent substantially all of the balance within this line item.

Equity earnings

The increase in equity earnings in affiliates for the three and six months ended June 30, 2008 compared to the same periods in 2007 resulted most significantly from increased merchant transaction volume in the merchant equity alliances. The equity earnings presented as part of revenue at the segment level do not include the impact of amortization of intangible assets which is netted against equity earnings in the Consolidated Statement of Operations.

Other revenue

The decrease in other revenue for the three and six months ended June 30, 2008 compared to the same periods in 2007 is due to reduced investment income and resulted most significantly from the liquidation of investments as a result of the Merger as well as a reduction in interest rates earned on settlement assets.

Operating profit

Merchant Services segment operating profit decreased in the three and six months ended June 30, 2008 compared to the same periods in 2007 due to an increase of approximately $147 million and $284 million, respectively (affecting the operating profit growth rate by 56 and 62 percentage points, respectively) in amortization expense resulting from the purchase price assigned to intangible assets from the Merger. A decrease of approximately 2 percentage points, for both the three and six month periods, respectively, resulted from the portfolio sale in 2007 mentioned above. There was also incremental platform consolidation, data center consolidation and global labor sourcing expenses that contributed to the decreased operating profit. Partially offsetting these decreases and during the first quarter of 2007, we incurred a charge when we bought out a revenue sharing agreement as part of a new, larger relationship with Discover. The absence of a similar charge in 2008 benefited the six month operating profit growth rate by 2 percentage points.

Financial Services Segment Results

(in millions)	Successor Three months ended June 30, 2008	% of Segment Revenue	Predecessor Three months ended June 30, 2007	% of Segment Revenue	Change Amount	Change %
Revenues:						
Transaction and processing service fees	$ 497.5	71%	$ 514.8	72%	$ (17.3)	(3)%
Product sales and other	29.7	4%	30.1	4%	(0.4)	(1)%
Reimbursable debit network fees, postage and other	175.4	25%	167.8	24%	7.6	5%
Other revenue	0.9	0%	1.3	0%	(0.4)	(31)%
Total revenue	$ 703.5	100%	$ 714.0	100%	$ (10.5)	(1)%
Operating profit	$ 111.7		$ 153.0		$ (41.3)	(27)%
Operating margin	16%		21%		(5)pts	
Key indicators:						
Domestic debit issuer transactions(a)	3,084.8		2,985.4		99.4	3%

(in millions)	Successor Six months ended June 30, 2008	% of Segment Revenue	Predecessor Six months ended June 30, 2007	% of Segment Revenue	Change Amount	Change %
Revenues:						
Transaction and processing service fees	$ 994.2	71%	$ 997.7	71%	$ (3.5)	(0)%
Product sales and other	54.8	4%	63.5	5%	(8.7)	(14)%
Reimbursable debit network fees, postage and other	358.4	25%	345.2	24%	13.2	4%
Other revenue	1.6	0%	3.0	0%	(1.4)	(47)%
Total revenue	$ 1,409.0	100%	$ 1,409.4	100%	$ (0.4)	(0)%
Operating profit	$ 214.2		$ 297.9		$ (83.7)	(28)%
Operating margin	15%		21%		(6)pts	
Key indicators:						
Domestic debit issuer transactions(a)	5,930.5		5,732.8		197.7	3%
Domestic active card accounts on file (end of period)(b)						
Bankcard	47.8		44.1		3.7	8%
Retail	75.8		74.8		1.0	1%
Total	123.6		118.9		4.7	4%
Domestic card accounts on file (end of period)						
Bankcard	132.5		124.7		7.8	6%
Retail	397.7		360.0		37.7	10%
Debit	118.4		117.8		0.6	1%
Total	648.6		602.5		46.1	8%

(a) Domestic debit issuer transactions include VISA and MasterCard signature debit, STAR ATM, STAR PIN-debit POS and ATM and PIN-debit POS gateway transactions.

(b) Domestic active card accounts on file include customer accounts that had a balance or any monetary posting or authorization activity during the month.

Transaction and processing service fees revenue

Components of transaction and processing service fee revenue

(in millions)	Successor Three months ended June 30, 2008	Predecessor Three months ended June 30, 2007	Change Amount	%
Credit card, retail card and debit processing	$ 271.3	$ 270.4	$ 0.9	0%
Check processing	95.0	106.1	(11.1)	(10)%
Other revenue	131.2	138.3	(7.1)	(5)%
Total	$ 497.5	$ 514.8	$ (17.3)	(3)%

(in millions)	Successor Six months ended June 30, 2008	Predecessor Six months ended June 30, 2007	Change Amount	%
Credit card, retail card and debit processing	$ 537.2	$ 519.2	$ 18.0	3%
Check processing	194.0	201.0	(7.0)	(3)%
Other revenue	263.0	277.5	(14.5)	(5)%
Total	$ 994.2	$ 997.7	$ (3.5)	(0)%

Credit card, retail card and debit processing revenue

Credit card, retail card and debit processing revenue was flat for the three months ended June 30, 2008 compared to the same period in 2007. This was impacted by credit and retail card processing revenue being slightly lower primarily due to price compression partially offset by growth of existing clients and net new business and by debit processing revenue increasing mostly due to growth of existing clients and the FundsXpress acquisition partially offset by price compression and net lost business.

For the six month periods the credit card and retail card processing revenue declined with the offsetting factors noted above as well as the Instant Cash Services® acquisition while debit processing revenue increased due to the factors noted above.

Check processing revenue

Check processing revenue decreased for the three and six months ended June 30, 2008 compared to the same periods in 2007. The decrease for the three-month period was the result of declines in overall check volumes and net lost business. The decrease for the six-month period resulted from declines in overall check volumes partially offset by net new business. We expect similar declines in the third quarter.

Other revenue

Other revenue consists mostly of revenue from our output services, government payments business and remittance processing. Other revenue decreased for the three and six months ended June 30, 2008 compared to the same periods in 2007 primarily due to net lost business partially offset by growth of existing clients. The lost business includes statement production, remittance processing and call volumes. We expect similar declines for the remainder of the year.

Product sales and other revenue

Product sales and other revenue decreased for the three and six months ended June 30, 2008 compared to the same periods in 2007 due to a decrease in professional service fees in 2008 in the

credit card, retail card and utility business. Largely offsetting the decrease in the three month period is an increase due to contract termination fees received in 2008.

Reimbursable postage and other revenue

The increase in reimbursable postage and other revenue was due to growth of existing clients and an increase in the postage rates in May 2007 and 2008 partially offset by lost business.

Operating profit

Financial Services segment operating profit decreased for the three and six months ended June 30, 2008 compared to the same periods in 2007 due to an increase of approximately $39 million and $73 million (negatively impacting the operating profit growth rate by 26 and 25 percentage points) in amortization expense resulting from the purchase price assigned to intangible assets from the Merger. Operating profit was further negatively impacted by lost business and price compression resulting from contract renewals as well as incremental platform consolidation, data center consolidation and global labor sourcing expenses partially offset by new business, decreases in compensation and other operating expenses.

International Segment Results

	Successor Three months ended June 30,		Predecessor Three months ended June 30,		Change	
(in millions)	2008	% of Segment Revenue	2007	% of Segment Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$ 360.7	76%	$ 296.5	75%	$ 64.2	22%
Product sales and other	88.9	19%	75.9	19%	13.0	17%
Other revenue	23.5	5%	22.6	6%	0.9	4%
Total revenue	$ 473.1	100%	$ 395.0	100%	$ 78.1	20%
Operating profit	$ 31.6		$ 34.8		$ (3.2)	(9)%
Operating margin	7%		9%		(2)pts	
Key indicators:						
International transactions(a)	1,640.4		1,335.7		304.7	23%

	Successor Six months ended June 30,		Predecessor Six months ended June 30,		Change	
(in millions)	2008	% of Segment Revenue	2007	% of Segment Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$ 710.7	77%	$ 578.4	76%	$ 132.3	23%
Product sales and other	160.7	18%	135.2	18%	25.5	19%
Other revenue	46.3	5%	42.1	6%	4.2	10%
Total revenue	$ 917.7	100%	$ 755.7	100%	$ 162.0	21%
Operating profit	$ 52.9		$ 69.0		$ (16.1)	(23)%
Operating margin	6%		9%		(3)pts	
Key indicators:						
International transactions(a)	3,063.6		2,594.2		469.4	18%
International card accounts on file (end of period)(b)	78.2		69.3		8.9	13%

(a)
International transactions include VISA, MasterCard and other card association merchant acquiring and switching, and debit issuer transactions for clients outside the U.S. Transactions include credit, signature debit and PIN-debit POS, POS gateway and ATM transactions.

(b)
International card accounts on file include bankcard and retail.

Summary

During the first quarter 2008, the International segment's regions were revised. The revised regions are: Western Europe, Middle East and Africa ("WEMEA"), Central and Southern Europe ("CESE"), Asia Pacific ("APAC") and Latin America and Canada ("LAC").

Revenue growth in the three and six months ended June 30, 2008 compared to the same periods in 2007 was driven by acquisitions, benefit from foreign currency exchange rate movements, growth of existing clients and net new business partially offset by price compression. Acquisitions contributed 12 and 11 percentage points, respectively to segment revenue growth for the three and six months ended June 30, 2008 over the comparable periods in 2007. The most significant of these acquisitions were First Data Polska in the CESE region and the joint venture with AIB in the WEMEA region. Foreign currency exchange rate movements positively impacted total revenue growth rates by 8 percentage points for both the three and six months ended June 30, 2008, respectively, over the comparable periods in 2007.

Transaction and processing service fees revenue

Transaction and processing service fees revenue increased in the three and six months ended June 30, 2008 compared to the same periods in 2007 due generally to the factors noted above. Acquisitions impacted growth most significantly followed by foreign currency exchange rate movements and transaction volumes. Revenue growth in WEMEA was due to acquisitions, net new business relating to card processing services and growth of existing clients, partially offset by price compression. The acquisitions in the WEMEA region provide merchant acquiring services. Revenue growth in CESE was mostly due to foreign currency exchange rate movements, acquisitions and growth of existing clients partially offset by price compression and net lost business. The acquisition in the CESE region provides both merchant acquiring and card processing services across the region. Revenue growth in APAC was due mostly to growth of existing clients, foreign currency exchange rate movements and acquisitions partially offset by net lost business and price compression. Revenue growth in LAC was due mostly to growth from existing clients and foreign exchange rate movements partially offset by price compression in the card issuing services businesses.

Transaction and processing service fee revenue is driven by accounts on file and transactions. The spread between growth in these two indicators and revenue growth was driven mostly by the change in the mix of transaction types resulting from acquisitions. The effects of foreign currency exchange rate fluctuations also contributed to the spread.

Product sales and other revenue

The increase in product sales and other revenue for the three and six months ended June 30, 2008 over the same periods in 2007 resulted from increased terminal-related revenue and the impact of acquisitions partially offset by a decrease in professional services fees in 2008 due to the completion of projects in 2007 as well as contract termination fees received in 2007.

Operating profit

The segment's operating profit decreased for the three and six months ended June 30, 2008 compared to the same periods in 2007 due to certain items including the impact of purchase accounting, which was approximately $4.0 million and $5.8 million (negatively impacting the operating profit growth rate by approximately 12 and 8 percentage points), partially offset by the beneficial impact of the factors described above, including acquisitions and foreign currency exchange rate movements. Also negatively impacting segment operating profit was a credit loss expense recorded as a result of a customer bankruptcy of approximately $2.3 million and $8.5 million for the three and six months ended June 30, 2008, respectively (negatively impacting the operating profit growth rate by approximately 7 and 12 percentage points), as well as incremental infrastructure and platform consolidation expenses in the WEMEA and CESE regions.

Segment Results for the Years Ended December 31, 2007, 2006 and 2005

As discussed above results of operations reflect the segment realignment.

Merchant Services Segment Results

	Pro Forma	Historical					
		Successor	Predecessor			Percent Change	Historical Percent Change
	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
				(in millions)			
Revenues:							
Transaction and processing service fees	$ 1,982.0	$ 533.6	$ 1,448.4	$ 1,911.1	$ 1,806.8	4%	6%
Product sales and other	351.4	87.6	263.8	370.4	315.2	(5)%	18%
Reimbursable debit network fees, postage and other	1,043.8	308.4	735.4	831.4	686.3	26%	21%
Equity earnings in affiliates	316.4	95.6	220.8	283.3	237.0	12%	20%
Other revenues	48.9	12.1	36.8	46.8	31.1	4%	50%
Total revenue	$ 3,742.5	$ 1,037.3	$ 2,705.2	$ 3,443.0	$ 3,076.4	9%	12%
Operating profit	$ 337.0	$ 100.9	$ 713.3	$ 978.2	$ 804.6	(66)%	22%
Operating margin	9%	10%	26%	28%	26%	(19)pts	2pts

	Year ended December 31, 2007	2006	2005		
Key indicators:					
Domestic merchant transactions(a)	25,359.0	22,626.0	19,882.2	12%	14%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, and processed-only or gateway customer transactions at the point of sale ("POS").

Transaction and processing service fees revenue and equity earnings in affiliates

The components of transaction and processing service fees revenue and equity earnings in affiliates for the 2007 predecessor and successor periods and 2007 pro forma results compared to the predecessor year ended December 31, 2006 and the year ended December 31, 2006 compared to the same period in 2005 are:

Pro Forma	Historical					
	Successor	Predecessor			Percent Change	Historical Percent Change
Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005

			(in millions)				
Acquiring revenue	$ 1,791.7	$ 482.7	$ 1,309.0	$ 1,717.2	$ 1,591.2	4%	8%
Processing revenue charged to unconsolidated merchant alliances	190.3	50.9	139.4	193.9	215.6	(2)%	(10)%
Total transaction and processing service fees	1,982.0	533.6	1,448.4	1,911.1	1,806.8	4%	6%
Equity earnings in affiliates	316.4	95.6	220.8	283.3	237.0	12%	20%
Total transaction and processing service fees and equity earnings in affiliates	$ 2,298.4	$ 629.2	$ 1,669.2	$ 2,194.4	$ 2,043.8	5%	7%

Acquiring revenue in the 2007 predecessor and successor periods was favorably impacted by increases in transaction volume due to consumer spending at the point of sale, improved merchant

retention, activation improvements, the growth of new alliances and 2006 pricing changes. In 2006, we began classifying commission payments to certain ISO's as expense rather than netting them against revenue consistent with our accounting for other similar arrangements. This had a favorable impact in the 2007 predecessor period. The 2007 successor period was favorably impacted by the year end holiday season although less than in prior years. Negatively impacting revenue in the 2007 successor period was the impact of purchase accounting resulting in not recognizing annual fees of approximately $28 million pertaining to the predecessor period that would otherwise have been recognized in the fourth quarter. Most of these annual fees were accrued as part of purchase accounting.

On a 2007 pro forma basis compared to historical 2006 the increase in acquiring revenue was driven by increases in transaction volume due to consumer spending at the point of sale, improved merchant retention, activation improvements, the growth of new alliances and 2006 pricing changes. On a 2007 pro forma basis in comparison to the historical 2006 results the reclassification of certain ISO commission payments positively impacted the acquiring revenue growth rate by approximately 1 percentage point with such increase being offset by the above noted purchase accounting which negatively impacted the acquiring revenue growth rate by 2 percentage points. The 2007 pro forma revenue growth and transaction growth rates were negatively impacted compared to 2006 due to the year end holiday season, as the growth rates, although positive, were lower than in 2006.

The increase in acquiring revenue in 2006 compared to 2005 was driven by increases in transaction volume due to consumer spending at the point of sale, sales productivity, the alliance formed with Citibank in 2005, as well as the above noted reclassification of certain commission payments out of revenue and into expense. Also contributing to growth were improved merchant retention, activation improvements, the growth of new alliances and 2006 pricing changes. The reclassification of certain ISO commission payments positively impacted the acquiring revenue growth rate by approximately 1 percentage point.

Our transaction growth rate for PIN-debit increased for 2007 on a pro forma basis compared to historical 2006 and for 2006 compared to 2005. One of the items driving growth in PIN-debit transactions is increased penetration in the grocery, petroleum and quick service restaurant markets.

Merchant PIN-debit transactions, including acquired transactions, accounted for approximately 24%, 22% and 21% of total domestic merchant transactions for the pro forma 2007 results and the historical 2006 and 2005 periods, respectively. We continue to see a shift in consumer behavior toward the use of PIN-debit cards from other forms of payment, particularly checks and cash.

The spread between the transaction growth rate and the transaction and processing service fee revenue growth rate for the 2007 pro forma results compared to historical 2006 remained relatively constant, after consideration of the ISO adjustment noted above, due to the mix of merchants and price compression. The spread is caused most significantly by the mix of merchants. Most of the disparity is within the segment's portfolios of national merchants, which drive significant transaction growth and experience the greatest price compression. Also contributing to this spread is a lower average transaction amount due to increased usage at merchants such as quick service restaurants. The segment has historically experienced three to five percent annual price compression on average, with price compression for the national merchants being higher.

Processing revenue charged to unconsolidated merchant alliances represents revenues earned from providing processing services to those alliances. These processing fees are recognized as expense to the unconsolidated merchant alliances. Processing revenue for the 2007 predecessor and successor periods was not impacted by significant events or trends. Processing revenue decreased slightly for 2007 on a pro forma basis compared to historical 2006. The decrease in 2006 compared to 2005 is largely a result of restructuring agreements associated with the Chase Paymentech and PNC Merchant Services alliances.

Equity earnings in affiliates in the 2007 predecessor and successor periods continued to benefit from strong performance by Merchant Service's merchant alliances. Equity earnings in affiliates increased on a 2007 pro forma basis compared to historical 2006 resulted most significantly from

increased merchant transaction volume in the merchant alliances. Earnings of an alliance were also improved due to a beneficial change in its portfolio mix and lower processing rates, which negatively impacted processing revenue described directly above. The increase in equity earnings for 2006 compared to 2005 principally resulted from increased transaction volume. The amortization of the intangible asset portion of the excess of our investment balance over our proportionate share of the investee's net book value is not included in the equity earnings reviewed by management as revenue. Such amortization is included in the segment's operating profit.

As discussed more fully above, on May 27, 2008, we announced we had reached an agreement with JPMorgan to end our joint venture, Chase Paymentech Solutions , our largest merchant alliance.

Product sales and other revenue

Product sales and other revenue for the 2007 predecessor and successor periods was negatively impacted by decreased terminal sales. The 2007 predecessor period benefited from merchant portfolio sales totaling approximately $12 million compared to $5 million for the historical 2006 period.

The majority of the decrease in product sales and other revenues for 2007 on a pro forma basis compared to historical 2006 was driven by decreased terminal sales partially offset by increased merchant portfolio sales. The majority of the increase in product sales and other revenues for 2006 compared to 2005 was driven by increased terminal sales and leases partially offset by decreases in hardware and supplies revenue and professional services revenue.

Reimbursable debit network fees, postage and other

Debit network fees in the 2007 predecessor and successor periods benefited from continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks. Debit network fees represent substantially all of the balance within this line item.

The increases in reimbursable debit network fees, postage and other for 2007 on a pro forma basis versus historical 2006 and for 2006 compared to 2005 were due to growth in debit network fees resulting from the continued growth of PIN-debit transaction volumes as noted above as well as rate increases imposed by the debit networks. The 2006 growth was partially offset by a national merchant routing a portion of its PIN-debit transactions directly to the network provider.

Operating profit

In addition to the impact of the items noted above, Merchant Services segment operating profit for the 2007 predecessor and successor periods was impacted negatively by new incentive compensation arrangements implemented in 2007. Also negatively impacting the predecessor segment operating profit as a result of the Merger was the acceleration of restricted stock awards. In the 2007 predecessor period, we bought out a revenue sharing agreement as part of a new, larger relationship with Discover Financial Services LLC ("Discover") resulting in an expense charge in the 2007 predecessor period with most of this charge being recovered through increased processing fees in the predecessor period and the remaining portion in the successor period. Amortization resulting from contingent payments associated with a merchant alliance also negatively impacted operating profit growth for the 2007 predecessor period. The 2007 successor period was negatively impacted by purchase accounting of approximately $194 million due most significantly to amortization expense resulting from the purchase price assigned to intangible assets from the Merger.

The segment operating profit decreased in 2007 on a pro forma basis compared to historical 2006 due to the factors discussed above. Increased amortization resulting from contingent payments noted above negatively impacted the operating profit growth rate by approximately 1 percentage point in 2007 on a pro forma basis, but will not have continuing impact as a result of the Merger and the associated affects of purchase accounting. Incentive compensation negatively impacted 2007 pro forma operating profit by approximately 1 percentage point in comparison to historical 2006. The negative impacts of the contingent payments and incentive compensation were offset by savings from the restructuring activities described in "2007 activities" above. The purchase accounting impacts of the annual fees

noted in the acquiring revenue discussion above and increased amortization of identifiable intangible assets, both related to the Merger, negatively impacted the operating profit growth rate by 69 percentage points for the 2007 pro forma results.

The segment operating profit and margins increased in 2006 compared to 2005 due to the factors discussed above. Additionally, the reduction of integration expenses in 2006 versus 2005 benefited 2006 operating profit growth by approximately 11 percentage points and operating margin by approximately 3 percentage points. Also benefiting 2006 growth was reduced payroll expense due to fourth quarter 2005 restructuring activities. Negatively affecting operating profit growth in 2006 was higher incentive compensation accruals due to achieving certain financial targets in 2006 in comparison to 2005 and the reduction in relative ownership percentage of the PNC alliance. Increased amortization resulting from contingent payments associated with a merchant alliance also negatively impacted operating profit growth in 2006 by 1 percentage point.

Financial Services Segment Results

	Pro Forma	Historical				Percent Change	Historical Percent Change
		Successor	Predecessor				
	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
				(in millions)			
Revenues:							
Transaction and processing service fees	$ 2,028.5	$ 551.4	$ 1,477.1	$ 1,924.3	$ 1,926.7	5%	0%
Product sales and other	135.9	29.1	106.8	110.3	155.2	23%	(29)%
Reimbursable postage and other	711.2	198.7	512.5	630.0	602.9	13%	4%
Other revenue	4.7	0.9	3.8	6.2	2.2	(24)%	182%
Total revenue	$ 2,880.3	$ 780.1	$ 2,100.2	$ 2,670.8	$ 2,687.0	8%	(1)%
Operating profit	$ 414.9	$ 101.4	$ 436.7	$ 567.2	$ 599.4	(27)%	(5)%
Operating margin	14%	13%	21%	21%	22%	(7)pts	(1)pt

	Year ended December 31, 2007	2006	2005		
Key indicators:					
Domestic debit issuer transactions(a)	11,651.4	10,572.4	8,988.2	10%	18%
Domestic active card accounts on file (end of period)(b)					
Bankcard	48.4	42.4	30.1	14%	41%
Retail	79.9	74.4	61.8	7%	20%
Total	128.3	116.8	91.9	10%	27%
Domestic card accounts on file (end of period)					
Bankcard	130.7	113.2	63.6	15%	78%
Retail	381.8	331.3	253.4	15%	31%
Debit	122.3	112.9	98.3	8%	15%

Total	634.8	557.4	415.3	14%	34%

(a) Domestic debit issuer transactions include VISA and MasterCard signature debit, STAR ATM, STAR PIN-debit POS, and ATM and PIN-debit POS gateway transactions.

(b) Domestic active card accounts on file include customer accounts that had a balance or any monetary posting or authorization activity during the month.

Summary

Financial Services segment revenue in the 2007 predecessor and successor periods was favorably impacted most significantly by reimbursable postage revenue, acquisitions, growth of existing clients, the expansion of TeleCheck's ECA processing into more locations of large national retailers and contract termination fees. Partially offsetting these items were price compression and the net impact of new and lost business.

The segment converted approximately 26 million accounts during the 2007 pro forma period, and also increased accounts through the growth of existing clients. At December 31, 2007, the segment had approximately 15 million accounts in the pipeline, primarily retail, with approximately 8 million of these accounts scheduled for conversion in 2008.

The segment revenue and operating profit decreased in 2006 compared to 2005 due most significantly to deconversions that occurred in 2005, and the associated contract termination fees, price compression, as well as the impact of the TeleCheck business. These decreases were partially offset by growth from existing clients and new business.

Transaction and processing service fee revenue

Components of transaction and processing service fee revenue

	Pro Forma	Historical					
		Successor	Predecessor			Percent Change	Historical Percent Change
	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
				(in millions)			
Credit card, retail card and debit processing	$ 1,070.9	$ 298.6	$ 772.3	$ 1,025.0	$ 1,048.4	4%	(2)%
Check processing	411.8	111.9	299.9	348.1	348.1	18%	0%
Other revenue	545.8	140.9	404.9	551.2	530.2	(1)%	4%
Total	$ 2,028.5	$ 551.4	$ 1,477.1	$ 1,924.3	$ 1,926.7	5%	0%

Credit card, retail card and debit processing revenue

Credit card, retail card and debit processing revenue was positively impacted for the 2007 predecessor and successor periods by growth of existing clients, growth in domestic debit issuer transactions and by acquisitions noted above. Negatively impacting the 2007 predecessor and successor periods were price compression and lost business.

Credit and retail card processing revenue decreased for the 2007 pro forma results compared to historical 2006 due to price compression partially offset by growth of existing clients. Contract pricing at the customer level is dependent upon the volume of accounts, mix of account types (e.g. retail, credit, co-branded credit and debit) and product usage. Although active accounts on file increased, revenue did not proportionately increase due most significantly to price compression.

Debit processing revenue increased on a pro forma basis in 2007 due to growth of existing clients and acquisitions noted above, which added approximately 5 and 4 percentage points, respectively, to the credit card, retail card and debit processing revenue growth rate. The majority of domestic debit issuer transaction growth was driven by the shift to the use of debit cards from checks and cash, and such trend is expected to continue. Transaction growth and revenue growth for the pro forma 2007 results as compared to 2006 were relatively consistent. This growth was partially offset on a pro forma basis by 3 and 3 percentage points, respectively, due to pricing and lost business.

Credit and retail card processing revenue decreased in 2006 compared to 2005 largely due to the deconversion of credit card accounts in 2005 and price compression, partially offset by growth from existing clients and new business.

Debit processing revenue increased in 2006 compared to 2005 due to growth of existing clients partially offset by deconversions and price compression. The majority of domestic debit issuer transaction growth was driven by the shift to the use of debit cards from credit cards, checks and cash. Additional transaction growth was driven by the conversion of a major issuer. Price compression upon renewal of contracts and the change in client mix drove the spread between revenue growth and transaction growth.

Check processing revenue

TeleCheck was favorably impacted in the 2007 predecessor and successor periods from the expansion of its ECA processing into more locations of large national retailers but negatively impacted by a decline in the use of paper checks.

The increase in check processing revenue for 2007 on a pro forma basis compared to historical 2006 resulted from an increase in the above noted ECA processing. This increase partially was offset by the general decline in the paper check guarantee volumes. Check processing revenue remained flat for the year ended December 31, 2006 compared to 2005 resulting from an increase in ECA processing revenue noted above, increased revenues from collections services provided for a national merchant, and the acquisition of ClearCheck, Inc ("ClearCheck") in the first quarter 2006. These increases were offset by the general decline in the paper check guarantee volumes.

Other revenue

Other revenue consists mostly of revenue from our output services, government payments business and remittance processing. Remittance processing services revenue for the 2007 predecessor and successor periods was negatively impacted due to the deconversion of a large customer and consumer conversion from paper to electronic payment methods. We expect remittance revenue to remain relatively flat in 2008 compared to 2007 with new business growth offsetting consumer conversion from paper to electronic payment methods. Output services revenue for the 2007 predecessor and successor periods was not significantly impacted by any unique events or trends. Output services remained relatively flat for the 2007 pro forma period compared to historical 2006.

Other revenue increased for 2006 compared to 2005 due to an increase in output services revenue due to new business partially offset by deconversions. Remittance processing services revenue decreased for 2006 compared to 2005 due to lost business and consumer conversion from paper to electronic payment methods. These decreases were partially offset by new business. In response to the decline in revenue, we closed one facility in 2006.

Product sales and other revenue

Product sales and other revenue in the 2007 predecessor period was favorably impacted by the receipt of contract termination fees and both the predecessor and successor periods were favorably impacted by professional service fees and software licensing and maintenance revenue resulting from the acquisition of Peace Software in the third quarter of 2006.

Product sales and other revenue decreased in 2006 compared to 2005 due to contract termination fees of approximately $50 million that were received in 2005 associated with deconversions.

Reimbursable postage and other revenue

New business and an increase in the postage rates in May 2007 positively impacted the 2007 predecessor and successor periods for reimbursable postage and other revenue. Negatively impacting the same periods was lost business.

Reimbursable postage and other revenue increased for the year ended December 31, 2006 in comparison to the same period in 2005 as a result of new business and a postage rate increase in January 2006 partially offset by lost business.

Operating profit

In addition to the favorable and unfavorable items noted above, the Financial Services segment operating profit for the 2007 successor period was negatively impacted by purchase accounting of approximately $54 million due most significantly to amortization expense due to the purchase price assigned to intangible assets from the Merger. Negatively impacting the predecessor segment operating profit as a result of the Merger was the acceleration of restricted stock awards.

Operating profit decreased for pro forma 2007 compared to historical 2006 due to the factors noted above partially offset by the significant benefits from cost savings initiatives implemented in 2006 and continuing into pro forma 2007 in anticipation of continued price compression. Purchase accounting related to the Merger, mostly amortization of identifiable intangible assets, negatively impacted the operating profit growth rate by 32 percentage points for pro forma 2007.

The segment operating profit decreased for the year ended December 31, 2006 compared to 2005 due to contract termination fees received in 2005, account deconversions, price compression, higher incentive compensation recognized in 2006 compared to 2005 due to achieving certain financial targets and other factors noted above. Partially offsetting this decline were reduced payroll expenses due to 2005 restructuring activities. Operating margins decreased slightly for 2006 compared to 2005 as a result of the items discussed above.

International Segment Results

	Pro Forma	Historical					
		Successor	Predecessor			Percent Change	Historical Percent Change
	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
				(in millions)			
Revenues:							
Transaction and processing service fees	$ 1,258.7	$ 382.0	$ 876.7	$ 985.0	$ 714.0	28%	38%
Product sales and other	295.6	92.2	203.4	206.3	145.2	43%	42%
Other Income	85.2	22.6	62.6	67.0	53.7	27%	25%
Total revenue	$ 1,639.5	$ 496.8	$ 1,142.7	$ 1,258.3	$ 912.9	30%	38%
Operating profit	$ 152.4	$ 49.1	$ 98.3	$ 153.5	$ 118.7	(1)%	29%
Operating margin	9%	10%	9%	12%	13%	(3)pts	(1)pt

	Year ended December 31,				
	2007	2006	2005		
Key indicators:					
International transactions(a)	5,476.0	4,591.6	2,816.0	19%	63%
International card accounts on file (end of period)(b)	73.8	48.3	30.9	53%	56%

(a) International transactions include VISA, MasterCard and other card association merchant acquiring and switching, and debit issuer transactions for clients outside the U.S. Transactions include credit, signature debit and PIN-debit POS, POS gateway and ATM transactions. Transactions for 2006 and

2005 have been adjusted to conform to current year presentation.

(b) International card accounts on file include bankcard and retail.

Summary

International segment revenue in the 2007 predecessor and successor periods was favorably impacted by acquisitions, foreign currency exchange rate movements, growth of existing clients and the net impact of new and lost business.

Acquisitions contributed 16 percentage points to segment revenue growth rates in 2007 on a pro forma basis compared to historical 2006. The most significant of these acquisitions were First Data Polska in the EMEA region in 2007, First Data Cono Sur (formerly ArgenCard) in the LAC region in 2006 and First Data Deutschland ("FDD" formerly Gesellschaft fur Zahlungssysteme), also in the EMEA region in 2006. In addition, foreign currency exchange rate movements positively impacted total pro forma revenue growth rates by 8 percentage points.

Growth in 2006 compared to 2005 was driven by acquisitions and new alliances and internal growth of existing clients. The most significant of these acquisitions were FDD, EuroProcessing International, First Data Austria (formerly Austrian Payment Systems Services GmbH) and First Data Korea (formerly Korea Mobile Payment Services). Acquisitions and new alliances contributed 25 percentage points to total revenue growth for 2006 compared to 2005, while foreign exchange rate movements positively impacted total revenue growth by 1 percentage point for the same period.

Transaction and processing service fee revenue

Transaction and processing service fee revenue includes merchant acquiring and processing revenue, debit transaction revenue, POS/ATM transaction revenue, fees from switching services and monthly managed service fees for issued cards. The above noted acquisitions and impact of foreign exchange rate movements positively impacted the 2007 predecessor and successor periods with the exception that revenue from the FDD acquisition only benefited the predecessor period. Transaction and processing service fee revenue increased in 2007 on a pro forma basis compared to 2006 and 2006 compared to 2005 due most significantly to the acquisitions noted above. The 2007 pro forma results were also positively impacted by an increase in POS and ATM transactions resulting from growth of both existing clients and new business and, to a lesser extent, an increase in accounts on file in the EMEA and LAC regions and continued expansion of the Cashcard ATM network in Australia.

Revenue growth in EMEA for the 2007 pro forma results was due mostly to acquisitions, foreign currency exchange rate movements and the net impact of new and lost business and growth from existing clients. The acquisition growth mostly relates to business supporting switching debit and ATM transactions as well as debit card transactions and card issuer processing. Revenue growth in ANZ for the 2007 pro forma results is due mostly to foreign currency exchange rate movements while other contributors such as new business and growth of existing clients were substantially offset by the negative impact of lost business and price compression. Revenue growth in LAC for the same periods is due mostly to the First Data Cono Sur acquisition while other contributors such as growth of existing merchant acquiring businesses as a result of increased volumes, increases in card accounts on file and the benefit from foreign exchange rate movements were partially offset by the negative net impact of new and lost business and price compression. Revenue growth for the year ended December 31, 2006 compared to 2005 increased due mostly to similar items to those noted above.

As noted above, transaction and processing service fee revenue is driven by accounts on file and transactions. The spread between growth in these two indicators and revenue growth is driven mostly by the change in the mix of transaction types resulting from acquisitions. The effects of foreign currency exchange rate fluctuations also contributed to the spread.

At December 31, 2007, the International segment had approximately 2.1 million accounts in the pipeline the majority of which were retail. We expect to convert these accounts in 2008.

Product sales and other revenue

Product sales and other revenue for the 2007 predecessor and successor periods was positively impacted by terminal-related revenue driven mainly by the above described acquisitions in the LAC and

EMEA regions as well as professional services fees associated with the Vision*PLUS* managed service supported by our Singapore office. Negatively impacting the successor period was a decrease in gains from merchant portfolio sales. On a 2007 pro forma basis compared to historical 2006, the terminal-related revenue from the above noted acquisitions and new sales in the LAC region accounted for most of the growth.

The increase in product sales and other revenue for the year ended December 31, 2006 over the same period in 2005 resulted from increased terminal-related revenue driven mainly by acquisitions in the EMEA and Asia regions as well as a gain of approximately $11 million from a merchant portfolio sale in the LAC region in 2006.

Operating profit

In addition to the items noted above, International segment operating profit and segment margins were negatively impacted by expenditures on strategic business initiatives and platform consolidation costs in EMEA. Also negatively impacting segment operating profit as a result of the Merger was the acceleration of restricted stock awards in the predecessor period. Negatively impacting operating profit for the 2007 successor period was platform consolidation costs and purchase accounting of approximately $7 million as a result of the Merger.

The items that had the largest benefit to the pro forma 2007 results in comparison to historical 2006 were acquisitions, internal growth, foreign exchange rate movements and merger-related purchase accounting. Acquisitions and foreign exchange rate movements accounted for approximately 26 and 11 percentage points of operating profit growth, respectively, for the 2007 pro forma period. The items with the most significant negative impact for the same period were the strategic business initiatives, platform consolidation costs, expansion into regions such as Asia and pricing.

The segment's operating profit increased for 2006 compared to 2005 due to the growth in revenues described above. Higher incentive compensation accruals due to achieving certain financial targets and significant investments in business development, infrastructure and platform consolidation in 2006 compared to 2005 adversely impacted operating profit growth. Also offsetting growth for 2006 compared to 2005 is a decrease resulting from an account deconversion in EMEA completed during the first quarter 2005. Acquisitions and foreign exchange rate movements accounted for approximately 21 and 3 percentage points, respectively, of the operating profit growth for the year ended December 31, 2006. Segment margins continue to be impacted by the investment in business development, infrastructure and platform consolidation in EMEA and the expansion of regions such as South Asia and China.

Pro Forma Financial Information

The following unaudited pro forma Condensed Consolidated Statement of Operations reflect our consolidated results of operations as if the merger had occurred on January 1, 2007. The pro forma statement is derived from the application of pro forma adjustments to the historical Statement of Operations of the predecessor period January 1, 2007 to September 24, 2007 and the successor period from September 25, 2007 to December 31, 2007. The pro forma Statement of Operations should be read in conjunction with the Consolidated Financial Statements, related notes and other financial information included elsewhere in this prospectus.

The pro forma adjustments are described in the notes to the pro forma Statement of Operations and are based on available information and assumptions that management believes are reasonable. Certain of the pro forma adjustments and results of operations in the successor period are based on preliminary allocation of the purchase price and preliminary valuation of intangible assets. The pro forma Statement of Operations is not necessarily indicative of the future results of operations of the successor company or results of operations of the successor company that would have actually occurred had the merger been consummated as of January 1, 2007.

Note that the pro forma adjustments in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section differ from the pro forma adjustments included elsewhere in this prospectus under "Unaudited Pro Forma Condensed Consolidated Statement of Operations" for reasons stated therein.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007

	Historical		Pro Forma Adjustments	Pro Forma
	Successor Period from September 25 through December 31, 2007	Predecessor Period from January 1 through September 24, 2007		Year ended December 31, 2007
			(in millions)	
Revenues:				
Transaction and processing service fees	$ 1,553.3	$ 3,965.9	$	$ 5,519.2
Investment income, net	(8.2)	(66.9)		(75.1)
Product sales and other	223.0	616.4		839.4
Reimbursable debit network fees, postage and other	510.4	1,257.5		1,767.9
	2,278.5	5,772.9		8,051.4
Expenses:				
Cost of services (exclusive of items shown below)	790.3	2,207.3	(114.2)(a)	2,883.4
Cost of products sold	87.3	209.2		296.5
Selling, general and administrative	367.9	1,058.8	(150.1)(b)	1,276.6
Reimbursable debit network fees, postage and other	510.4	1,257.5		1,767.9
Depreciation and amortization	367.8	476.4	473.9(c)	1,318.1
Other operating expenses(d)	(0.2)	23.3		23.1
	2,123.5	5,232.5	209.6	7,565.6
Operating profit	155.0	540.4	(209.6)	485.8
Interest income	17.9	30.8		48.7
Interest expense	(584.7)	(103.6)	(1,364.4)(e)	(2,052.7)
Other income (expense)	(74.0)	4.9	15.8(f)	(53.3)
(Loss) income before income taxes, minority interest, equity earnings in affiliates and discontinued operations	(485.8)	472.5	(1,558.2)	(1,571.5)
Income tax (benefit) expense	(176.1)	125.8	(636.3)(g)	(686.6)
Minority interest	(39.0)	(105.3)		(144.3)
Equity earnings in affiliates	46.8	223.0	(147.8)(h)	122.0
(Loss) income from continuing operations	$ (301.9)	$ 464.4	$ (1,069.7)	$ (907.2)

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(a)
Adjustments to Cost of services consist of adjustments related to the reversal of amortization of prior year service costs and actuarial gains and losses related to defined benefit plans of $3.9 million; the reversal of costs associated with the accelerated vesting of equity awards of $105.6 million; and the reversal of rent expense of $4.7 million related to synthetic leases bought out as a result of change in control provisions.

(b)
Adjustments to Selling, general and administrative expenses consist of adjustments to recognize expense resulting from the sponsor's management fee of $15.0 million; the reversal of merger transaction costs of $72.6 million; the reversal of costs associated with the accelerated vesting of equity awards of $89.9 million; and the reversal of amortization of prior year service costs and actuarial gains and losses related to defined benefit plans of $2.6 million.

(c)
Adjustment to Depreciation and amortization consists of increased other intangible asset amortization expense of $470.3 million and an adjustment for increased depreciation expense on buildings bought out of synthetic leases of $3.6 million. Note that amortization of the customer relationships intangible assets are recognized on an accelerated basis and the other intangible assets are recognized on a straight-line basis. Based on the preliminary valuation of the intangible assets, amortization was approximately $1,125 million for pro forma 2007 and is projected to be approximately as follows for 2008 through 2012: respectively, $1,024 million, $946 million, $885 million, $765 million and $661 million.

(d)
Other operating expenses include: net restructuring charges, impairments, litigation and regulatory settlements, and other.

(e)
Reflects pro forma interest expense resulting from our new capital structure. The adjustment includes interest expense, amortization of commitment fees and debt issuance costs, and the impact of interest rate swaps associated with the facilities and notes described in the capital resources and liquidity section of this MD&A less the interest expense recognized on the notes that were repaid in conjunction with the Merger. The adjustment also includes amortization of all underwriting fees that will be incurred when the bridge facilities are extended into long-term loans, exchanged for notes or refinanced with other third parties at or before the one year anniversary of the Merger. The adjustment excludes the impact of the bridge financing fees paid at the closing of the Merger that are being amortized over one year to the extent they haven't already been refunded. Such fees are not considered indicative of long-term ongoing operations and are, additionally, contingently recoverable, in part, based on future events.

(f)
Represents the elimination of debt repayment costs associated with our debt existing prior to the Merger.

(g)
Represents the tax effect of the pro forma adjustments, calculated at a marginal rate of 37.3% for 2007.

(h)
Adjustment to equity method investments consists of increased other intangible asset amortization expense.

Unaudited Pro Forma Segment Revenues(a)

	Successor Period from September 25 through December 31, 2007	Predecessor Period from January 1 through September 24, 2007	Pro Forma	
			Pro Forma Adjustments	Adjusted Revenue
			(in millions)	
Merchant Services	$ 1,037.3	$ 2,705.2	$	$ 3,742.5
Financial Services	780.1	2,100.2		2,880.3
International	496.8	1,142.7		1,639.5
Prepaid Services	76.8	138.0		214.8
Integrated Payments Systems	34.3	71.5		105.8
All Other and Corporate	44.4	122.5		166.9
Total segment and all other and corporate	$ 2,469.7	$ 6,280.1	$	$ 8,749.8

Unaudited Pro Forma Segment Operating Profit

	Successor Period from September 25 through December 31, 2007	Predecessor Period from January 1 through September 24, 2007	Pro Forma	
			Pro Forma Adjustments	Adjusted Operating Profit
			(in millions)	
Merchant Services	$ 100.9	$ 713.3	$ (477.2)(b)	$ 337.0
Financial Services	101.4	436.7	(123.2)(c)	414.9
International	49.1	98.3	5.0(d)	152.4
Prepaid Services	13.2	24.2	(10.7)(e)	26.7
Integrated Payments Systems	21.3	30.1	2.1(f)	53.5
All Other and Corporate	(67.6)	(445.6)	246.6(g)	(266.6)
Total segment and all other and corporate	$ 218.3	$ 857.0	$ (357.4)	$ 717.9

(a)
No pro forma adjustments have been made to segment revenue in 2007. Accordingly, values represent the sum of predecessor and successor periods.

(b)
Adjustments to Merchant Services segment operating profit consist of adjustments related to increased other intangible asset amortization expense; increased other intangible asset amortization expense associated with equity method investments; the reversal of costs associated with the accelerated vesting of equity awards; the reversal of rent expense related to synthetic leases bought out as a result of change in control provisions; and an adjustment for increased depreciation expense on buildings purchased out of synthetic leases.

(c)
Adjustments to Financial Services segment operating profit consist of adjustments related to increased other intangible asset amortization expense; the reversal of costs associated with the accelerated vesting of equity awards; the reversal of rent expense related to synthetic leases bought out as a result of change in control provisions; and an adjustment for increased depreciation expense on buildings purchased out of synthetic leases.

(d)
Adjustments to International segment operating profit consist of adjustments related to increased other intangible asset amortization expense; decreased other intangible asset amortization expense associated with equity method investments; the reversal of costs associated with the accelerated vesting of equity awards; and the reversal of amortization of prior year service costs and actuarial gains and losses related to defined benefit plans.

(e)

Adjustments to Prepaid Services segment operating profit consist of adjustments related to increased other intangible asset amortization expense; and the reversal of costs associated with the accelerated vesting of equity awards.

(f)

Adjustments to Integrated Payment Systems segment operating profit consist of adjustments related to decreased other intangible asset amortization expense; and the reversal of costs associated with the accelerated vesting of equity awards.

(g) Adjustments to All Other and Corporate operating profit consist of adjustments related to decreased other intangible asset amortization expense; the reversal of costs associated with the accelerated vesting of equity awards; the reversal of amortization of prior year service costs and actuarial gains and losses related to defined benefit plans; adjustments to recognize expense resulting from the sponsor's management fee; and the reversal of merger transaction costs.

Capital Resources and Liquidity

Our source of liquidity during the first six months of 2008 was principally cash generated from operating activities. Our sources of liquidity during 2007 were cash generated from operating activities and long-term borrowings incurred as part of the Merger. We believe our current level of cash and short-term financing capabilities along with future cash flows from operations are sufficient to meet the needs of its existing businesses.

The following discussion highlights our cash flow activities from continuing operations during the six months ended June 30, 2008 and 2007.

Cash and Cash Equivalents

Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. At June 30, 2008 and December 31, 2007, we held $655.3 million and $606.5 million in cash and cash equivalents, respectively. Cash and cash equivalents held outside of the United States at June 30, 2008 and December 31, 2007 was $225.9 million and $203.4 million, respectively.

Cash Flows from Operating Activities from Continuing Operations

Source/(use) (in millions)	**Successor Six months ended June 30, 2008**	**Predecessor Six months ended June 30, 2007**
Net (loss) income from continuing operations	$ (382.3)	$ 400.6
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	761.9	365.0
Other non-cash and non-operating items, net	6.7	(67.3)
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:		
Accounts receivable, current and long-term	162.9	(35.6)
Other assets, current and long-term	188.4	28.0
Accounts payable and other liabilities, current and long-term	(227.2)	(87.2)
Income tax accounts	(213.8)	61.3
Excess tax benefit from share-based payment arrangement		(28.7)
Net cash provided by operating activities from continuing operations	$ 296.6	$ 636.1

Depreciation and amortization increased in 2008 due to the Merger. Other non-cash and non-operating items and charges include restructuring, impairments, litigation and regulatory settlements, other and other income (expense) as well as undistributed earnings in affiliates, stock compensation expense and interest expense associated with the senior unsecured PIK term loan that was paid by increasing the principal amount of the loan. The change in 2008 compared to 2007 resulted most significantly from the interest expense associated with the senior unsecured PIK term loan facility and the non-operating foreign currency loss mostly offset by undistributed equity earnings (in conjunction with the impending wind-up of the Chase Paymentech alliance, a first quarter alliance distribution was not made to us in the second quarter of 2008 and a second quarter distribution in the

third quarter of 2008 is similarly not planned), a decrease in stock based compensation expense resulting from the Merger and gains on the sale of MasterCard Stock.

The change in accounts receivable between years was the result of uses of cash for restructuring certain settlement arrangements in 2007, a decrease in receivables due to the wind-down of the official check and money order business and the timing of collections compared to billings. The increased source of cash in other assets in 2008 was due most significantly to increased amortization of deferred financing costs. The change in accounts payable and other liabilities between years resulted from timing and level of payments and accruals for various liabilities, the most significant impact related to employee liabilities (specifically the payment of an all cash bonus in 2008 for 2007 in contrast to the prior year) and a contribution to the United Kingdom pension plan. The change in income tax accounts resulted from a tax benefit in 2008 compared to a tax provision in 2007 as well as reduced net tax payments in 2008 versus 2007. We expect approximately $80 million of cash payments during the remainder of 2008 related to restructuring activities and approximately $40 million of cash payments in 2008 related to global sourcing initiatives.

The excess tax benefit from share-based payment arrangement in 2007 related to the exercise of stock options.

Cash Flows from Investing Activities from Continuing Operations

Source/(use) (in millions)	**Successor Six months ended June 30, 2008**	**Predecessor Six months ended June 30, 2007**
Current period acquisitions, net of cash acquired	$ (195.4)	$ (369.7)
Payments related to other businesses previously acquired	(16.7)	(49.3)
Additions to property and equipment, net	(122.6)	(116.4)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(77.1)	(70.3)
Proceeds from the sale of marketable securities	52.4	11.2
Other investing activities	5.0	56.1
Net cash used in investing activities from continuing operations	$ (354.4)	$ (538.4)

Acquisitions

During the six months ended June 30, 2008, we entered into a joint venture with AIB, of which we own 50.1%, and one other acquisition. During the six months ended June 30, 2007, we acquired 100% of Size Technologies, Inc., Datawire Communications Networks, Inc., Instant Cash Services®, Intelligent Results, FundsXpress and various merchant portfolios for cash consideration.

In July 2008, we purchased the remaining 31.8% interest in our Money Network Financial, LLC subsidiary previously owned by minority interest holders for total consideration of $70 million consisting of cash of $40 million and equity issued by Holdings. In July 2008, we sold our interest in Early Warning Services which had been accounted for under the equity method. Also in July 2008, we sold our subsidiary Active Business Services Ltd.

On April 28, 2008, we announced that we had reached an agreement to acquire InComm, subject to customary closing conditions and regulatory approvals, for approximately $980 million, consisting of stock in Holdings and approximately $665 million in cash, plus contingent future payments of up to $250 million over a three-year performance period based on the performance of our combined stored value business. We expect the cash to complete the transaction as announced would come from equity contributions from affiliates of KKR to Holdings subsequently contributed to us and borrowings of

approximately $415 million under the revolving credit facility. The parties have agreed to extend the completion date of the transaction in order to complete certain closing conditions and to negotiate and mutually agree upon changes to the merger terms. Subject to our reaching agreement with the sellers on such revised terms, we expect to close the transaction in the second half of 2008.

Payments Related to Other Businesses Previously Acquired

During the six months ended June 30, 2008 and 2007, payments related to other businesses previously acquired related mostly to contingent consideration largely associated with a merchant alliance. The payment in 2008 was recognized as a part of purchase accounting and did not result in an increase in assets.

Capital Expenditures

We expect to incur capital expenditures (consists of property and equipment and payments to secure customer service contracts) of approximately $300 million for the remainder of 2008 including expenditures related to the U.S. data center consolidation.

Proceeds from the Sale of Marketable Securities

Proceeds from the sale of marketable securities for the six months ended June 30, 2008 resulted from the sale of MasterCard shares. Proceeds from the sale of marketable securities for the six months ended June 30, 2007 resulted from the partial liquidation of marketable securities acquired in the Concord merger.

Other Investing Activities

The source of cash from other investing activities for the six months ended June 30, 2007 related to distributions from certain strategic investments, proceeds from the sale of merchant portfolios and proceeds from the sale of investments partially offset by the distribution of $27.6 million in proceeds related to the sale of Taxware to a minority holder.

Cash Flows from Financing Activities from Continuing Operations

Source/(use) (in millions)	**Successor** **Six months ended June 30, 2008**	**Predecessor** **Six months ended June 30, 2007**
Short-term borrowings, net	$ 61.0	$ (57.0)
Principal payments on long-term debt	(97.2)	(115.5)
Proceeds from issuance of common stock		129.0
Capital contributed by Parent	104.3	
Excess tax benefit from share-based payment arrangement		28.7
Purchase of treasury shares		(278.2)
Cash dividends	(0.9)	(45.2)
Net cash provided by (used in) financing activities from continuing operations	$ 67.2	$ (338.2)

Short-Term Borrowings, net

The source of cash related to short-term borrowings in 2008 resulted from an additional net $70 million draw on the senior secured revolving credit facility as well as timing of draws and payments on credit lines associated with settlement activity. The use of cash in 2007 was due to net proceeds and cash outlays related to the issuance and paydown of commercial paper as well as other short-term debt.

Principal Payments on Long-Term Debt

We made payments of $63.9 million related to our term loan facility during the first six months of 2008. In January 2007, we repurchased $32.4 million of our 4.7% senior notes due August 1, 2013, $30.2 million of our 4.85% senior notes due October 1, 2014, and $28.0 million of our 4.95% senior notes due June 15, 2015.

Payments for capital leases were $29.5 million for 2008 and $24.0 million for 2007.

For a more detailed description of our long-term debt and our covenant compliance, see the discussion regarding highlights of our cash flow activities on an annual basis below.

Proceeds from Issuance of Common Stock

Proceeds during 2007 resulted from stock option exercises and purchases under our employee stock purchase plan.

Capital Contributed by Parent

We received a capital contribution from our parent, Holdings, comprised of the proceeds from purchases of shares in Holdings by certain of our management employees.

Excess Tax Benefit from Share-based Payment Arrangement

The excess tax benefit from share-based payment arrangements is discussed in the "Cash Flows from Operating Activities from Continuing Operations" section above.

Purchase of Treasury Shares

During the first six months of 2007, we repurchased 8.6 million shares for $248.4 million related to employee benefit plans. The difference between the cost of shares repurchased noted above and the amount reflected in the Consolidated Statements of Cash Flows is due to timing of trade settlements. We did not repurchase any shares under our board authorized stock repurchase programs during the first six months of 2007.

Cash Dividends

We paid a cash dividend to our parent, Holdings, in 2008. The decrease in cash dividends from 2007 is due to the Merger.

Letters, Lines of Credit and Other

We had $42.0 million in outstanding letters of credit at June 30, 2008, of which all expire prior to April 15, 2009 with a one-year renewal option. The letters of credit are held in connection with certain business combinations, lease arrangements and bankcard association agreements. We expect to renew most of the letters of credit prior to expiration.

We have lines of credit associated with First Data Deutschland which totaled approximately 160 million euro, or approximately $251 million, as of June 30, 2008. We had $119.3 million outstanding against these lines of credit as of June 30, 2008 and the full amount outstanding against these lines of credit as of December 31, 2007.

We have lines of credit associated with Cashcard Australia, Ltd. which are periodically used to fund ATM settlement activity. As of June 30, 2008, the lines of credit totaled approximately 160 million

Australian dollars, or approximately $154 million. We had $66.8 million and $54.6 million outstanding against these lines of credit as of June 30, 2008 and December 31, 2007, respectively.

We also have committed lines of credit associated with the AIB joint venture which totaled 145 million euro, or approximately $227 million, as of June 30, 2008. The credit lines are used primarily to fund settlement activity. We had $51.1 million outstanding against these lines of credit as of June 30, 2008.

We have two credit facilities associated with First Data Polska which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totals 245 million Polish zloty, or approximately $114 million. We had no amount outstanding against these lines of credit as of June 30, 2008 and an immaterial amount outstanding at December 31, 2007.

Our Merchant Solutions joint venture partner funds settlement activity on behalf of the joint venture in accordance with the joint venture's operating agreement and on an uncommitted basis. The joint venture, which is our consolidated subsidiary, had $64.8 million and $15.6 million outstanding under this agreement as of June 30, 2008 and December 31, 2007, respectively.

Significant Non-Cash Transactions

During 2008, the principal amount of our senior unsecured PIK term loan facility increased by $123.7 million resulting from the "payment" of accrued interest expense. During the six months ended June 30, 2008 we entered into approximately $47 million of capital leases.

Significant non-cash transactions during the six months ended June 30, 2007 included the grant of approximately 3.7 million shares of restricted stock to certain employees.

Off-Balance Sheet Arrangements

During the three and six months ended June 30, 2008, we did not engage in any off-balance sheet financing activities.

During the three and six months ended June 30, 2007, other than facility and equipment leasing arrangements, we did not engage in off-balance sheet financing activities. We had several synthetic operating lease arrangements. Rent expense related to synthetic operating leases was $1.4 million and $2.8 million for the three and six months ended June 30, 2007, respectively. On September 20, 2007, we purchased the buildings and equipment under our synthetic operating lease arrangements as contractually required due to change in control provisions contained in the agreements as the result of the Merger.

The following discussion highlights our cash flow activities from continuing operations during the successor period from September 25, 2007 through December 31, 2007, the predecessor period from January 1, 2007 through September 24, 2007 and the years ended December 31, 2006 and 2005.

Cash and Cash Equivalents

Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. At December 31, 2007 and 2006, we held $606.5 million and $1,154.2 million in cash and cash equivalents, respectively. Cash and cash equivalents held outside of the U.S. at December 31, 2007 and 2006 were $203.4 million and $441.6 million, respectively and are included in the amounts noted above.

Cash Flows from Operating Activities from Continuing Operations

	Successor	Predecessor		
Source/(use)	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
		(in millions)		
Net (loss) income from continuing operations	$ (301.9)	$ 464.4	$ 847.7	$ 807.5
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	427.2	540.2	700.8	689.0
Other non-cash and non-operating items, net	38.2	88.7	(56.1)	(12.4)
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:				
Accounts receivable, current and non-current	(316.9)	(145.4)	(183.8)	(110.9)
Other assets, current and non-current	124.8	(28.7)	46.8	38.1
Accounts payable and other liabilities, current and non-current	(100.8)	(4.8)	(60.0)	(82.5)
Income tax accounts	(61.4)	69.6	117.8	(73.6)
Excess tax benefit from share-based payment arrangement		(219.8)	(124.2)	
Net cash (used in) provided by operating activities from continuing operations	$ (190.8)	$ 764.2	$ 1,289.0	$ 1,255.2

Depreciation and amortization in the successor period increased significantly due to the Merger. The predecessor period trend was in line with 2006 and 2005. The increase from 2005 to 2006 is attributable to acquisitions partially offset by the 2005 write-off of intangibles in conjunction with account deconversions in the Financial Services segment.

Other non-cash and non-operating items, net include restructuring, impairments, litigation and regulatory settlements, other, investment gains and losses, divestitures, debt repayment gain/(loss) and non-operating foreign exchange gains and losses, as well as undistributed earnings in affiliates, stock compensation and employee stock purchase plan ("ESPP") expense and gains on the sale of merchant portfolios, the proceeds from which are recognized in investing activities. We did not have ESPP expense in the third and fourth quarter 2007 due to the termination of the Plan as a result of the Merger. The most significant source of cash in the 2007 predecessor period related to ESPP and stock options. The use in 2006 resulted largely from activity related to the value of interest rate swaps that did not qualify for hedge accounting and the Visa litigation settlement. The activity in 2005 relates to equity earnings in affiliates associated with our merchant alliances.

The use of cash in accounts receivable in the successor and predecessor periods resulted from restructuring certain settlement arrangements and the timing of collections compared to billings. The 2006 and 2005 trend resulted from differences in timing of collections and billings. The source of cash in other assets for the successor period is largely due to distributions related to equity earnings in affiliates related to the predecessor period. The use of cash in all periods presented for accounts payable and other liabilities resulted from timing of payments and accruals for various liabilities. The use of cash in the successor period in income tax accounts resulted from a tax benefit in part offset by a net tax refund. The source of cash in the predecessor period was related to a higher tax benefit associated with the exercising of options and restricted stock. The source of cash in 2006 was due to a tax benefit associated with the significant number of stock options exercised during the first quarter of 2006. Also included in net cash used in/provided by operating activities in 2007 was a use of cash of

approximately $73 million (all but $3 million in the predecessor period) resulting from the payment of Merger-related costs. We expect approximately $125 million of cash payments in 2008 related to restructuring activities, including payments related to the fourth quarter 2007 actions described in the "Merger" section above, and approximately $75 million of cash payments in 2008 related to global sourcing initiatives.

The use of cash in the predecessor period in excess tax benefit from share-based payment arrangement relates to the accelerated payout of stock options and restricted stock in the third quarter 2007. The use of cash in 2006 is due to adopting SFAS 123(R) in 2006 and electing to follow the alternative transition method allowed by FASB Staff Position FAS 123(R)-3 "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" in the fourth quarter of 2006.

Cash Flows from Investing Activities from Continuing Operations

	Successor	**Predecessor**		
Source/(use)	**Period from September 25 through December 31, 2007**	**Period from January 1 through September 24, 2007**	**Year ended December 31, 2006**	**2005**
		(in millions)		
Merger, net of cash acquired	$ (25,756.2)			
Current year acquisitions, net of cash acquired	(136.6)	$ (690.3)	$ (287.5)	$ (443.9)
Payments related to other businesses previously acquired	(0.5)	(50.0)	(51.1)	(55.8)
Proceeds from dispositions, net of expenses paid			198.7	56.2
Additions to property and equipment, net	(55.2)	(275.5)	(170.4)	(189.5)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(57.5)	(123.7)	(129.7)	(137.9)
Proceeds from the sale of marketable securities	14.1	11.8	45.0	224.5
Dividend received from discontinued operations			2,500.0	
Cash retained by Western Union			(1,327.8)	
Other investing activities	108.7	(9.5)	202.6	(88.5)
Net cash (used in) provided by investing activities from continuing operations	$ (25,883.2)	$ (1,137.2)	$ 979.8	$ (634.9)

Merger

As discussed in Note 2 in our Consolidated Financial Statements, we merged with an entity controlled by an affiliate of KKR on September 24, 2007. The $26 billion represents the use of cash to purchase the FDC shares from its shareholders as well as other related transaction costs.

Current Year Acquisitions

We finance acquisitions through a combination of internally generated funds, long-term borrowings and equity. We believe that our cash flow from operations together with other available sources of funds will be adequate to meet our funding requirements as it relates to future acquisitions. We continue to pursue opportunities that strategically fit into the business. Additionally, we continue to manage our portfolio of businesses and evaluate the possible divestiture of businesses that do not match our long-term growth objectives.

During 2007, we acquired 100% of Size Technologies, Inc., Datawire, Instant Cash, Intelligent Results, FundsXpress, First Data Polska, Check Forte, Deecal International, 56% of the Merchant

Solutions joint venture and various merchant portfolios for cash consideration. Also in 2007, we purchased the interests in our First Data Government Solutions subsidiary owned by minority interest holders.

During 2006, we created a joint venture with Banca Nazionale del Lavora ("BNL"), acquired substantially all of the assets of ClearCheck, Inc. and acquired 100% of FDD, Peace Software, and First Data Cono Sur. The cash outflow associated with the purchase of FDD was nearly offset by the cash inflow from the subsequent sale of its wholly owned subsidiary easycash as discussed in Note 4 of our Consolidated Financial Statements. The proceeds from the easycash sale were netted against the cash outflow as the sale was an integral and required part of the FDD acquisition.

Acquisitions during 2005 included expenditures made upon the formation of the International Card Services Joint Venture ("ICS") merchant alliance, the acquisition of EuroProcessing International ("EPI"), First Data Austria (formerly Austrian Payment Systems Services GmbH), First Data International Korea (formerly Korea Mobile Payment Services), the CitiCorp merchant services alliance, and acquisitions of other merchant portfolios.

We funded approximately $200 million for acquisitions through February 2008.

Payments Related to Other Businesses Previously Acquired

During 2007, 2006 and 2005, payments related to other businesses previously acquired related mostly to contingent consideration largely associated with a merchant alliance. We anticipate making contingent consideration payments of approximately $18 million in 2008 most significantly associated with a merchant alliance. The payments were recognized as a part of purchase accounting and will not result in an increase in assets.

Proceeds from Dispositions, net of Expenses Paid

Proceeds from dispositions in 2006 relate to the sale of our majority ownership interest in our subsidiaries PPS and IDLogix, and the sale of our subsidiary Taxware. Proceeds from dispositions in 2005 relate to the sale of 20% of the PNC Merchant Services alliance as well as the sale of International Banking Tech and First Data's investment in Link2Gov.

Capital Expenditures

The following table discloses capitalized expenditures related to customer contracts, conversion costs, systems development, other intangible assets, and property and equipment (in millions).

	Successor	**Predecessor**		
Source/(use)	**Period from September 25 through December 31, 2007**	**Period from January 1 through September 24, 2007**	**Year ended December 31, 2006**	**2005**
		(in millions)		
Customer contracts	$ (34.0)	$ (39.2)	$ (27.2)	$ (42.1)
Conversion costs	(4.4)	(20.9)	(35.4)	(43.1)
Systems development	(18.6)	(55.9)	(65.7)	(52.6)
Other intangible assets	(0.5)	(7.7)	(1.4)	(0.1)
Subtotal	(57.5)	(123.7)	(129.7)	(137.9)
Property and equipment	(55.2)	(275.5)	(170.4)	(189.5)
Total amount capitalized	$ (112.7)	$ (399.2)	$(300.1)	$(327.4)

The significant increase in the 2007 successor and predecessor periods, compared to 2006 and 2005, in property and equipment related mostly to the purchase of buildings and fixed assets out of synthetic leases triggered by the Merger, expenditures related to the U.S. data center consolidation and an increase in contract costs. Capital expenditures are funded through cash flows from operating activities. Capital expenditures are estimated to be approximately $500 million in 2008 including expenditures related to the U.S. data center consolidation. The decrease in capital expenditures from 2005 to 2006 relates largely to decreases in initial payments for customer contracts and purchases of equipment. Amounts capitalized for property and equipment relate to the purchase of electronic data processing equipment, building and improvements and other equipment, including terminals and production equipment, with the largest component being electronic data processing equipment.

Proceeds from the Sale of Marketable Securities

Proceeds from the sale of marketable securities in the 2007 successor period related to $14.1 million from the sale of MasterCard shares. The predecessor period in 2007 included $11.8 million from the partial liquidation of marketable securities. Proceeds from the sale of marketable securities in 2006 included $33.5 million from the partial liquidation of marketable securities acquired in the Concord merger and $10.5 million from the redemption of MasterCard stock. Proceeds from the sale of marketable securities in 2005 included $97.9 million from the sale of CheckFree common stock, $84.1 million from the liquidation of Concord marketable securities acquired in the merger and $42.5 million resulting from the sale and maturity of other investments held by us.

Dividend Received from Discontinued Operations

Immediately prior to the spin-off, Western Union transferred $2.5 billion in cash to FDC. Within several months after the spin-off, we utilized the majority of the proceeds to repurchase debt.

Cash Retained by Western Union

Cash retained by Western Union represents cash balances retained by Western Union at the date of the spin-off.

Other Investing Activities

The source of cash from other investing activities in the 2007 successor period related most significantly to $49.5 million from activity associated with our First Financial Bank which was dissolved prior to December 31, 2007, $44.3 million from the sale of strategic investments and a decrease of $34.6 million in regulatory, restricted and escrow cash balances. These sources were partially offset by a use related to $20.2 million in payments for termination of interest rate and cross currency swaps. The use of cash in the 2007 predecessor period related to sources of $75.0 million in distributions from certain strategic investments, proceeds from the sale of merchant portfolios and proceeds from the sale of investments as well as $48.6 million related to activity associated with our First Financial Bank. Offsetting these sources were uses related to $85.2 million in payments for termination of interest rate and cross currency swaps, a $31.1 million increase in regulatory, restricted and escrow cash balances and the distribution of $27.6 million to a minority holder of proceeds received from the sale of Taxware.

The source of cash for other investing activities in 2006 related to $168.9 million in activity from the date of acquisition for FDD related to a reduction in settlement cash, a $162.2 million reduction in regulatory, restricted and escrow cash balances, $56.2 million of proceeds from the sale of investments and other activity and proceeds of $27.1 million from the sale of corporate aircraft. Partially offsetting these sources were uses related to a contingent payment of $29.9 million related to the 2004 disposition of NYCE (all but $1.6 million of which was accrued at December 31, 2005), a net cash outflow of $32.6 million associated with the sale of a facility related to the Concord merger, $101.6 million in payments related to certain derivative financial instruments, and a use of $47.7 million resulting from the purchase of investments related to our First Financial Bank and other activity.

The use of cash for other investing activities for 2005 related to payments of $92.2 million related to certain derivative financial instruments, the purchase of $72.9 million of investments related to our First Financial Bank, and the payment of $10.3 million of Concord related merger costs, partially offset by an $87.3 million decrease in regulatory, restricted and escrow cash balances.

Cash Flows from Financing Activities from Continuing Operations

	Successor	Predecessor		
Source/(use)	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	2005
		(in millions)		
Short-term borrowings, net	$ 238.5	$ 26.3	$ 176.0	$ 39.6
Proceeds from issuance of long-term debt	21,245.7			995.6
Principal payments on long-term debt	(2,033.3)	(126.6)	(2,412.8)	(242.2)
Proceeds from issuance of common stock	7,224.4	187.4	729.8	319.5
Excess tax benefit from share-based payment arrangement		219.8	124.2	
Purchase of treasury shares		(371.8)	(1,252.5)	(2,222.7)
Cash dividends		(67.7)	(183.6)	(155.0)
Net cash provided by (used in) financing activities from continuing operations	$ 26,675.3	$ (132.6)	$ (2,818.9)	$ (1,265.2)

Short-Term Borrowings, net

We had a $1.5 billion commercial paper program in the predecessor period that was supported by a $1.5 billion revolving credit facility, both of which terminated in conjunction with the Merger. The increase in short-term borrowings in the successor period related to a net $60 million drawn down on the senior secured revolving credit facility discussed below as well as timing of net draws on credit lines associated with settlement activity.

Principal Payments on Long-Term Debt

In January 2007, we repurchased $32.4 million of our 4.7% senior notes due August 1, 2013, $30.2 million of our 4.85% senior notes due October 1, 2014, and $28.0 million of our 4.95% senior notes due June 15, 2015. In conjunction with the debt repurchases, we de-designated as a hedge a portion of the associated interest rate swaps so that the portion of the swaps remaining designated as fair value hedges corresponded to the remaining principal amount of the corresponding debt instruments. We recognized a $1.4 million pretax gain upon the debt repurchase.

On September 24, 2007, in conjunction with the Merger, we repurchased debt as follows:

	Principal Amount Repurchased
	(in millions)
Medium-term note due 2007	$ 59.8
Medium-term note due 2008	26.9
3.375% Notes due 2008	431.9
3.90% Notes due 2009	87.5
4.50% Notes due 2010	137.3
5.625% Notes due 2011	115.7
4.70% Notes due 2013	428.6
4.85% Notes due 2014	338.3
4.95% Notes due 2015	360.9

$	1,986.9

In combination with the September debt repurchases, we terminated the interest rate swaps associated with these debt instruments. We incurred a fee of $6.0 million in connection with this debt repurchase as well as an $11.2 million charge representing the premium for consent from holders to modify terms of our debt they held.

In December 2007, we paid off our medium-term note due in 2008 for $25.6 million.

Payments for capital leases were $14.3 million for the 2007 successor period, $35.0 million for the 2007 predecessor period and $40.4 million and $42.2 million for the year ended December 31, 2006 and 2005, respectively.

In September 2006, we paid off senior notes in the amount of $650 million. In November and December 2006, First Data re-purchased approximately $1.7 billion of our long-term debt with proceeds from the spin-off.

In July 2005, our $200.0 million 6.75% medium-term note reached maturity and we repaid the principal balance.

Proceeds from Issuance of Long-Term Debt

On September 24, 2007, we entered into several debt instruments in conjunction with the Merger. Details of each instrument are described below. The senior unsecured cash-pay term loan facility, senior unsecured PIK term loan facility and senior subordinated unsecured term loan facility represent bridge financing (the "bridge facilities"). We may issue note securities to replace these bridge facilities on or before one year from the transaction date. In October 2007, $2.2 billion of the senior unsecured cash-pay term loan facility was repaid upon issuance of 9⅞% senior unsecured cash-pay notes due 2015.

Fees totaling $555.0 million associated with the Merger have been capitalized as deferred financing costs and are reported in the "Other long-term assets" line of the Consolidated Balance Sheet. Approximately $112.5 million of fees were incurred and capitalized on the bridge facilities of which $27.5 million was subsequently recovered upon repayment of the $2.2 billion of senior unsecured cash-pay term loan facility. The terms of the bridge facilities provided for the repayment of all or a diminishing portion of the fees, depending upon timing, if the bridge facilities were refinanced in less than a year. We will incur additional fees when the bridge facilities are extended into long-term loans, exchanged for notes or refinanced with other third parties (of which $44.0 million was incurred upon issuance of the $2.2 billion of 9⅞% senior unsecured cash-pay notes and is included in the $555.0 million balance noted above). The deferred financing costs (other than the $85.0 million which is being amortized over the one year bridge period) are being amortized over the respective terms of the debt instruments.

In connection with the amendments to our interim loan agreements as described in " Significant Subsequent Events" above and in "Prospectus Summary Recent Developments", an agreement was reached to recover no additional bridge facilities fees and to pay structuring fees of between 1.375% and 1.625% (dependent upon tranche of debt) in three equal annual installments beginning August 18, 2008 on outstanding bridge facility balances as of the date amendments were signed. No additional fees will be due.

Senior Secured Revolving Credit Facility and Senior Secured Term Loan Facility

We entered into a $2.0 billion senior secured revolving credit facility with a term of six years. We drew $200.0 million against the senior secured revolving credit facility at the time of the Merger and $60 million was outstanding at December 31, 2007. We also entered into a $13.0 billion senior secured term loan facility with a term of seven years. At the merger date, we drew $11,775 million in the form of a U.S. dollar denominated loan and $1,000 million in the form of a euro denominated loan (709.2 million euro). The remainder, $225 million, was available in the form of a delayed draw term loan facility in an amount approximately equal to existing notes remaining outstanding after the tender offers described above were completed. The delayed draw term loan facility may be drawn as the

remaining notes are repaid (of which approximately $26 million was drawn in December 2007 when existing notes were repaid).

Interest is payable at a rate equal to, at our option, either (a) LIBOR for deposits in the applicable currency plus an applicable margin or (b) the higher of (1) the prime rate of Credit Suisse and (2) the federal funds effective rate plus 0.50%, plus an applicable margin. We, however, made an irrevocable election to pay interest for the senior secured term loan facility solely under option (a). In combination with the debt issuance, we designated as accounting hedges two five-year interest rate swaps related to the senior secured term loan facility with notional amounts of $2.0 billion and $1.0 billion to receive interest at variable rates equal to LIBOR and pay interest at fixed rates of 4.978% and 5.2475%, respectively. In addition, we entered into interest rate swaps during the successor period with an aggregate notional value of $4.5 billion to receive interest at variable rates equal to LIBOR and pay interest at fixed rates from 3.8665% to 4.924%.

The interest rate margin noted above may be reduced subject to us attaining certain leverage ratios. In addition to paying interest on the outstanding principal amounts, we are required to pay commitment fees for the unutilized commitments. The initial commitment fee rates are 0.50% per year for the senior secured revolving credit facility and 0.75% per year on the delayed draw portion of the senior secured term loan facility. The commitment fee rate related to the senior secured revolving credit facility may be reduced subject to us reducing our leverage to specified ratios.

We are required to pay equal quarterly installments in aggregate annual amounts equal to 1% of the original funded principal amount of the senior secured term loan facility, with the balance being payable on the final maturity date. Principal amounts outstanding under the senior secured revolving credit facility are due and payable in full at maturity. In December 2007, we paid approximately $32 million for both the U.S. dollar and euro-denominated term loans related to this provision.

The senior secured credit facilities require us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of our annual excess cash flow (which percentage will be reduced to 25% if our total leverage ratio is 7.0x or less and 0% if our total leverage ratio is 6.0x or less);

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property, subject to our right to reinvest the proceeds; and

- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from the debt permitted under the senior secured credit facilities.

A portion of the senior secured term loan facility is subject to prepayment penalties on any mandatory repayments (other than mandatory prepayments arising from excess cash flow). These prepayment penalties vary from 1% to 3% depending on the timing and class of the term loan facility. We may prepay outstanding loans under the senior secured revolving credit facility at any time.

All obligations under the senior secured revolving credit facility and senior secured term loan facility are unconditionally guaranteed by substantially all our existing and future, direct and indirect, wholly owned, material domestic subsidiaries other than Integrated Payment Systems Inc. The senior secured facilities contain a number of covenants that, among other things, restrict our ability to incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase our capital stock, make investments, loans or advances, prepay certain indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain indebtedness and change our lines of business. The senior secured facilities also require us to maintain a maximum senior secured leverage ratio and contain certain customary affirmative covenants and events of default, including a change of control beginning at the one year anniversary of debt issuance. We were in compliance with all applicable covenants as of June 30, 2008.

Senior Notes

On October 24, 2007, we issued $2.2 billion aggregate principal amount of 9$^{7}/_{8}$% senior notes due 2015, the net proceeds of which, together with cash on hand for the underwriting fees paid in connection with such sale, were used to repay $2.2 billion of the senior unsecured cash-pay term loan facility (described below). The senior notes are unsecured and rank senior in right of payment with all of our existing and future subordinated indebtedness. The senior notes rank equally in right of payment with all of the existing and future senior indebtedness, including under the senior unsecured interim credit facilities. The senior note guarantees are unsecured and rank senior in right of payment to all existing and future subordinated indebtedness of our guarantor subsidiaries and our senior subordinated unsecured interim credit facility. The senior note guarantees rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiaries, including their guarantees under the senior unsecured interim credit facilities.

The notes accrue interest at the rate of 9$^{7}/_{8}$% per annum and mature on September 24, 2015. Interest on the notes is payable on March 31 and September 30 of each year, commencing on March 31, 2008.

We may redeem the notes, in whole or in part, at any time prior to September 30, 2011 at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium" as defined. Thereafter, we may redeem the notes, in whole or in part, at established redemption prices. In addition, on or prior to September 30, 2010, we may redeem up to 35% of the notes with the net cash proceeds from certain equity offerings at established redemption prices.

All obligations under the senior notes are guaranteed on a senior unsecured basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. These notes also contain a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of June 30, 2008.

The terms of the senior notes require us to effect a registration statement. If the registration statement is a "shelf" registration statement, we are required to use our reasonable best efforts to keep effective the shelf registration statement until the earliest of (i) two years after the original issue date of the notes, (ii) such time as all of the notes have been sold or (iii) the date upon which all notes covered by such shelf registration statement become eligible for resale. If a registration statement is not effective or is not maintained effective as noted above, then additional interest will accrue on the principal amount of the notes at a rate of 0.25% per annum increasing an additional 0.25% per annum after a 90-day period not to exceed 0.5% per annum. Once the registration is effective in accordance with the above requirements such additional interest will cease to accrue. At this time no additional interest has accrued or is expected to be accrued.

Senior Unsecured Cash-pay Term Loan Facility and Senior Unsecured PIK Term Loan Facility

We entered into a $3.8 billion senior unsecured cash-pay term loan facility and a $2.8 billion senior unsecured PIK term loan facility with terms of eight years ("senior unsecured term loan facilities"). Interest for the first six-month period was payable at a rate equal to LIBOR plus 3.5% for the cash-pay term loan facility and LIBOR plus 4.5% for the PIK term loan facility. The margins increased by an additional 0.50% at the beginning of the three-month period beginning on March 25, 2008. On June 19, 2008, we amended the senior unsecured term loan facilities to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008, to 8.490% per annum with respect to senior cash-pay loans and 9.320% per annum with respect to senior PIK loans, and (ii) at any date on or after August 18, 2008, to 9.875% per annum with respect to senior cash-pay loans and 10.550% per annum with respect to senior PIK loans.

As noted above and in October 2007, $2.2 billion of the senior unsecured cash-pay term loan facility was repaid upon issuance of 9$^{7}/_{8}$% senior unsecured cash-pay notes due 2015.

Interest on the senior unsecured PIK term loan up to and including September 30, 2011 will be paid entirely by increasing the principal amount of the outstanding loan or by issuing senior unsecured PIK debt. Beginning October 1, 2011, such interest will be payable in cash.

The senior unsecured term loan facilities contain certain mandatory redemption requirements, such as "excess cash flow" as defined, in certain circumstances. Voluntary repayments are allowed and are subject to restrictions and premiums as described in "Description of Indebtedness Senior Unsecured Debt."

All obligations under the senior unsecured term loan facilities are guaranteed on a senior unsecured basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. These senior unsecured term loan facilities also contain a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of June 30, 2008.

On September 24, 2008, and on the 15th day of each calendar month thereafter, the lenders in respect of the senior unsecured cash-pay term loan facility will have the option at any time or from time to time to exchange such term loan facility for senior cash-pay notes (the "senior cash-pay exchange notes") and the lenders in respect of the senior unsecured PIK term loan facility will have the option on September 24, 2008 and on the 15th day of each calendar month thereafter to exchange such term loan facility for senior PIK notes (the "senior PIK exchange notes" and, together with the senior cash-pay exchange notes, the "senior exchange notes") that we will issue under a senior exchange note indenture. The maturity date of any senior unsecured cash-pay or senior unsecured PIK term loan facilities that are not exchanged for senior exchange notes will automatically be extended to September 24, 2015. The senior exchange notes will also mature on the final maturity date. Holders of the senior exchange notes will have registration rights.

Senior Subordinated Unsecured Term Loan Facility

We entered into a senior subordinated unsecured term loan facility providing senior subordinated unsecured financing of $2.5 billion consisting of a $2.5 billion senior subordinated unsecured term loan facility with a term of nine years. Interest for the first six-month period was payable at a rate equal to LIBOR plus 4.75%. The margin increased by an additional 0.50% at the beginning of the three-month period beginning March 25, 2008. On June 19, 2008, we amended the senior subordinated unsecured term loan facility to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008 to 9.800% per annum, and (ii) at any date on or after August 18, 2008, to 11.250% per annum.

The senior subordinated unsecured credit facility contains certain mandatory redemption requirements. Voluntary repayments are allowed and are subject to restrictions and premiums as described in "Description of Indebtedness Senior Subordinated Unsecured Debt."

All obligations under the senior subordinated unsecured term loan facility are guaranteed on a subordinated basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. The senior subordinated unsecured term loan facility also contains a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of June 30, 2008.

On September 24, 2008, the lenders in respect of the senior subordinated unsecured loan facility will have the option and on the 15th day of each calendar month thereafter, to exchange such term loan facility for senior subordinated notes (the "senior subordinated exchange notes") that we will issue under a senior subordinated indenture. The maturity date of any senior subordinated unsecured loan facilities that are not exchanged for senior subordinated exchange notes will automatically be extended to March 31, 2016. The senior subordinated exchange notes will also mature on the final maturity date. Holders of the senior subordinated exchange notes will have registration rights.

Holdings' Senior PIK Notes

On September 24, 2007, Holdings sold $1.0 billion aggregate principal amount of 11.5% senior unsecured PIK notes due 2016 to GS Mezzanine Partners VI Fund, L.P. and the Goldman Sachs Group, Inc. This $1.0 billion, net of fees, was the source of funds for a portion of Holdings' investment in FDC and is reflected in Proceeds from issuance of common stock. No cash interest will accrue on these notes. Interest on the notes will be paid by increasing the principal amount of the notes.

Neither FDC nor any of its subsidiaries provide credit support for Holdings' obligations under the notes. As a result, the senior PIK notes of Holdings are not indebtedness of FDC or its subsidiaries. However, the senior PIK notes contain a number of covenants that, among other things, restrict, subject to certain exceptions, FDC's ability to:

- incur additional indebtedness;
- engage in mergers or consolidations;
- sell or transfer assets and subsidiary stock;
- pay dividends and distributions or repurchase its capital stock;
- make certain investments, loans or advances;
- prepay certain indebtedness;
- enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and
- engage in certain transactions with affiliates.

Covenant Compliance

Under the senior secured credit facilities, the senior notes and the interim credit facilities, certain limitations, restrictions and defaults could occur if we are not able to satisfy and remain in compliance with specified financial ratios. Under the senior secured term loan facility, we have agreed we will not permit the Consolidated Senior Secured Debt to Consolidated EBITDA (both as defined in the agreement) Ratio for any 12 month period (last four fiscal quarters) ending during a period set forth below to be greater than the ratio set forth below opposite such period:

Period	Ratio
October 1, 2008 to September 30, 2009	7.25 to 1.00
October 1, 2009 to September 30, 2010	7.00 to 1.00
October 1, 2010 to September 30, 2011	6.75 to 1.00
October 1, 2011 to September 30, 2012	6.50 to 1.00
October 1, 2012 to September 30, 2013	6.25 to 1.00
Thereafter	6.00 to 1.00

Until October 1, 2008, if we do not maintain a Consolidated Total Debt to Consolidated EBITDA (both as defined in the agreement) Ratio not greater than 8.75 to 1.00, we shall become subject to certain limitations and restrictions. As of December 31, 2007 we were in compliance with this measure.

Consolidated EBITDA (as defined in the agreements) is used to determine our compliance with certain covenants in the senior secured revolving credit facility, senior secured term loan facility, senior unsecured cash-pay term loan facility, senior unsecured PIK term loan facility, senior subordinated unsecured term loan facility, the indentures governing any exchange notes issued in exchange for the loans under the interim loan facilities, and the indenture governing the notes that are subject to this exchange offer. EBITDA is calculated by reference to income (loss) from continuing operations plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization. Consolidated EBITDA as defined in the agreements (also referred to as debt covenant EBITDA) is calculated by adjusting EBITDA to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and the credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA are

appropriate to provide additional information to investors to demonstrate compliance with our financing covenants.

The breach of covenants in the senior secured term loan facility that are tied to maintaining specified ratios based on Consolidated EBITDA beginning October 1, 2008 could result in a default under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under the other debt agreements. Additionally, under the debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Consolidated EBITDA.

The calculation of Consolidated EBITDA under the debt agreements is as follows (in millions):

		Last Twelve months ended June 30, 2008
Income (loss) from continuing operations	$	(620.3)
Interest expense, net(1)		1,543.3
Income tax (benefit) expense		(357.8)
Depreciation and amortization		1,364.2
EBITDA(14)		1,929.4
Stock based compensation(2)		225.7
Other items(3)		81.5
Debt repayment(4)		17.2
Pretax equivalency adjustment(5)		110.4
Official check and money order EBITDA(6)		(74.2)
Cost of data center, technology and other savings initiatives(7)		133.2
Transaction related fees		62.0
Purchase accounting(8)		45.8
Sponsor's annual management fee		15.3
Pre-acquisition EBITDA of acquired businesses(9)		9.9
Adjusted EBITDA(14)		2,556.2
Projected near-term cost savings(10)		250.0
Adjusted EBITDA plus projected near-term cost savings(14)		2,806.2
Minority interest(11)		145.4
Equity entities taxes, depreciation and amortization(12)		88.9
Other(13)		8.3
Consolidated EBITDA(14)	$	3,048.8

(1) Includes interest expense and interest income.

(2) Stock based compensation recognized as expense and the related payroll taxes.

(3) Other items include net restructuring, impairments, litigation and regulatory settlements, investment gains and losses, derivative financial instruments gains and losses, net divestiture gains, foreign currency gains and losses (operating and non-operating) and other.

(4) Loss resulting from the early repayment of long-term debt.

(5) Represents an adjustment to reflect Integrated Payment Systems segment operating results as if the underlying investments were held in taxable securities rather than the tax-exempt variable rate demand notes in which they were actually held through 2007. The adjustment was no longer necessary after December 31, 2007 since we invested in taxable securities in 2008.

(6) Represents an adjustment to exclude the official check and money order business from EBITDA due to our wind-down of these businesses.

(7) Represents implementation costs associated with initiatives to reduce operating expenses including items such as platform and data center consolidation initiatives in the International segment, expense related to the reorganization of global application development resources, expense associated with domestic data center

consolidation initiatives and planned workforce reduction expenses, all of which are considered one-time projects (excludes costs accrued in purchase accounting).

(8) Represents the effect of purchase accounting on EBITDA which is primarily the result of revenue recognition adjustments.

(9) Reflects the EBITDA of companies acquired after June 30, 2007 through June 30, 2008, as if these companies had been acquired on July 1, 2007.

(10) Reflects cost savings projected to be achieved within twelve months on an annualized basis principally in connection with cost savings initiatives described in Note 7.

(11) Reflects all minority interest.

(12) Represents our proportional share of income taxes, depreciation, and amortization on equity method investments.

(13) Includes non-capitalized merger and acquisition costs, losses on equity method investments, and amortization of unrecognized actuarial gains and losses on pensions.

(14) EBITDA is defined as income (loss) from continuing operations plus net interest expense, income taxes, depreciation and amortization. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to income from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Management believes EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. In addition, EBITDA provides more comparability between our predecessor results and our successor results that reflect purchase accounting and our new capital structure. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone.

Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain items and other adjustments and is used by management as a measure of liquidity. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items, non-recurring items that we do not expect to continue at the same level in the future and certain items management believes will materially impact future operating results.

Adjusted EBITDA plus projected near-term cost savings is defined as Adjusted EBITDA further adjusted to reflect cost savings projected to be achieved within twelve months on an annualized basis principally in connection with cost savings initiatives described in Note 7. Management believes the supplementary adjustments are appropriate to provide investors additional information about near term cost cutting initiatives.

Consolidated EBITDA (or debt covenant EBITDA) is defined as Adjusted EBITDA plus projected near-term cost savings further adjusted to exclude other adjustments that will be used in calculating covenant compliance under the agreements governing our senior unsecured debt and/or senior secured credit facilities. We believe that the inclusion of supplementary adjustments to Adjusted EBITDA plus projected near-term cost savings applied in presenting Consolidated EBITDA are appropriate to provide additional information to investors about items that will impact the calculation of EBITDA that is used to determine covenant compliance under the agreements governing our senior unsecured debt and/or senior secured credit facilities. Since not all companies use identical calculations, this presentation of Consolidated EBITDA may not be comparable to other similarly titled measures of other companies.

On May 26, 2005, we issued $550 million of 4.50% senior notes due June 15, 2010 and $450 million of 4.95% senior notes due June 15, 2015. We received net proceeds of $547.9 million and $447.7 million from these issuances, respectively, which were used to repay outstanding commercial paper.

Proceeds from Issuance of Common Stock

Proceeds from the issuance of common stock result from stock option exercises and purchases under our ESPP during the 2007 predecessor period. Proceeds in the 2007 successor period represent equity funding from Holdings related to the Merger including net proceeds from Holdings Senior PIK Notes as described above.

Excess Tax Benefit from Share-based Payment Arrangements

The excess tax benefit from share-based payment arrangements is discussed in the "Cash Flows from Operating Activities from Continuing Operations" section above.

Purchase of Treasury Shares

The following table presents stock repurchase programs authorized by the Board of Directors that were utilized during the year ended December 31, 2005 through the predecessor period ended September 24, 2007, disclosing total shares purchased under each program during the respective periods and the associated cost (in millions):

	Predecessor					
	Period from January 1 through September 24, 2007		Year ended December 31, 2006		2005	
	Treasury Shares	Cost	Treasury Shares	Cost	Treasury Shares	Cost
Share repurchase programs:						
$1.5 billion, authorized October 2004					22.2	$ 905.8
$2.0 billion, authorized February 2005			13.1	$ 325.8	20.2	807.8
			13.1	$ 325.8	42.4	$1,713.6
Treasury stock purchases related to employee benefit plans	11.2	$335.3	22.4	961.1	11.3	461.4
Total stock repurchases	11.2	$335.3	35.5	$1,286.9	53.7	$2,175.0

The decrease in shares purchased in 2007 compared to 2006 was a result of a significant number of stock option exercises during the first quarter 2006. The difference between the cost of shares repurchased noted in the table above and the amount reflected in the Consolidated Statements of Cash Flows is due to timing of trade settlements.

Cash Dividends

The decrease in cash dividends in 2007 predecessor period compared to 2006 was due to us decreasing our quarterly dividend from $0.06 per share to $0.03 per share for common stockholders of record subsequent to the Western Union spin-off. We have not paid a cash dividend since the Merger and have no current intention to pay such a dividend.

The increase in dividends paid in 2006 compared to 2005 was due to us increasing our quarterly dividend from $0.02 per common share in 2004 to $0.06 per common share for common stockholders of record as of April 1, 2005.

Letters of Credit

We had $37.4 million in outstanding letters of credit at December 31, 2007, of which nearly all expire in 2008 with a one-year renewal option. The letters of credit are held in connection with certain business combinations, lease arrangements and bankcard association agreements. We expect to renew the letters of credit prior to expiration.

We have lines of credit associated with First Data Deutschland which totaled approximately 160 million euro, or approximately $232 million, as of December 31, 2007. We had the full amount outstanding against these lines of credit as of December 31, 2007 and $89.6 million outstanding as of December 31, 2006.

We also have lines of credit associated with Cashcard Australia, Ltd. which are periodically used to fund ATM settlement activity. As of December 31, 2007, the lines of credit totaled approximately 162 million Australian dollars, or approximately $142 million. We had $54.6 million outstanding against these lines of credit as of December 31, 2007. There were no amounts outstanding against these lines of credit as of December 31, 2006.

We have two credit facilities associated with First Data Polska which are periodically used to fund settlement activity. As of December 31, 2007, the facilities totaled approximately 210 million Polish zloty, or approximately $84 million. We had an immaterial amount outstanding against these facilities as of December 31, 2007.

Significant non-cash Transactions

Significant non-cash transactions during the 2007 predecessor period included the grant of approximately 3.7 million shares of restricted stock to certain employees. During the 2007 successor period, we increased the principal amount of our senior unsecured PIK term loan facility by $67.5 million resulting from interest expense. As discussed above, interest on this facility is paid entirely by increasing the principal amount of the outstanding loan.

Significant non-cash transactions during 2006 included the issuance of approximately 1.1 million shares of restricted stock to certain employees in conjunction with our incentive compensation plan.

In connection with the spin-off, Western Union transferred $1 billion of Western Union notes to FDC. On September 29, 2006, we exchanged these Western Union notes for FDC debt (commercial paper) held by investment banks (the "debt-for-debt exchange").

On September 29, 2006, the holder of a warrant originally issued on November 16, 2000 exercised its right to a cashless exercise of the warrant. We issued 359,824 shares of our common stock to the warrant holder in connection with the cashless exercise. The warrant had provided for the purchase of 3.5 million shares of our common stock at $40.025 before giving effect to the adjustment for our spin-off of The Western Union Company.

Significant non-cash transactions during 2005 included us awarding 550,000 shares of restricted stock to executive officers.

As an integral part of our official check business, we receive funds from instruments sold in advance of settlement with payment recipients. These funds (referred to as "Settlement assets" and "Long-term settlement assets" on our Consolidated Balance Sheets) are not utilized to support our operations; however, we do have the opportunity to earn income from investing these funds. We maintain a portion of our settlement assets in short term investments (classified as cash equivalents within settlement assets) to fund settlement obligations.

Off-Balance Sheet Arrangements

Other than facility and equipment leasing arrangements, we did not engage in off-balance sheet financing activities. Prior to the Merger, we had several synthetic operating lease arrangements. On September 20, 2007, we purchased the buildings and equipment under our synthetic operating lease arrangements as contractually required due to change in control provisions contained in the agreements. In 2006, we purchased one of the buildings under our synthetic operating lease arrangements and contributed it to Western Union as part of the spin-off. We also purchased the Memphis facility under the synthetic lease and sold it to a third party for less than the liability assumed in the Concord merger. Rent expense related to synthetic operating leases was $4.7 million for the predecessor period from January 1 through September 24, 2007 and $9.0 million and $6.3 million for the years ended December 31, 2006 and 2005, respectively.

Contractual Obligations

Our contractual obligations as of December 31, 2007 are as follows (in millions):

		Payments Due by Period			
	Total	Less than 1 year	1 3 years	4 5 years	After 5 years
Debt	$22,409.7	$ 570.7	$ 290.6	$ 290.9	$21,257.5
Capital lease obligations	164.1	49.6	42.3	7.8	64.4
Operating leases	216.5	62.2	93.4	48.7	12.2
Pension plan contributions(a)	40.0	40.0			
Purchase obligations(b):					
Technology and telecommunications(c)	549.0	349.7	152.8	46.5	
All other(d)	693.8	356.8	172.8	104.6	59.6
Other long-term liabilities	62.9	29.0	32.1	0.8	1.0
	$24,136.0	$1,458.0	$ 784.0	$ 499.3	$21,394.7

(a) The amount of pension plan contributions depends upon various factors that cannot be accurately estimated beyond a one-year time frame.

(b) Many of our contracts contain clauses that allow us to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Certain contracts also have an automatic renewal clause if we do not provide written notification of our intent to terminate the contract. Obligations under certain contracts are usage-based and are, therefore, estimated in the above amounts. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.

(c) Technology and telecommunications includes obligations related to hardware purchases, software licenses, hardware and software maintenance and support, technical consulting services and telecommunications services.

(d) Other includes obligations related to materials, data, non-technical contract services, facility security, investor management fees, maintenance and marketing promotions.

We adopted Financial Account Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109," in January 2007. At December 31, 2007 we had approximately $518 million of tax contingencies included in long-term income taxes payable in the "Other long-term liabilities" line of the Consolidated Balance Sheets, including approximately $133 million of income tax liabilities for which Western Union is required to indemnify us. Approximately $155 million of the balance was reclassified from deferred tax liabilities to long-term income taxes payable. Timing of tax payments is dependent upon various factors which cannot be reasonably estimated at this time.

There have been no material changes outside the ordinary course of business in our contractual obligation and commercial commitments from those reported at December 31, 2007 other than an $11 million reduction in our liability for unrecognized tax benefits accrued under the provisions of FIN 48, after negotiating settlement with certain state jurisdictions. The reduction in the liability was recorded through cash payments and a decrease to goodwill. As of June 30, 2008, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may change within the next twelve months; however, we do not expect the change to significantly increase or decrease the total amounts of unrecognized tax benefits.

Critical Accounting Policies

Stock-Based Compensation

Upon the close of the Merger, the vesting of FDC stock options, restricted stock awards and restricted stock units (including Western Union stock options, restricted stock awards and restricted stock units held by FDC personnel) was accelerated and the associated expense recorded in the predecessor financial statements. These stock-based compensation plans were terminated at that time. We have established a stock incentive plan for certain management employees of FDC and its affiliates ("stock plan"). This stock plan is at the Holdings level which owns 100% of FDC's equity interests. The stock plan provides the opportunity for certain management employees to purchase shares in Holdings and then receive a number of stock options or restricted stock based on a multiple of their investment in such shares. The expense associated with this plan will be recorded by FDC. FDC will use the Black-Scholes option pricing model to measure the fair value of equity-based awards granted to management. Option-pricing models require estimates of a number of key valuation inputs including expected volatility, expected dividend yield, expected term and risk-free interest rate. Certain of these inputs may become more subjective than in previous periods due to FDC being privately held and thus not having objective historical or public information. The most subjective inputs will be the expected term, expected volatility and determination of share value. The expected term will be determined using probability weighted expectations and expected volatility will be determined using a selected group of guideline companies as surrogates for FDC.

Reserve for Merchant Credit Losses and Check Guarantees

With respect to the merchant acquiring business, our merchant customers (or those of our unconsolidated alliances) have the liability for any charges properly reversed by the cardholder. In the event, however, that we are not able to collect such amounts from the merchants, due to merchant fraud, insolvency, bankruptcy or another reason, we may be liable for any such reversed charges. Our risk in this area primarily relates to situations where the cardholder has purchased goods or services to be delivered in the future such as airline tickets.

Our obligation to stand ready to perform is minimal in relation to the total dollar volume processed. We require cash deposits, guarantees, letters of credit or other types of collateral from certain merchants to minimize our obligation. Collateral held by us is classified within "Settlement obligations" on our Consolidated Balance Sheets. The amounts of collateral held by us and our unconsolidated alliances are as follows (in millions):

	Successor	Predecessor
Year ended December 31,	**2007**	**2006**
Cash and cash equivalents collateral	$ 888.8	$ 893.1
Collateral in the form of letters of credit	302.6	256.7
Total collateral	$ 1,191.4	$ 1,149.8

We also utilize a number of systems and procedures to manage merchant risk. Despite these efforts, we historically have experienced some level of losses due to merchant defaults.

Our contingent obligation relates to imprecision in our estimates of required collateral. A provision for this obligation is recorded based primarily on historical experience of credit losses and other relevant factors such as economic downturns or increases in merchant fraud. Merchant credit losses are included in "Cost of services" in our Consolidated Statements of Operations. The following

table presents the aggregate merchant credit losses incurred compared to total dollar volumes processed:

	Successor	Predecessor		
	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
FDC and consolidated and unconsolidated alliances credit losses (in millions)	$ 14.7	$ 34.9	$ 36.3	$ 42.6
FDC and consolidated alliances credit losses (in millions)	$ 12.7	$ 29.1	$ 26.6	$ 28.7
Total dollar volume processed (in billions)	$ 443.0	$ 1,101.5	$ 1,372.6	$ 1,171.3

The reserve recorded on our Consolidated Balance Sheets only relates to the business conducted by our consolidated subsidiaries. The reserve for unconsolidated alliances is recorded only in the alliances' respective financial statements. We have not recorded any reserve for estimated losses in excess of reserves recorded by the unconsolidated alliances nor have we identified a need to do so. At December 31, 2007 and 2006, we and our consolidated and unconsolidated alliances had aggregate merchant credit loss reserves of $35.6 million and $33.1 million, respectively. The amount of the reserves attributable to entities consolidated by us was $24.1 million and $20.5 million at December 31, 2007 and 2006, respectively. We believe the recorded reserve approximates the fair value of the contingent obligation.

The credit loss reserves, both for us and the unconsolidated alliances, are comprised of amounts for known losses and a provision for losses incurred but not reported ("IBNR"). These reserves primarily are determined by performing a historical analysis of chargeback loss experience. Other factors are considered that could affect that experience in the future. Such items include the general economy and economic challenges in a specific industry or those affecting certain types of clients. Once these factors are considered, we or the unconsolidated alliance establishes a rate (percentage) that is calculated by dividing the expected chargeback (credit) losses by dollar volume processed. This rate is then applied against the dollar volume processed each month and charged against earnings. The resulting reserve balance is then compared to requirements for known losses and estimates for IBNR items. Historically, this estimation process has proven to be materially accurate and we believe the recorded reserve approximates the fair value of the contingent obligation.

The majority of the TeleCheck business involves the guarantee of checks received by merchants. If the check is returned, TeleCheck is required to purchase the check from the merchant at its face value and pursue collection from the check writer. A provision for estimated check returns, net of anticipated recoveries, is recorded at the transaction inception based on recent history. At December 31, 2007 and 2006, we had accrued warranty balances of $16.4 million and $18.1 million, and accrued recovery balances of $38.1 million and $37.4 million, respectively. Accrued warranties are included in "Other current liabilities" and accrued recoveries are included in "Accounts receivable" in the Consolidated Balance Sheets.

We establish an incremental liability (and deferred revenue) for the fair value of the check guarantee. The liability is relieved and revenue is recognized when the check clears, is presented to TeleCheck, or the guarantee period expires. The majority of the guarantees are settled within 30 days. The incremental liability was approximately $2.4 million and $2.7 million at December 31, 2007 and 2006, respectively.

The following table details the check guarantees of TeleCheck for the successor period from September 25, 2007 through December 31, 2007, the predecessor period from January 1, 2007 through September 24, 2007 and the years ended December 31, 2006 and 2005.

	Successor	Predecessor		
	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Aggregate face value of guaranteed checks (in billions)	$ 12.7	$ 30.4	$ 25.7	$ 23.2
Aggregate amount of checks presented for warranty (in millions)	$ 128.2	$ 303.6	$ 295.1	$ 262.8
Warranty losses net of recoveries (in millions)	$ 35.8	$ 80.0	$ 73.9	$ 62.9

The maximum potential future payments under the guarantees were estimated by us to be approximately $1.6 billion at December 31, 2007.

Derivative Financial Instruments

From time to time, we use derivative instruments to mitigate (i) cash flow risks with respect to changes in interest rates (forecasted interest payments on variable rate debt), foreign currency rates (forecasted transactions denominated in foreign currency) and market price risk related to an equity security, and (ii) to protect the initial net investment in certain foreign subsidiaries and/or affiliates with respect to changes in foreign currency rates. As required, such instruments are recognized in our Consolidated Balance Sheets at their fair value. Not all of these derivatives qualify for hedge accounting. Although certain transactions do not qualify for hedge accounting, they are entered into for economic hedging purposes and are not considered speculative. We do not believe that our derivative financial instruments expose us to more than a nominal amount of credit risk, as the counterparties are established, well-capitalized financial institutions.

The estimated fair value of derivative financial instruments is modeled in Bloomberg software using the Bloomberg reported market data based on mid-market prices and the actual terms of the derivative contracts. While we believe our estimates result in a reasonable reflection of the fair value of these instruments, the estimated values may not be representative of actual values that could have been realized as of December 31, 2007 or that will be realized in the future.

Capitalized Costs

We capitalize initial payments for new contracts, contract renewals and conversion costs associated with customer contracts and system development costs. Capitalization of such costs is subject to strict accounting policy criteria and requires management judgment as to the appropriate time to initiate capitalization. Capitalization of initial payments for contracts and conversion costs only occurs when management is satisfied that such costs are recoverable through future operations, contractual minimums and/or penalties in case of early termination.

We develop software that is used in providing processing services to customers. To a lesser extent, we also develop software to be sold or licensed to customers. Capitalization of internally developed software, primarily associated with operating platforms, occurs only upon management's estimation that the likelihood of successful development and implementation reaches a probable level. Currently unforeseen circumstances in software development could require us to implement alternative plans with respect to a particular effort, which could result in the impairment of previously capitalized software development costs.

Our accounting policy is to limit the amount of capitalized costs for a given contract to the lesser of the estimated ongoing future cash flows from the contract or the termination fees we would receive in the event of early termination of the contract by the customer. Our entitlement to termination fees may, however, be subject to challenge if a customer were to allege that we were in breach of contract. This entitlement is also subject to the customer's ability to pay.

The following table discloses capitalized expenditures related to customer contracts, conversion costs and software (in millions).

	Successor	Predecessor		
	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31,	
			2006	2005
Customer relationships	$ (34.0)	$ (39.2)	$ (27.2)	$ (42.1)
Conversion costs	(4.4)	(20.9)	(35.4)	(43.1)
Software	(18.6)	(55.9)	(65.7)	(52.6)

As a result of the Merger, asset balances were adjusted through purchase accounting to their estimated fair value. We test certain identifiable intangible assets on an annual basis and the remainder upon an indicator of impairment. The tests of impairment include various assumptions including the use of projections of future cash flows and discount rates.

Investment Securities

We have investments in the equity securities of both public and private companies where we do not have the ability to exercise significant influence over the investee's business. Investments in public companies and certain investment partnerships are carried at fair value based on quoted market prices with changes in fair value recorded through the "Other comprehensive income" component of stockholders' equity or for investment partnerships through "Investment income." Investments in private companies are recorded at cost.

In the case of either investment type, declines in the fair value of the investments are reviewed to determine whether they are other than temporary in nature. Declines in value that are judged to be other than temporary in nature are recognized in the Consolidated Statements of Operations. For public company investments, absent any other indications of a decline in value being other than temporary in nature, our policy is to treat a decline in the investment's quoted market value that has lasted for more than six months as an other than temporary decline in value. Our policy is the same for private company investments, however, their fair values are estimated. In estimating fair value, we consider market conditions, offering prices, trends of earnings/losses, price multiples, financial position, new financing and other key measures. We believe our estimates result in a reasonable reflection of the fair values of these investments.

We maintain various other investments many of which are classified as available-for-sale and carried at fair market value of $43.6 million and $92.7 million at December 31, 2007 and 2006, respectively. We also have investments in non-marketable equity securities and other investments that are carried at cost of $27.5 million and $34.8 million at December 31, 2007 and 2006, respectively. These investments are reflected in "Other long-term assets" on the Consolidated Balance Sheets. Gains and losses upon sale or impairment of investment are classified within the "Other income (expense)" caption in the Consolidated Statements of Operations.

Transactions with Related Parties as defined by SFAS No. 57

A substantial portion of our business within the Merchant Services segment and International segment is conducted through merchant alliances. Certain merchant alliances, as it pertains to investments accounted for under the equity method, are joint ventures between us and financial institutions. None of our directors or officers have ownership interests in any of the alliances. The formation of each of these alliances generally involves us and the bank contributing contractual merchant relationships to the alliance and a cash payment from one owner to the other to achieve the desired ownership percentage for each. We and the bank contract a long-term processing service

agreement as part of the negotiation process. This agreement governs our provision of transaction processing services to the alliance. Therefore, we have two income streams from these alliances: our share of the alliance's net income (classified as "Equity earnings in affiliates") and the processing fees it charges to the alliance (classified as "Transaction processing and service fees"). The processing fees are based on transaction volumes and unit pricing as contained in the processing services agreement negotiated with the alliance partner.

If we have majority ownership and management control over an alliance, then the alliance's financial statements are consolidated with those of First Data and the related processing fees are treated as an intercompany transaction and eliminated upon consolidation. If we do not have a controlling ownership interest in an alliance, we use the equity method of accounting to account for our investment in the alliance. As a result, our consolidated revenues include processing fees charged to alliances accounted for under the equity method.

We negotiated all agreements with the alliance banks. Therefore, all transactions between us and our alliances were conducted at arm's length; nevertheless, SFAS No. 57, "Related Party Disclosures," defines a transaction between us and an entity for which investments are accounted for under the equity method by us as a related party transaction requiring separate disclosure in the financial statements provided by us. Accordingly, the revenue associated with these related party transactions are presented on the face of the Consolidated Statements of Operations.

The investments held by us in investment funds managed by a member of our Board of Directors prior to the Merger is no longer a related party transaction since subsequent to the Merger this individual is not affiliated with us. Subsequent to the Merger, certain members of our new Board of Directors are affiliated with KKR.

In connection with the consummation of the Merger, First Data entered into a management agreement with affiliates of KKR pursuant to which such entities or their affiliates will provide management services to us. Pursuant to such agreement, we will pay an aggregate annual management fee of $20 million, which amount is expected to increase annually by 5% beginning in October 2008, and will reimburse out-of-pocket expenses incurred in connection with the provision of services pursuant to the agreement. In addition and pursuant to such agreement, we paid aggregate transaction fees of approximately $260 million in connection with services provided by such entities in connection with the Merger. The agreement also provides that we will pay fees in connection with certain subsequent financing, acquisition, disposition and change of control transactions, as well as a termination fee based on the net present value of future payment obligations under the management agreement, in the event of an initial public offering or under certain other circumstances. The agreement also includes customary exculpation and indemnification provisions in favor of KKR and its affiliates.

Income Taxes

The determination of our provision for income taxes requires management's judgment in the use of estimates and the interpretation and application of complex tax laws. Judgment is also required in assessing the timing and amounts of deductible and taxable items. We believe our tax return positions are fully supportable; however, we establish contingency reserves for material tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. Issues raised by a tax authority may be finally resolved at an amount different than the related reserve. When facts and circumstances change (including a resolution of an issue or statute of limitations expiration), these reserves are adjusted through the provision for income taxes in the period of change. As the result of the additional interest and amortization expenses that we incur due to the Merger, we are currently in a net loss position. Judgment will be required to determine whether or not some portion or all of the deferred tax assets will not be realized. To the extent we determine that we

will not realize the benefit of some or all of our deferred tax assets, then these deferred tax assets will be adjusted through our provision for income taxes in the period in which this determination is made.

Goodwill

Due to the Merger, we recorded all assets and liabilities at their estimated fair value on the acquisition date. This has resulted in a significant amount of goodwill due to purchase accounting. Goodwill represents the excess of cost over the fair value of net assets acquired, including identifiable intangible assets, and will be allocated to reporting units upon finalization of the intangible valuation being completed due to the Merger. Our reporting units are businesses one level below the operating segment level for which discrete financial information is prepared and regularly reviewed by management.

We test goodwill annually for impairment, as well as upon an indicator of impairment, using a fair value approach at the reporting unit level. If it is determined that the fair value of the reporting unit is less than its carrying value, an impairment charge of the reporting unit's goodwill would be recognized which could have a material adverse effect on our financial results. The estimate of fair value requires various assumptions including the use of projections of future cash flows and discount rates that reflect the risks associated with achieving the future cash flows. Changes in the underlying business could affect these estimates, which in turn could affect the fair value of the reporting unit.

Due to the valuation of our intangible assets associated with the Merger, it was determined an annual goodwill impairment test was not needed for 2007. Our annual goodwill impairment test did not identify any impairments in 2006 and 2005; however, there was an impairment in goodwill that was triggered by the changes in strategic direction of specific businesses made in 2007 and 2005 as discussed in Note 3.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements". This statement defines fair value, establishes a fair value hierarchy to be used in generally accepted accounting principles and expands disclosures about fair value measurements. Although this statement does not require any new fair value measurements, in certain cases, its application will change current practice. SFAS No. 157 will be effective for fiscal years beginning after November 15, 2007 as it relates to fair value measurements of financial assets and liabilities and for fiscal years beginning after November 15, 2008 for certain non-financial assets and non-financial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Effective January 1, 2008, we will adopt SFAS No. 157 for all financial assets and liabilities. The effect of adopting this standard is expected to reduce our derivative liabilities by approximately $13 million as of the date of adoption. The majority of this amount relates to derivatives that have been designated as cash flow hedges for accounting purposes and, accordingly, the impact will be recorded as a reduction of the unrealized losses in "Other comprehensive income" to the extent the hedges are effective. The amount of adjustment related to derivatives not designated as accounting hedges is immaterial and will be reflected as a gain in the "Other income (expense)" line item in the Consolidated Statements of Operations upon adoption. We are currently evaluating the January 1, 2009 impact of adopting the new statement on fair value measurements for non-financial assets and non-financial liabilities.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an Amendment of FASB Statements No. 87, 88, 106, and 132(R)." This statement requires a company to recognize the funded status of a benefit plan as an asset or a liability in its statement of financial position. In addition, a company is required to measure plan assets and benefit obligations as of the date of its fiscal year-end statement of financial position.

We adopted the recognition provisions and disclosure requirements as of December 31, 2006. As a result of the Merger, we measured the benefit plan assets and obligations as of the merger date and allocated purchase price to each plan equal to its funded status. Additionally, for our new basis of accounting, we elected December 31 as the measurement date for our plans. As such, the measurement date provisions of SFAS No. 158 have no impact on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115." This Statement permits entities to measure many financial instruments and certain other items at fair value. This election is made on an instrument-by-instrument basis and is irrevocable. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This statement is effective for fiscal years beginning after November 15, 2007. We did not elect the fair value option for any of our existing financial assets and liabilities.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." The new standard will significantly change the financial accounting and reporting of business combination transactions in the consolidated financial statements. It will require an acquirer to recognize, at the acquisition date, the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at their full fair values as of that date. In a business combination achieved in stages (step acquisitions), the acquirer will be required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in earnings. The acquisition-related transaction and restructuring costs will no longer be included as part of the capitalized cost of the acquired entity but will be required to be accounted for separately in accordance with applicable generally accepted accounting principles in the U.S. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements." The statement clarifies the definition of a non-controlling (or minority) interest and requires that non-controlling interests in subsidiaries be reported as a component of equity in the consolidated statement of financial position and requires that earnings attributed to the non-controlling interests be reported as part of consolidated earnings and not as a separate component of income or expense. However, it will also require expanded disclosures of the attribution of consolidated earnings to the controlling and non-controlling interests on the face of the consolidated income statement. SFAS No. 160 will require that changes in a parent's controlling ownership interest, that do not result in a loss of control of the subsidiary, are accounted for as equity transactions among shareholders in the consolidated entity therefore resulting in no gain or loss recognition in the income statement. Only when a subsidiary is deconsolidated will a parent recognize a gain or loss in net income. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008, and will be applied prospectively except for the presentation and disclosure requirements that will be applied retrospectively for all periods presented. We are currently evaluating the impact of SFAS No. 160 to our financial position and results of operations.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk from changes in interest rates. Our assets include both fixed and floating rate interest-bearing securities. These investments arise primarily from our sale of payment instruments (principally official checks and money orders). We invest the proceeds from the sale of these instruments, pending the settlement of the payment instrument obligation. We have classified these investments as available-for-sale. Accordingly, they are carried on our consolidated balance sheets at fair market value. A portion of our Integrated Payment Systems business involves the payment of

commissions to selling agents of our official check and money order products and such commissions are computed based on short-term variable rates.

In February 2007, we announced our intent to gradually exit the official check and money order businesses. We expect the wind-down of the majority of the business to take place in 2008. As of December 31, 2007, a majority of the long-term instruments held earlier in the year associated with these businesses had been converted into instruments of shorter duration. In conjunction with the repositioning of the portfolio, we terminated the associated interest rate swaps. The continued wind-down of this business resulted in a decrease in its investment portfolio balance as well as a decrease in commissions during the six months ended June 30, 2008.

To the extent the Integrated Payment Systems business pays commissions based on short-term variable rates to its selling agents and invests the proceeds from the sale of payment instruments in floating rate or short-term investments, interest rate risk exists related to the relative spreads between different interest rate indices. Additionally, to the extent there is a fixed rate commission and Integrated Payment Systems invests the proceeds from the sale of payment instruments in floating rate or short-term investments, the Integrated Payment Systems business is also subject to interest rate volatility.

Our interest rate-sensitive liabilities are our debt instruments. On September 24, 2007, First Data was acquired through the Merger with an entity controlled by an affiliate of KKR. The Merger has had a material impact on our interest rate risk due to newly issued variable rate debt and associated interest rate swaps. As of December 31, 2007, we had approximately $20 billion of variable rate debt and had swapped $7.5 billion of this variable rate debt to fixed. Of the $20 billion in variable rate debt, approximately $1 billion was euro denominated. In June 2008, we entered into agreements which, among other things and most significantly, amended the interest rates on the senior unsecured term loan facilities and the senior subordinated unsecured term loan facility converting the interest rates on approximately $7 billion in borrowings from variable to fixed.

We cannot perform a meaningful sensitivity analysis comparing a change in interest rates to prior year balances due to the significant change in our capital structure. Using the December 31, 2007 balances, a 10% proportionate increase in short-term interest rates on an annualized basis compared to the interest rates at December 31, 2007 and a corresponding and parallel shift in the remainder of the yield curve, would result in a decrease to pretax income of approximately $33 million. The majority of this decrease relates to a $60 million decrease (based on the 10% increase noted above which equates to approximately 50 basis point increase in interest rates) that primarily relates to our balance of variable interest rate debt, net of interest rate swaps, at December 31, 2007. Partially offsetting this decrease is a $27 million increase (based on the 10% increase noted above which equates to a 39 basis point increase in the interest rates) associated with operating cash balances, settlement related cash balances, expected investment positions, and commissions paid to selling agents. Conversely, a corresponding decrease in interest rates would result in a comparable increase to pretax earnings. Actual interest rates could change significantly more than 10%.

Using June 30, 2008 balances, a 10% proportionate increase in short-term interest rates on an annualized basis compared to the interest rates at June 30, 2008 and a corresponding and parallel shift in the remainder of the yield curve, would result in an increase to pretax income of approximately $0.5 million. The $0.5 million increase to pre-tax income (due to 10% increase in variable rates as of June 30, 2008) is a combination of the following: a) $14.8 million increase in interest expense related to our balance of variable interest rate debt, net of interest rate swaps, at June 30, 2008 and b) $15.3 million increase in interest income associated with operating cash balances, settlement related cash balances, and investment positions (netted with commissions paid to selling agents).

There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that interest rate movements are linear and instantaneous. As a result, the analysis is unable to reflect

the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Foreign Currency Risk

We are exposed to changes in currency rates as a result of our investments in foreign operations, from revenues generated in currencies other than the U.S. dollar and foreign currency denominated loans. Revenue and profit generated by international operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. In connection with the Merger, the intent of management towards our intercompany investments and certain net investment hedges were changed. Such decisions have resulted in a different foreign currency risk exposure than what existed prior to the Merger.

After consideration of changes in intent associated with the Merger, a hypothetical uniform 10% weakening in the value of the U.S. dollar relative to all the currencies in which our revenues and profits are denominated would result in a decrease to pretax income of approximately $59 million. The majority of the decrease results from a $104 million decrease related to a euro denominated term loan held by us. This decrease is partially offset by a $33 million increase related to foreign exchange on intercompany loans and a $12 million increase related to foreign exchange on foreign currency earnings, assuming consistent operating results as the preceding twelve months from December 31, 2007. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that foreign exchange rate movements are linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Regulatory

Through its merchant alliances, the Merchant Services segment holds an ownership interest in several competing merchant acquiring businesses while serving as the electronic processor for those businesses. In order to satisfy state and federal antitrust requirements, we actively maintain an antitrust compliance program.

BUSINESS

General

First Data was incorporated in Delaware in 1989, and in 1992 was the subject of an initial public offering in connection with a spin-off from American Express. FDC is a provider of electronic commerce and payment solutions for merchants, financial institutions and card issuers globally and has operations in 37 countries, serving over 5.4 million merchant locations and over 2,000 card issuers and their customers. We have acquired domestic and international businesses over the last five years with the most significant acquisition being Concord EFS, Inc. ("Concord") in 2004 which included the STAR Network. In 2006, FDC spun-off its Western Union money transfer businesses and, in 2007, FDC was acquired by an entity controlled by affiliates of KKR. Additional information on the above noted items is presented below.

Merger

On April 1, 2007, we entered into the Merger Agreement with Parent and Acquisition Corp. (defined in "Basis of Presentation" above). Parent is controlled by affiliates of KKR. On September 24, 2007, under the terms of the Merger Agreement, Acquisition Corp. merged with and into First Data, with First Data continuing as the surviving corporation and a subsidiary of Holdings.

As of the effective time of the Merger, each issued and outstanding share of common stock of First Data was cancelled and converted into the right to receive $34.00 in cash, without interest (other than shares owned by Parent, Sub or Holdings, which were cancelled and given no consideration). Additionally, vesting of FDC stock options, restricted stock awards and restricted stock units was accelerated upon closing of the Merger. The transaction resulted in a total purchase price of approximately $26.5 billion, including acquisition-related costs and excluding assumption of debt.

The Merger was financed by a combination of the following: borrowings under our senior secured credit facilities, senior unsecured interim loan agreement and senior subordinated unsecured interim loan agreement, and the equity investment of Holdings. See Note 2 of our 2007 annual Consolidated Financial Statements in this prospectus for detailed discussion of purchase price and transaction costs, and Note 10 for a detailed discussion regarding the tender of previously existing debt as well as the debt issued in conjunction with the Merger.

We have implemented a plan to provide strategic direction for First Data under new leadership. The plan includes generating organic growth through improved sales effectiveness and accelerating new product innovations. The plan also captures efficiencies related to the simplification of domestic and international operations and other near term cost saving initiatives as well as certain reductions in personnel. In accordance with this plan and in November 2007, we terminated approximately 6% of our worldwide work force.

Spin-off of Western Union

On September 29, 2006, we separated our Western Union money transfer business into an independent, publicly traded company through a spin-off of 100% of Western Union to FDC shareholders in a transaction intended to qualify for tax-free treatment ("the spin-off") giving the shareholders separate ownership interests in FDC and Western Union. FDC and Western Union are independent and have separate ownership, boards of directors and management.

For more information regarding the spin-off, refer to Note 19 of our 2007 annual Consolidated Financial Statements.

Concord Merger

On February 26, 2004, we completed our merger with Concord. FDC and Concord each had distinct strengths in product lines and markets that in combination provided financial institutions, retailers and consumers with a broader spectrum of payment options, greater input into the future direction of the electronic payments industry and access to new technologies and global markets. The all-stock transaction resulted in a total purchase price of approximately $6.9 billion, including acquisition-related costs.

Significant Acquisitions and Dispositions

We completed a number of acquisitions during 2007, each of which was acquired for less than $400 million. Aggregate acquisitions in 2007 were $866.8 million with the most significant being First Data Polska (formerly POLCARD) for $331.9 million. Refer to Note 4 of our 2007 annual Consolidated Financial Statements for a complete discussion of our acquisitions and dispositions.

Segment Realignment

Effective January 1, 2008, our new Chief Executive Officer appointed in connection with the merger began making strategic and operating decisions with regards to assessing performance and allocating resources based on a new segment structure. Segment results for 2007, 2006 and 2005 have been revised to reflect the new structure. For more information on the segment realignment refer to Note 17 of our 2007 annual Consolidated Financial Statements.

Segments

The Company is organized in four primary segments: Merchant Services, Financial Services, International and Prepaid Services. In addition, we currently operate our official check and money order business through our Integrated Payment Systems segment. Upon completion of a strategic review, we decided to gradually exit from the official check and money order business. We expect the wind-down of the majority of the business to take place by the end of 2008.

Merchant Services

Merchant Services provides merchant acquiring and processing services. We provide these services to approximately 3.7 million merchant locations across the United States, and processed $1.3 trillion of payment transaction dollar volume on behalf of U.S. merchants in 2007. Merchant Services facilitates merchants' ability to accept credit and debit cards by authorizing and settling merchants' credit, debit and loyalty card transactions. At the same time, Merchant Services provides merchants with the reliability, security and back-office services that are critical to their business success. Most of this segment's revenue is derived from regional and local merchants. Merchant Services approaches the market through diversified sales channels including equity alliances, revenue sharing alliances and referral arrangements with 130 financial institution partners and arrangements with over 350 non-bank referral partners as well as 163 independent sales organization partners, as of December 31, 2007.

Financial Services

Financial Services provides financial institutions and other third parties with various services, including credit and retail card processing; debit network processing services; output services, such as statement and letter printing, embossing and mailing services; check verification, settlement and guarantee services; remittance processing services; and services facilitating government payments. The credit, debit and retail card processing businesses provide services that enable financial institutions and other organizations offering credit cards, debit cards and retail private label cards to consumers and businesses to manage customer accounts. Financial Services also provides services to the U.S. PIN POS

debit market through the STAR Network which offers PIN-secured debit acceptance at 2.1 million ATM and retail locations.

International

International provides products and services in international markets that are similar to those offered by the Merchant Services and Financial Services segments in the United States. International has operations in 37 countries, including the U.S., with regional management teams overseeing local operations. The segment operates in four main geographic regions including Europe, Middle East and Africa; Latin America, Canada and Caribbean; Australia and New Zealand; and Asia.

Prepaid Services

Prepaid Services consists of businesses that provide open and closed loop stored-value products and processing services. The closed loop operations provide gift card processing services to large national merchants as well as fleet services to trucking companies. The open loop products are driven primarily by employers' adoption of the Money Network payroll product.

Integrated Payment Systems

The Integrated Payment Systems segment provides official checks and money orders through independent agents, which are typically banks or other financial institutions.

Operating Locations

We have domestic and international operations and regional or country offices where sales, customer service and/or administrative personnel are based. The international operations generate revenues from customers located and operating outside of the United States. In the successor period from September 25, 2007 through December 31, 2007 and the predecessor period from January 1, 2007 through September 24, 2007 revenues generated from processing transactions at locations within the United States (domestic) regardless of the segments to which the associated revenues applied, were 78% and 81% of FDC's consolidated revenues, respectively, while revenue generated from processing transactions at locations outside of the United States (international) were 22% and 19%, respectively. Long-lived assets attributable to domestic and international operations as percentages of FDC's total long-lived assets as of December 31, 2007 were 82% and 18%, respectively. No individual foreign country is material to our total revenues or long-lived assets. Further financial information relating to our international and domestic revenues and long-lived assets is set forth in Note 17 to our 2007 annual Consolidated Financial Statements.

First Data Products and Services Segment Information

Financial information relating to each of our segments is set forth in Note 17 to our 2007 annual Consolidated Financial Statements. A discussion of factors potentially affecting our operations is set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations." We do not have any significant customers that account for 10% or more of total consolidated revenues. Refer to the following segment discussions, which address significant customer relationships within each segment.

Merchant Services Segment

The Merchant Services segment is comprised of merchant acquiring and processing services.

Merchant Services revenues from external customers, operating profit, and assets represent the following percentages of FDC's consolidated revenues, total reported segment operating profit, and consolidated assets:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Revenue from external customers	41%	42%	44%	43%
Operating profit(1)(2)	46%	83%	66%	57%
Assets (at December 31)(2)	41%		32%	24%

(1) Operating profit, as a percentage of total segment and all other and corporate operating profit, for the predecessor period from January 1, 2007 through September 24, 2007 includes accelerated vesting of stock options and restricted stock awards and units and transaction costs related to the Merger of $265.2 million that were recognized in All Other and Corporate. The exclusion of these costs from the calculation would decrease the Merchant Services operating profit percentage shown above by approximately 19 percentage points for the predecessor period from January 1, 2007 through September 24, 2007.

(2) Operating profit and assets were impacted by purchase accounting in the successor period from September 25, 2007 through December 31, 2007.

Description of Merchant Services Segment Operations

In the Merchant Services segment, revenues are derived primarily from providing merchant acquiring and processing services. Merchant Services businesses facilitate the acceptance of consumer transactions at the point of sale, whether it is a transaction at a physical merchant location or over the internet. A brief explanation of the segment's service and product offerings is presented below.

Merchant acquiring and processing services

Merchant acquiring services facilitate the merchants' ability to accept credit, debit, stored-value and loyalty cards by authorizing, capturing and settling the merchants' transactions. Acquiring services also provide POS devices and other equipment necessary to capture merchant transactions. A majority of these services are offered to the merchants through joint ventures or other alliance arrangements primarily with financial institutions. The segment's processing services include authorization, transaction capture, settlement, chargeback handling, and internet-based transaction processing. The vast majority of these services pertain to transactions in which consumer payments to merchants are made through a card association (such as Visa or MasterCard), a debit network, or another payment network (such as Discover).

Revenues are generated from:

- Discount fees charged to a merchant, net of credit card interchange and assessment fees charged by the bankcard associations or payment networks (Visa, MasterCard or Discover). The discount fee is either a percentage of the credit card transaction or the interchange fee plus a fixed dollar amount;
- Processing fees charged to unconsolidated alliances discussed below;
- Processing fees charged to merchant acquirers who have outsourced their transaction processing to us;
- Equity earnings from unconsolidated alliances;

Selling and leasing POS devices; and

Debit network fees.

Merchant Services provides merchant acquiring and processing services to merchants operating in approximately 3.7 million merchant locations across the United States. Merchant Services provides full service merchant processing primarily on Visa and MasterCard transactions and PIN-debit at the point of sale.

Growth in the Merchant Services business is derived from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment and the strength of its alliances with banks and other institutions. Our alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance program, we and a bank or other institution form a joint venture, either contractually or through a separate legal entity. Merchant contracts may be contributed to the venture by us and/or the bank or institution. New merchant business generally is solicited by the alliance's (and in some cases, the financial institution's) sales force. Each alliance requires successful management of the relationship between us and the alliance partner. We benefit by providing processing services for the alliance and our merchant customers, while the alliance partner's merchant banking relationship is benefited. Alliance institutions generally provide card association sponsorship, clearing, and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other relationship. We provide transaction processing and related functions. Both partners may provide management, sales, marketing, and other administrative services. The alliance strategy could be affected by further consolidation among financial institutions.

The alliance strategy with bank partners provides us with broad geographic coverage, regionally and nationally as well as a presence in various industries. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner. Additionally, bank partners provide brand loyalty and a distribution channel through their branch networks which increases merchant retention.

There are a number of different entities involved in a merchant transaction including the cardholder, card issuer, card association, merchant, merchant acquirer, electronic processor for credit and signature debit transactions, and debit network for PIN-debit transactions. The card issuer is the financial institution that issues credit or debit cards, authorizes transactions after determining whether the cardholder has sufficient available credit or funds for the transaction, and provides funds for the transaction. Some of these functions may be performed by an electronic processor (such as the Financial Services business) on behalf of the issuer. The card association is Visa or MasterCard, a debit network (such as STAR Network) or another payment network (such as Discover) that routes the transactions between us and the card issuer. The merchant is a business from which a product or service is purchased by a cardholder. The acquirer (such as us or one of our alliances) contracts with merchants to facilitate their acceptance of cards. A merchant acquirer may do its own processing or, more commonly, may outsource those functions to an electronic processor such as the Merchant Services segment. The acquirer/processor serves as an intermediary between the merchant and the card issuer by:

(1) Obtaining authorization from the card issuer through a card association or debit network;

(2) Transmitting the transaction to the card issuer through the applicable card association, payment network or debit network; and

(3) Paying the merchant for the transaction. We typically receive the funds from the issuer via the card association, payment network or debit network prior to paying the merchant.

A transaction occurs when a cardholder purchases something from a merchant who has contracted with us, an alliance partner or a processing customer. When the merchant swipes the card through the POS terminal (which is often sold or leased, and serviced by us), we obtain authorization for the transaction from the card issuer through the card association, payment network or debit network, verifying that the cardholder has sufficient credit or adequate funds for the transaction. Once the card issuer approves the transaction, we or the alliance "acquires" the transaction from the merchant and then transmit it to the applicable debit network, payment network or card association, which then routes the transaction information to the card issuer. Upon receipt of the transaction, the card issuer delivers funds to us via the card association, payment network or debit network. Generally, we fund the merchant after receiving the money from the card association, payment network or debit network. Each participant in the transaction receives compensation for processing the transaction. For example, in a transaction using a Visa or MasterCard for $100.00 with a merchant "discount rate" (i.e., fee) of 1.5%, the card issuer will fund the association $98.50 and bill the cardholder $100.00 on its monthly statement. The card association will retain assessment fees of $0.10 and forward $98.40 to us. We will retain $0.40 and pay the merchant $98.00. The $1.50 retained by the card issuer is referred to as interchange and it, like assessment fees, is set by the card association. The $0.40 is the merchant discount and is negotiated between the merchant and the merchant acquirer.

We and our alliances, as merchant acquirers, have certain contingent liabilities for the transactions acquired from merchants. This contingent liability arises in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. In such a case, the transaction is "charged back" to the merchant and the disputed amount is credited or otherwise refunded to the cardholder. We may, however, collect this amount from the card association if the amount was disputed in error. If we or the alliance is unable to collect this amount from the merchant, due to the merchant's insolvency or other reasons, we or the alliance will bear the loss for the amount of the refund paid to the cardholder. In most cases, this contingent liability situation is unlikely to arise because most products or services are delivered when purchased, and credits are issued on returned items. However, where the product or service is not provided until sometime following the purchase (e.g., airline or cruise ship tickets), the risk is greater. We often mitigate our risk by obtaining collateral from merchants considered higher risk because they have a time delay in the delivery of services, operate in industries that experience chargebacks or are less creditworthy.

Merchant Services Segment Competition

Our Merchant Services business competes with several service providers and financial institutions that provide these services to their merchant customers. In many cases, the merchant alliances also compete against each other for the same business.

The most significant competitive factors relate to price, brand, strength of financial institution partnership, breadth of features and functionality, scalability and servicing capability. The Merchant Services segment is further impacted by large merchant and large bank consolidation, card association business model expansion, and the expansion of new payment methods and devices.

In both the Merchant Services and Financial Services segments, the card associations and payment networks Visa, MasterCard and Discover are increasingly offering products and services that compete with our products and services.

Merchant Services Seasonality

Merchant Services' revenues and earnings are impacted by the volume of consumer usage of credit and debit cards at the point of sale. Merchant Services experiences increased POS activity during the traditional holiday shopping period in the fourth quarter, the back-to-school buying period in the third quarter, and around other nationally recognized holidays.

Merchant Services Geographic Mix and Revenues

Revenues from external customers for the Merchant Services segment are substantially all earned in the United States. Merchant revenues outside of the United States are managed and reported by our International segment. Within the United States, revenues from external customers are spread across the country since Merchant Services has alliance partners across geographic regions and a large percentage of its transactions occur at national merchants.

Merchant Services Significant Customers

The Merchant Services segment does not have any individually significant customers; however, we have two significant merchant alliance relationships with financial institutions of which one is accounted for under the equity method of accounting and the other is consolidated. In the event of a termination of these significant alliance relationships, we have certain rights to receive a portion of the applicable merchant portfolios. With the receipt of our portion (our ownership interest) of an alliance's merchant portfolios upon termination, our consolidated revenues would increase or decrease depending upon if the alliance was previously consolidated, however, there would not be a material impact on consolidated earnings. The significant alliance accounted for under the equity method, Chase Paymentech, meets the significant subsidiary test provided in SEC Regulation S-X Rule 1-02(w) in that our equity earnings of this alliance exceeded 20% of our consolidated income from continuing operations before income taxes in the predecessor period. The financial statements of Chase Paymentech are included with this prospectus. As described in the "Prospectus Summary Recent Developments," we have reached agreement with JPMorgan to terminate the Chase Paymentech alliance before the end of 2008. Potential risks include the potential loss of certain processing volume over time, the loss of JPMorgan branch referrals, the loss of access to the JPMorgan brand, and post-termination competition by Chase.

Financial Services Segment

The Financial Services segment is comprised of:

(1) Credit, debit and retail card processing services;

(2) Debit network acquiring and processing services;

(3) Check verification, settlement and guarantee;

(4) Output services;

(5) Remittance and other processing services; and

(6) Government Services.

Financial Services revenues from external customers, operating profit, and assets represent the following percentages of FDC's consolidated revenues, total reported segment operating profit and consolidated assets:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Revenue from external customers	34%	36%	37%	41%
Operating profit(1)(2)	46%	51%	38%	42%
Assets (at December 31)(2)	16%		14%	14%

(1) Operating profit, as a percentage of total segment and all other and corporate operating profit, for the predecessor period from January 1, 2007 through September 24, 2007 includes accelerated

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vesting of stock options and restricted stock awards and units and transaction costs related to the Merger of $265.2 million that were recognized in All Other and Corporate. The exclusion of these costs from the calculation would decrease Financial Services operating profit percentage shown above by approximately 12 percentage points for the predecessor period from January 1, 2007 through September 24, 2007.

(2) Operating profit and assets were impacted by purchase accounting in the successor period from September 25, 2007 through December 31, 2007.

Description of Financial Services Segment Operations

Financial Services provides financial institutions and other third parties with various services including credit, debit and retail card processing; debit network and processing services; output services, such as statement and letter printing, embossing and mailing services; check verification, settlement and guarantee services; remittance and other processing services; and services facilitating government payments. Revenue and profit growth in these businesses is derived from growing the core business, expanding product offerings, and improving the overall cost structure. Growing the core business comes primarily from an increase in debit and credit card usage, growth from existing clients and sales to new clients and the related account conversions.

Growth from expanded product offerings is driven by the development or acquisition of new products as well as expansion into adjacent markets. We will enter adjacent markets where we can leverage our existing infrastructure and core competencies around high volume transaction processing and management of customer account information.

We have relationships and many long-term customer contracts with card issuers providing credit and retail card processing, output services for printing and embossing items, as well as debit card processing services and the STAR Network. These contracts generally require a notice period prior to the end of the contract if a client chooses not to renew and some contracts may allow for early termination upon the occurrence of certain events such as a change in control. The termination fees paid upon the occurrence of such events are designed primarily to cover balance sheet exposure related to items such as capitalized conversion costs or signing bonuses associated with the contract; and in some cases, may cover a portion of lost future revenue and profit. Although these contracts may be terminated upon certain occurrences, the contracts provide the segment with a steady revenue stream since a vast majority of the contracts are honored through the contracted expiration date.

Credit and retail card issuing and processing services

Credit and retail card issuing and processing services provide outsourcing services to financial institutions and other issuers of cards, such as consumer finance companies. Financial Services clients include a wide variety of banks, savings and loan associations, group service providers and credit unions. Services provided include, among other things, account maintenance, transaction authorizing and posting, fraud and risk management services and settlement.

We provide a full array of services throughout the period of each card's use, starting from the moment a card-issuing client processes an application for a card. The basic services may include processing the card application, initiating service for the cardholder, processing each card transaction for the issuing retailer or financial institution and accumulating the card's transactions. Our fraud management services monitor the unauthorized use of cards which have been reported to be lost, stolen, or which exceed credit limits. Our fraud detection systems help identify fraudulent transactions by monitoring each cardholder's purchasing patterns and flagging unusual purchases. Other services provided include customized communications to cardholders, information verification associated with granting credit, debt collection, and customer service.

Revenues for credit and retail card issuing and processing services are derived from fees payable under contracts that depend primarily on the number of cardholder accounts on file. More revenue is derived from active accounts (those accounts on file that had a balance or any monetary posting or authorization activity during the month) than inactive accounts.

Debit network and processing services

We provide STAR Network access, PIN-debit and signature debit card processing services and ATM processing services, such as transaction routing, authorization, card embossing and settlement as well as ATM management and monitoring. The STAR Network represents a telecommunications network which is connected to thousands of financial institutions, merchants, payment processors, ATM processors, and card processors that participate in the network. In the merchant acquiring process flow described in the Merchant Services segment discussion, STAR Network represents a debit network. When a merchant acquirer or ATM owner acquires a STAR Network transaction, it sends the transaction to the network switch, which is operated by us, which in turn routes the transaction to the appropriate participant for authorization. To be routed through the STAR Network switch, a transaction must be initiated with a card participating in the STAR Network at an ATM or POS terminal also participating in the STAR Network. STAR Network's fees differ from those presented in the example above in the Merchant Services segment description in that the debit network charges less for PIN-debit transactions than do the card associations for credit and signature debit since there is substantially less risk involved in the PIN-debit transaction because the transaction is not approved unless there are sufficient funds in the customer's bank account.

Revenue related to the STAR Network and debit card and ATM processing services is derived from fees payable under contracts but are driven more by monetary transactions processed rather than by accounts on file. We provide services which are driven by client transactions and are separately priced and negotiated with clients. In a situation in which a PIN-secured debit transaction uses our debit network and we are the debit card processor for the financial institution as well as the processor for the merchant, we receive (1) a fee from the card issuing financial institution for running the transaction through the STAR Network switch, recognized in the Financial Services segment, (2) a fee from the card issuer for obtaining the authorization, recognized in the Financial Services segment. (3) a fee from the merchant for acquiring the transaction, which is recognized in the Merchant Services segment and (4) a network acquirer fee from the merchant for accessing the STAR Network, which is recognized in the Financial Services segment. There are other possible configurations of transactions that result in us receiving multiple fees for a transaction, depending on the role which we play.

Output services

Output services consist of statement and letter printing, embossing and mailing services. Services are provided to organizations that process accounts on our platform as described above and for clients that process accounts on alternative platforms. We provide these services primarily through in-house facilities.

Revenues for output services are derived primarily on a per piece basis and consist of fees for the production and materials related to finished products. The mailing services drives a majority of the segment's and our total postage revenue.

Remittance processing

The remittance processing business processes mail-in payments for third party organizations. Revenues for remittance processing services are derived primarily on a per transaction basis and consist of fees for processing consumer payments.

Check verification, settlement and guarantee services

Check verification, settlement and guarantee services use our proprietary database system to assist in verifying that a check writer is a reasonable credit risk for a merchant, or to guarantee that approved checks presented to merchants for payment will be collectible. These services include risk management services, which utilize software, information and analysis to assist in deposit, payment, and identity fraud prevention and reduction. Revenues are earned primarily by charging merchant fees for check verification or guarantee services. The majority of our services involve providing check guarantee services for checks received by merchants. Under the guarantee service, when a merchant receives a check in payment for goods and services, the transaction is submitted to and analyzed by us. We either accept or decline the check for warranty coverage under our guarantee service. If we approve the check for warranty coverage and the merchant accepts the check, the merchant will deposit the check in its bank account. If the check is returned unpaid by the merchant's bank and the returned check meets the requirements for warranty coverage, we are required to purchase the check from the merchant at its face value. We then own the purchased check and pursue collection of the check from the check writer. As a result, we bear the risk of loss if we are unable to collect the returned check from the check writer. We earn a fee for each check we guarantee, which generally is determined as a percentage of the check amount.

We provide check guarantee and settlement services utilizing our Electronic Check Acceptance service ("ECA"), which converts a paper check written at the point of sale into an electronic item, enabling funds to be deposited electronically to the merchant's account and deducted electronically from the check writer's account.

Under the verification service, when a merchant receives a check in payment for goods or services, the transaction is submitted to and analyzed by us, and we will either recommend the merchant accept or decline the check. If the merchant accepts the check, the merchant will deposit the check in its bank account. If the check is returned unpaid by the merchant's bank, we are not required to purchase the check from the merchant and the merchant bears all risk of loss on the check. We earn a fee for each check submitted for verification, which is generally a fixed amount per check.

Government Services

First Data Government Solutions ("FDGS") is focused on identifying, developing, commercializing and operating payment systems and related technologies in the government sector. For instance, FDGS provides electronic tax payment processing services for the Electronic Federal Tax Payment System ("EFTPS").

Financial Services Pipeline

During 2007, we converted approximately 26 million accounts to our system. The pipeline at December 31, 2007 was approximately 15 million accounts, which are primarily retail accounts. We expect to convert approximately 8 million of these accounts in 2008.

Financial Services Segment Competition

Our Financial Services segment competes with several other third-party card processors and debit networks in the United States, as well as financial institutions that possess in-house operations to manage card issuance and maintenance. We also face significant competition from regional and national operators of debit networks. The check guarantee and verification products compete principally with the products of two other national companies.

The most significant competitive factors are price, system performance and reliability, breadth of features and functionality, disaster recovery capabilities and business continuity preparedness, data

security, scalability, and flexibility of infrastructure and servicing capability. The Financial Services business is further impacted by financial institution consolidation.

In both the Merchant Services and Financial Services segments, the card associations and payment networks Visa, MasterCard and Discover are increasingly offering products and services that compete with our products and services.

Financial Services Seasonality

A large portion of Financial Services results of operations are driven by the number of accounts on file, both active and inactive, which are affected by the traditional holiday season in the fourth quarter. Debit processing, STAR Network and check verification, settlement and guarantee revenues and earnings are impacted by the volume of consumer usage of debit cards and checks at the point of sale and increased POS activity during the traditional holiday shopping period in the fourth quarter, the back-to-school buying period in the third quarter, and around other nationally recognized holidays.

Financial Services Geographic Mix and Revenues

Revenues from external customers for the Financial Services segment are substantially all earned in the United States. Card issuing revenues outside of the United States are reported by our International segment. Within the United States, revenues from external customers are geographically dispersed throughout the country.

Financial Services Significant Customers

During 2007, we had a significant relationship with one client whose revenues represented approximately 12% and 11% of the Financial Services segment revenue for the successor period September 25, 2007 through December 31, 2007 and the predecessor period from January 1, 2007 through September 24, 2007, respectively.

International Segment

The International segment is comprised of:

- Debit, credit, retail and prepaid card processing;
- Merchant acquiring and processing;
- ATM and POS processing, driving, acquiring and switching services; and
- Card processing software.

International revenues from external customers, operating profit, and assets represent the following percentages of FDC's consolidated revenues, total reported segment operating profit and consolidated assets:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Revenue from external customers	21%	19%	17%	13%
Operating profit(1)(2)	22%	11%	10%	8%
Assets(2)	13%		10%	7%

(1)

Operating profit, as a percentage of total segment and all other and corporate operating profit, for the predecessor period from January 1, 2007 through September 24, 2007 includes accelerated

vesting of stock options and restricted stock awards and units and transaction costs related to the Merger of $265.2 million that were recognized in All Other and Corporate. The exclusion of these costs from the calculation would decrease International's operating profit percentage shown above by approximately 2 percentage points for the predecessor period from January 1, 2007 through September 24, 2007.

(2) Operating profit and assets were impacted by purchase accounting in the successor period from September 25, 2007 through December 31, 2007.

The International segment operates in four geographic regions: EMEA includes Europe, Middle East and Africa and provides card issuing processing, merchant acquiring and processing, and ATM and POS processing, driving, acquiring and switching services across the region; LAC includes Latin America, Canada and Caribbean countries and provides merchant acquiring and processing, card issuing processing, software licensing and debit switching services; ANZ includes Australia and New Zealand and provides merchant acquiring, processing and switching services, managed service card processing and owns and operates an ATM network in Australia; and Asia includes China and North and South Asian countries and mainly provides merchant POS transaction switching services, software licensing, card issuing processing services, host processing services and merchant acquiring and processing.

The merchant acquiring and card issuing services provided by the International segment are similar in nature to the services described above in the Merchant Services and Financial Services segments other than it includes substantially all the services provided outside of the United States. For a description of the International segment's merchant acquiring and card issuing businesses refer to the Merchant Services and Financial Services segment descriptions provided above.

Card processing software

We have historically licensed our Vision*PLUS* credit card transaction processing software to international financial institutions, retailers and third party processors. Additionally, we use this software as a platform to provide processing services to international financial institutions and over the next two years plans to convert substantially our entire international card processing services to the Vision*PLUS* platform. We also generate revenue from custom programming services for certain customers and from software licensing and maintenance fees from our Vision*PLUS* software.

International Pipeline

The pipeline at December 31, 2007 was approximately 2.1 million accounts the majority of which are retail. We expect to convert these accounts in 2008.

International Segment Competition and Seasonality

Competition and seasonality within the International segment is similar to that of the Merchant Services and Financial Services segments for the respective product and service offerings and also includes third-party software providers. See discussions above. A noted difference from the U.S. operations is that there are more and smaller competitors because of the International segment's global span.

International Geographic Mix

The following countries accounted for more than 10% of the segment's revenues from external customers for the years ended December 31, 2007, 2006 and 2005, respectively:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
United Kingdom	22%	23%	23%	31%
Germany	19%	19%	18%	16%
Australia	13%	13%	15%	20%

No other individual foreign country accounted for more than 9% of the segment's revenues from external customers for the years ended December 31, 2007, 2006 and 2005, respectively. No individual foreign country was material to our consolidated revenues. Revenue by geographic region as a percentage of the total International segment revenue is as follows:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
EMEA	62%	60%	62%	61%
LAC	17%	18%	16%	16%
ANZ	12%	13%	17%	20%
Asia	7%	7%	5%	1%

The remaining portion of International's revenue is associated with businesses that do not operate on a geographic basis. The ANZ region included South Asia in 2006 and 2005.

International Significant Customers

No individual customer makes up more than 10% of the International segment revenue.

Prepaid Services Segment

The Prepaid Services segment is comprised most significantly of the development, implementation and management of prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others.

Prepaid Services revenues from external customers, operating profit, and assets represent the following percentages of FDC's consolidated revenues, total reported segment operating profit and consolidated assets:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Revenue from external customers	3%	2%	3%	3%
Operating profit(1)(2)	6%	3%	3%	2%
Assets(2)	3%		1%	1%

(1) Operating profit, as a percentage of total segment and all other and corporate operating profit, for the predecessor period from January 1, 2007 through September 24, 2007 includes accelerated vesting of stock options and restricted stock awards and units and transaction costs related to the

Merger of $265.2 million that were recognized in All Other and Corporate. The exclusion of these costs from the calculation would decrease Prepaid Services operating profit percentage shown above by approximately 1 percentage point for the predecessor period from January 1, 2007 through September 24, 2007.

(2)

Operating profit and assets were impacted by purchase accounting in the successor period from September 25, 2007 through December 31, 2007.

Description of Prepaid Services Segment Operations

First Data Prepaid Services develops, implements and manages prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others.

EFS Transportation Services ("EFSTS") provides payment processing, settlement and specialized reporting services for transportation companies and owns and operates ATMs at truck stops. EFSTS is a closed loop payment processing system for transportation companies in the United States and Canada. Its products offer transportation drivers a convenient way to purchase fuel, access cash and pay for repairs while on the road. Transportation companies use the processing system to manage their business daily through the internet or real time via a direct connection to a host.

The full-service stored-value/gift card program offers transaction processing services, card acquisition and customer service for over 200 national brands and several thousand small and mid-tier merchants. During 2006, we began providing support to the card issuer in the distribution of a co-branded STAR Network and Visa gift card bearing the retailer's name, as well as the STAR Network Gift Card that is available in certain gift card malls.

In June 2007, we announced a strategic partnership with Discover Financial Services to issue Discover Network payroll cards provided by Money Network Financial, LLC, a First Data Company. The Money Network Payroll distribution service enables paperless pay options for employers as an alternative to paper checks for their employees.

Prepaid Services Competition and Seasonality

Our prepaid card services compete with other payment processing companies as well as card associations and payment networks such as Visa and American Express. Prepaid Services revenue and earnings are impacted by the volume of stored-value cards used by consumers at the point of sale. Prepaid Services experiences increased volume during the traditional holiday shopping period in the fourth quarter and around other nationally recognized holidays.

Prepaid Services Significant Customers

Prepaid Services has a significant customer relationship with one customer that represents approximately 29% and 17% of Prepaid Services revenue from external customers for the successor period from September 25, 2007 through December 31, 2007 and the predecessor period from January 1, 2007 through September 24, 2007, respectively.

Integrated Payment Systems

The Integrated Payment Systems segment provides official check and money orders.

Integrated Payment Systems revenues from external customers excluding an adjustment to reflect segment revenue on a pretax equivalent basis, operating profit, and assets represent the following

percentages of FDC's consolidated revenues, total reported segment operating profit and consolidated assets:

	Successor period from September 25, 2007 through December 31, 2007	Predecessor period from January 1, 2007 through September 24, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Revenue from external customers	(1)%	(2)%	(3)%	(1)%
Operating profit(1)(2)	10%	4%	1%	8%
Assets(2)	25%		42%	42%

(1) Operating profit, as a percentage of total segment and all other and corporate operating profit, for the predecessor period from January 1, 2007 through September 24, 2007 includes accelerated vesting of stock options and restricted stock awards and units and transaction costs related to the Merger of $265.2 million that were recognized in All Other and Corporate. The exclusion of these costs from the calculation would decrease Integrated Payment System's operating profit percentage shown above by approximately 1 percentage point for the predecessor period from January 1, 2007 through September 24, 2007.

(2) Operating profit and assets were impacted by purchase accounting in the successor period from September 25, 2007 through December 31, 2007.

Upon completion of a strategic review of our official check and money order operations in the first quarter of 2007, we decided to gradually exit this line of business. We expect the wind-down of the majority of the business to take place in 2008. During 2007, we repositioned our investment portfolio associated with this business from long-term municipal bonds to short-term investments, the majority of which were short-term, tax-exempt variable rate demand notes at December 31, 2007. In January 2008, the portfolio was further repositioned from these short-term, tax-exempt variable rate demand notes to mostly short-term taxable investments, the majority of which were in commercial paper and bank certificates of deposits. The investment portfolio included approximately $541 million of auction rate securities as of June 30, 2008 compared to approximately $1,077 million as of December 31, 2007. The auction mechanism on certain of these investments failed subsequent to December 31, 2007 so investments held at June 30, 2008 are not currently liquid; however, all of the securities were "AAA" rated, except for one "AA" rated, and we have the ability and intent to hold them until the auction mechanism or alternative liquidity vehicle is established.

Official checks and money orders

We issue official checks, which are sold primarily through financial institutions, and money orders, which are sold at financial institutions or retail store fronts. Official checks serve as an alternative to a bank's own disbursement items such as cashiers or bank checks and money orders primarily serve as a disbursement option for un-banked customers.

Our official check and money order services generate revenue primarily through the ability to invest funds pending settlement. We invest these funds in investments to minimize our exposure to credit risks. These investments primarily were in tax-exempt variable rate demand notes in 2007 but were replaced with mostly short-term taxable investments in January of 2008 as noted above as well as some long-term auction-rate securities.

An official check transaction is initiated when a consumer procures an official check from one of our agents, typically a financial institution. The agent generally is required to remit the funds collected from the consumer to us the same day or the following day. We pay our agents commissions based on short-term variable interest rates and the balance of outstanding official checks attributable to the

individual agent. We net the commissions paid to agents against the revenues we earn from our investments.

Integrated Payment Systems Competition

Our official check and money order businesses compete with one other third party check issuer, financial institutions processing their own in-house check products and postal money orders.

Integrated Payment Systems Significant Customers

No individual customer makes up more than 10% of the Integrated Payment Systems segment revenue.

All Other and Corporate

The remainder of our business units are grouped in the All Other and Corporate category, which includes Teleservices, other smaller businesses and corporate operations.

Teleservices is a provider of voice-center services to the telecommunications and financial services industries. Teleservices operates two voice operations centers in the United States that provide a full range of high-volume, inbound telephone operator services, including customer support, directory assistance and multilingual customer service.

Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by corporate that are directly related to a segment are allocated to the respective segment. Administrative and shared service costs are retained by Corporate.

All Other and Corporate Competition

The operations within All Other and Corporate have various competitors. Any single competitor would not have a material impact on us.

All Other and Corporate Significant Customers

No individual customer makes up more than 10% of the All Other and Corporate revenue.

Trademarks and Patents

We own many trademarks, patents and other intellectual property that are important to our future success. The only intellectual property right which is individually material to us is the STAR Network trade name within the Financial Services segment. Financial institutions and merchants associate the STAR Network trade name with quality and reliable debit network processing services. Loss of the proprietary use of the STAR Network trade name or a diminution in the perceived quality associated with that name could harm our growth in the debit network business. Also important, but not individually material, is the Vision*PLUS* trademark and software mostly utilized in the International segment. Vision*PLUS* is recognized internationally as a quality software product and card processing system. The software is important to our international expansion.

Most of the segments' services and products utilize proprietary software that is updated to meet customer needs and remain competitive. We have programs to protect our proprietary software and patents as we seek to offer distinctive services and products to customers which differentiate us from our competitors. The patent protection associated with our systems and software expires at different times over the next one to 20 years.

Employees and Labor

At December 31, 2007, we employed approximately 27,000 employees, approximately 96% of which were full-time employees. One of our wholly owned subsidiaries has approximately 2,200 employees in the United Kingdom, about 20% of whom are members of Unite trade union (formerly Amicus trade union). Employees of our subsidiaries in Vienna, Austria; Frankfurt, Germany; Nürnberg, Germany; and Stüttgart, Germany are also represented by local works councils and a portion of the Frankfurt workforce is covered by a union contract. Employees in certain other countries are also covered by the terms of industry-specific national collective agreements. The majority of our employees are not otherwise represented by any labor organization in the United States. We believe that our relations with our employees and the labor organizations identified above are in good standing.

Available Information

FDC's principal executive offices are located at 6200 S. Quebec Street, Greenwood Village, CO 80111, telephone (303) 967-8000. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge to shareholders and other interested parties through the "About" portion of our web site, *www.firstdata.com*, as soon as reasonably practical after they are filed with the SEC. The SEC maintains a web site, *www.sec.gov*, which contains reports and other information filed electronically with the SEC by us. Our Audit Committee Charter, Compensation and Benefits Committee Charter, Nominating and Governance Committee Charter, and Code of Conduct for Senior Financial Officers are available without charge through the "About", "Governance" portion of our web site, listed above, or by writing to the attention of Investor Relations at the address listed above.

Executive Officers of the Company

See "Management" for a description of our executive officers and directors.

Government Regulations

Various aspects of our service areas are subject to U.S. federal, state and local regulation, as well as regulation outside the United States. Failure to comply with regulations may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of service, and/or the imposition of civil and criminal penalties, including fines. Certain of our services also are subject to rules promulgated by various payment networks, such as Visa, MasterCard and Discover, as more fully described below.

Banking Regulation

First Data Loan Company, Canada ("FDLCC"), through which we conduct some of our merchant acquiring activities in Canada, is a Canadian loan company subject to regulation, examination and oversight by the Office of the Superintendent of Financial Institutions and to various provincial registration and licensing requirements. First Data Trust Company, LLC ("FDTC"), engages in trust activities previously conducted by the trust department of a former banking subsidiary of First Data. FDTC is subject to regulation, examination and oversight by the Division of Banking of the Colorado Department of Regulatory Agencies. These financial institution subsidiaries are also subject to various national and local banking and consumer protection laws and regulations that apply to the activities they conduct. Since FDTC is not a "bank" under the Bank Holding Company Act of 1956, as amended ("BHCA"), and FDLCC does not operate any banking offices in the United States or do business in the United States, except such business as may be incidental to its activities outside the United States, our affiliation with FDTC and FDLCC does not cause us to be regulated as a bank holding company or financial holding company under the BHCA.

Because a number of our subsidiary businesses, including card issuer processing, merchant processing and STAR Network businesses, provide data processing services for financial institutions, they are subject to examination by the Federal Financial Institutions Examination Council, an interagency body comprised of the federal bank and thrift regulators and the National Credit Union Association.

FDR Limited ("FDRL") in the United Kingdom holds a license from the Financial Services Authority ("FSA"). The FSA is the licensing and regulatory authority for all U.K. financial services, including banking, but FDRL's license is limited to acting as an insurance intermediary in connection with selling card payment protection insurance to its issuer customers' cardholders.

TeleCheck Payment Systems Limited in Australia holds an Australian Financial Services License under Chapter 7 of the Corporations Act, which regulates the provision of a broad range of financial services in Australia. The license, issued by the Australian Securities and Investments Commission, entitles the Australian operations of TeleCheck to deal in and provide general financial product advice about its check guarantee and check verification product (which falls within the definition of a risk management product under the legislation). The License and the Act requires that TeleCheck's Australian operations issue product documents that comply with specific content requirements and follow prescribed procedures failing which penalties apply.

First Data Slovakia is registered with the National Bank of Slovakia as an authorized participant to the Slovak payment system.

First Data Polska S.A. is regulated as a settlement agent by the National Bank of Poland.

Association and Network Rules

FDLCC is a member of MasterCard International, Inc. in Canada and subject to MasterCard rules. First Data Cono Sur, S.A. is a member of MasterCard in Argentina and Uruguay and subject to MasterCard rules. First Data Resources, LLC., First Data Merchant Services Corporation, FDRL, First Data Deutschland, First Data Hellas, First Data Latvia, First Data Lithuania, First Data Slovakia, First Data Austria, First Data Resources Australia Limited ("FDRA"), BWA Merchant Services Pty Limited ("BWAMS"), Omnipay, Limited, First Data Acquisition Corp., First Data Merchant Services Mexico, S. de R.L. de C.V., AIB Merchant Services, European Merchant Services, BNL Positivity, Merchant Solutions Private Limited, Merchant Solutions Pte Limited, Merchant Solutions Sdn Bhd and STAR Network are registered with Visa and/or MasterCard as service providers for member institutions. In those situations where we are serving as service providers to member institutions, we are not an acquirer under Visa's and MasterCard's rules. Two STAR Network entities, Star Networks, Inc. and Star Processing Inc., are also processor level members of numerous debit and electronic benefits transaction ("EBT") networks in connection with processing services and other services they provide to their customers. As such, we are subject to applicable card association and network rules, which could subject us to a variety of fines or penalties that may be levied by the card associations or networks for certain acts and/or omissions by us, our sponsorees, acquirer customers, processing customers and/or merchants. We mitigate this risk by maintaining an extensive card association and network compliance function. We are also subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed by us using the Automated Clearing House Network and to various state laws regarding such operations, including laws pertaining to EBT.

Cashcard Australia Limited ("Cashcard") is a member of the Australian Consumer Electronic Clearing System ("CECS"), which is a debit payment system regulated by network operating rules established and administered by Australian Payments Clearing Association Limited and which facilitates the clearing and settlement of ATM and Electronic Funds Transfer at Point of Sale ("EFTPOS") payments in Australia. The network operating rules impose a variety of sanctions, including suspension

or termination of membership and fines for non-compliance. Cashcard also operates its own network of members, regulated by rules promulgated by Cashcard, which facilitates access to CECS for Cashcard's member institutions. To enable Cashcard to settle in CECS direct with banks and financial institutions, Cashcard maintains an Exchange Settlement Account ("ESA") which is supervised by the Reserve Bank of Australia through its delegate, the Australian Prudential Regulatory Authority ("APRA"), and which requires Cashcard to adhere to conditions imposed by APRA, such as maintaining a minimum balance in the ESA.

Our subsidiary in Germany, TeleCash GmbH & Co. KG ("TeleCash"), is certified and regulated as a processor for domestic German debit card transactions by the Zentraler Kreditausschuss ("ZKA"), the German banking association. Failure to comply with the technical requirements set forth by the ZKA may result in suspension or termination of services.

Credit Reporting and Debt Collections Regulations

TeleCheck Services Inc. ("TeleCheck") is subject to the Federal Fair Credit Reporting Act ("FCRA") and various similar state laws based on TeleCheck's maintenance of a database containing the check-writing histories of consumers and the use of that information in connection with its check verification and guarantee services.

The collection business within TeleCheck is subject to the Fair Debt Collection Practices Act and various similar state laws. FDRL has a license under the Consumer Credit Act to enable it to undertake collections activity on behalf of its card issuing customers through calls and letters to the debtors. First Data Deutschland and TeleCash in Germany each hold a license under the German Legal Services Act to undertake collections activities on behalf of its card issuing customers as well as against their own debtors.

TeleCheck may become subject to further regulation in the future as legislatures, both federal and state, enact additional legislation aimed at regulating the collection, storage and use of data and databases regarding consumers. In particular, legislation reducing or eliminating access to and use of information on drivers licenses, requiring blocking of access to credit reports or scores, mandating score or scoring methodology disclosure and proscribing the maintenance or use of consumer databases, including a consumer's rights to affect the usable content of databases, could reduce the effectiveness of TeleCheck's risk management tools or otherwise increase its costs of doing business. Such legislation could also affect the business of First Data Solutions, which provides access to non-FCRA data for identity verification and fraud-prevention purposes, by imposing new regulatory requirements or restricting the availability and completeness of consumer data.

In Australia, FDRA and BWA Merchant Services Pty. Ltd. are subject to the Privacy Act with respect to obtaining credit reports. No license is required but the Act regulates the persons to whom credit reports can be provided by credit reporting agencies and the uses and disclosures that can be made of the information contained in credit reports obtained about consumers.

Payment Instrument Licensing and Regulation

We are subject to various U.S. federal, state and foreign laws and regulations governing the sale of payment instruments, such as official checks and money orders.

In the United States, most states license issuers of payment instruments. Many states exercise authority over the operations of our services related to the sale of payment instruments and, as part of this authority, subject us to periodic examinations. Many states require, among other things, that proceeds from the sales of such instruments be invested in high-quality marketable securities prior to the settlement of the transactions. Such licensing laws also may cover matters such as regulatory approval of consumer forms, consumer disclosures and the filing of periodic reports by the licensee,

and require the licensee to demonstrate and maintain levels of net worth. Many states also require issuers of payment instruments and their agents to comply with federal and/or state anti-money laundering laws and regulations. Our payment instrument businesses also are subject to regulation by the United States, including anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 (collectively, the "BSA"). In addition, certain economic and trade sanctions programs that are administered by the Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. The BSA, among other things, requires the issuers and sellers of money orders and official checks to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and to maintain transaction records.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to the OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. Our businesses in those jurisdictions are subject to those data retention obligations.

We have developed and are enhancing global compliance programs to monitor and address legal and regulatory requirements and developments.

Government agencies both inside and outside the United States may impose new or additional rules on sales of payment instruments, including regulations which (i) impose additional identification, reporting or recordkeeping requirements; (ii) limit the entities capable of providing the sale of payment instruments; and (iii) require additional consumer disclosures.

Escheat Regulations

We are subject to unclaimed or abandoned property (escheat) laws in the United States and abroad which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time such as, in the Integrated Payment Systems segment, payment instruments that have not been presented for payment or, in the Merchant Services segment, account balances that cannot be returned to a merchant following discontinuation of its relationship with us. A number of our subsidiaries hold property subject to escheat laws and we have an ongoing program to comply with those laws. We are subject to audit by the states with regard to our escheatment practices.

Privacy and Information Security Regulations

Each of our segments provides services that may be subject to various state, federal and foreign privacy laws and regulations. Relevant federal privacy laws include the Gramm-Leach-Bliley Act, which applies directly to a broad range of financial institutions and indirectly to companies that provide services to financial institutions, and the Health Insurance Portability and Accountability Act, which applies directly to certain healthcare-related businesses and indirectly to companies that provide services to such businesses. Relevant foreign privacy laws include Directive 95/46 EC of the European Parliament and of the Council of 24 October 1995, as such directive is implemented in each member state of the European Union (however each member state has its own privacy laws which in some cases may be more restrictive than the Directive and impose additional duties on companies regarding handling/transfer of personal data); the Australian Privacy Act of 1988; and the Personal Information Protection and Electronic Documents Act in Canada. Each of these laws restricts the collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent use and disclosure of protected

information. These laws also impose requirements for safeguarding personal information through the issuance of data security standards or guidelines. Certain state laws impose similar privacy obligations as well as, in certain circumstances, obligations to provide notification to affected individuals, state officers and consumer reporting agencies, as well as businesses and governmental agencies that own data, of security breaches of computer databases that contain personal information.

Other

In the European Union, Directive 2007/60 EG, the "Payment Services Directive", was released by the European Parliament and by the Council on November 13th, 2007, setting a framework for future regulation of bodies and corporations such as the national central banks, financial institutions, e-money institutes and payment institutions. The Payment Services Directive has to be implemented in the EU member states via national legislation by November 1st, 2009. It is expected that the new member state legislation will have a material impact on the development of our industry in the EU.

Stored-value services offered to issuers by Prepaid Services in the United States and outside the United States by First Data's International businesses ("International") are subject to various federal, state and foreign laws and regulations, which may include laws and regulations related to consumer and data protection, licensing, escheat, anti-money laundering, banking, trade practices and competition and wage and employment. These laws and regulations are evolving, unclear and sometimes inconsistent and subject to judicial and regulatory challenge and interpretation, and therefore the extent to which these laws have application to, and their impact on Prepaid Services, International, financial institutions, merchants or others is in flux. At this time we are unable to determine the impact that the clarification of these laws and their future interpretations, as well as new laws, may have on Prepaid Services, International, financial institutions, merchants or others. These services may also be subject to the rules and regulations of the various international, domestic and regional schemes, Networks and Associations in which Prepaid Services, International and the card issuers participate. These schemes, Networks or Associations may, generally in their discretion, modify these rules and regulations and such modifications could also impact Prepaid Services, International, financial institutions, merchants and others.

Insurance

We maintain general liability and product liability, property, worker's compensation, director and officer and other insurance in amounts and on terms that we believe are customary for companies similarly situated. In addition, we maintain excess insurance where we reasonably believe it is cost effective.

Legal Proceedings

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. None of these matters, either individually or in the aggregate, currently is material to us except the matters reported below.

In Re: Concord EFS, Inc. Shareholders Litigation

On or about April 3 and 4, 2003 two purported class action complaints were filed on behalf of the public holders of Concord's common stock (excluding shareholders related to or affiliated with the individual defendants) in the Circuit Court of Tennessee for the Thirtieth Judicial District by Charles Reed and Coralyn Stransky. The defendants in those actions were certain current and former officers and directors of Concord. The complaints generally alleged breaches of the defendants' duty of loyalty and due care in connection with the defendants' alleged attempt to sell Concord without maximizing the value to shareholders in order to advance the defendants' alleged individual interests in obtaining

indemnification agreements related to litigation against Concord and its directors alleging Concord's financial statements were materially misleading and other derivative litigation. The complaints sought class certification, injunctive relief directing the defendants' conduct in connection with an alleged sale or auction of Concord, reasonable attorneys' fees, experts' fees and other costs and relief the Court deems just and proper. These complaints were consolidated into one action (In Re Concord EFS, Inc. Shareholders Litigation) and transferred to the Shelby County Circuit for the State of Tennessee.

On or about April 2, 2003 an additional purported class action complaint was filed in the Chancery Court for Shelby County, Tennessee, by Barton K. O'Brien. The defendants were Concord, certain of its current and former officers and directors, and us. This complaint contained allegations regarding the individual defendants' alleged insider trading and alleged violations of securities and other laws and asserted that this alleged misconduct reduced the consideration offered to Concord shareholders in the proposed merger between Concord and one of our subsidiaries. The complaint sought class certification, attorneys' fees, experts' fees, costs and other relief the Court deems just and proper. Moreover, the complaint also sought an order enjoining consummation of the merger, rescinding the merger if it is consummated and setting it aside or awarding rescissory damages to members of the putative class, and directing the defendants to account to the putative class members for unspecified damages. On April 24, 2003, we filed a motion to dismiss the claims against it which was granted by the Court. On June 25, 2003, this complaint was transferred to the Shelby County Circuit Court in which In re Concord EFS, Inc. Shareholders Litigation is pending. Through a Court-ordered second amended consolidated complaint filed September 19, 2003, the two matters were consolidated.

On October 15, 2003, the plaintiffs moved for leave to file a third amended consolidated complaint similar to the previous complaints but also alleging that the proxy statement disclosures relating to the antitrust regulatory approval process were inadequate. On October 17, 2003, the plaintiffs filed a motion for preliminary injunction to enjoin the shareholder vote on the proposed merger and/or the merger itself. The Court denied the plaintiffs' motion on October 20, 2003 but ordered deposition discovery on an expedited basis. On October 27, 2003 the plaintiffs filed a renewed motion to enjoin the shareholder vote, which was denied by the Court the same day. A motion to dismiss was filed on June 22, 2004 alleging that the claims should be denied and are moot since the merger has occurred. On October 18, 2004, the Court heard arguments on the plaintiff's motion to amend complaint and defendant's motion to dismiss. On September 12, 2006, the Court granted the plaintiff's motion to file a third amended complaint.

On June 28, 2007, a hearing was held on Concord's motion to dismiss the third amended complaint. On May 2, 2008, the Court issued an order granting Concord's motion to dismiss the third amended complaint. On May 22, 2008 the Court entered a final judgment in favor of Concord, dismissing the action. On May 29, 2008 the plaintiffs filed a notice of appeal.

ATM Fee Antitrust Litigation

On July 2, 2004, Pamela Brennan, Terry Crayton, and Darla Martinez filed a class action complaint on behalf of themselves and all others similarly situated in the United States District Court for the Northern District of California against us, our subsidiary Concord EFS, Inc., and various financial institutions ("Brennan"). Plaintiffs claim that the defendants violated antitrust laws by conspiring to artificially inflate foreign ATM fees that were ultimately charged to ATM cardholders. Plaintiffs seek a declaratory judgment, injunctive relief, compensatory damages, attorneys' fees, costs and such other relief as the nature of the case may require or as may seem just and proper to the court. Five similar suits were filed and served in July, August and October 2004, two in the Central District of California (Los Angeles), two in the Southern District of New York, and one in the Western District of Washington (Seattle). The plaintiffs sought to have all of the cases consolidated by the Multi District Litigation panel. That request was denied by the panel on December 16, 2004 and all cases were

transferred to the Northern District Court of California and assigned to a single judge. All cases other than Brennan were stayed.

In Brennan, on May 4, 2005, the Court ruled on Defendants' Motion to Dismiss and Motion for Judgment on the Pleadings. The Court did not dismiss the complaint, except for a technical dismissal of the claims against us, Bank One Corporation and JPMorgan. On May 25, 2005, the plaintiffs filed an amended complaint that clarified the basis for alleging that our holding companies, Bank One Corporation and JPMorgan were liable. On July 21, 2005, Concord filed a motion for summary judgment seeking to foreclose claims arising after February 1, 2001 the date that Concord acquired the STAR network. On August 22, 2005, the Court also consolidated all of the ATM interchange cases pending against the defendants in Brennan that is now referred to collectively as the "ATM Fee Antitrust Litigation." On September 14, 2006, a hearing on our Motion for Summary Judgment was held.

On November 30, 2006, the Court issued an order that terminated the pending motion and requested further discovery on the limited issue of procompetitive justifications for the fixed ATM interchange. On June 25, 2007, the Court issued an order resolving several disputes regarding the scope of this discovery and on August 3, 2007, Concord filed a motion for summary judgment seeking to dismiss plaintiffs' *per se* claims, arguing that there are procompetitive justifications for the ATM interchange. On March 24, 2008, the Court entered an order granting the defendants' motions for partial summary judgment, finding that the claims raised in this case would need to be addressed under a "Rule of Reason" analysis. On April 18, 2008, the Court entered an order certifying for appeal the March 24, 2008 order and plaintiffs filed their petition for permission of the Ninth Circuit on May 2, 2008.

Class Action Lawsuits Challenging Merger Agreement

Six purported class action lawsuits have been filed against us and our directors challenging the process by which we agreed to enter into the Merger Agreement. These lawsuits have been consolidated into one action in Colorado state court and one action in Delaware state court, respectively. These purported class action complaints generally allege that the members of our Board of Directors breached their fiduciary duties of care and loyalty by entering into the Merger Agreement without regard to the fairness of the transaction to our shareholders or the maximization of shareholder value. The complaints also allege that we and/or KKR aided and abetted the directors' breaches. The complaints generally seek class certification, an order enjoining consummation of the proposed merger, rescinding the proposed merger if it is consummated and setting it aside or awarding rescissory damages to members of the class, directing the defendants to exercise their fiduciary duties and account to the class members for unspecified damages, imposing a constructive trust in favor of the class for benefits improperly received by the defendants, and awarding costs and disbursements, including reasonable attorneys' fees, experts' fees and other costs and relief the Court deems just and proper.

The parties have entered into a settlement agreement which was executed and submitted to the Colorado state court for approval on December 12, 2007. On December 17, 2007, the District Court for Arapahoe County, Colorado granted preliminary approval of the settlement. A Notice of Pendancy and Settlement of Class Action and Hearing on Proposed Settlement was transmitted to the former shareholders of FDC in January. The notice provided for shareholders to submit any objections to the proposed settlement by February 26, 2008. Two objections were received. On March 7, 2008, the Court granted final approval of the settlement.

DataTreasury

United States Patents No. 5,910,988 and No. 6,032,137

In May 2002, DataTreasury Corporation ("DataTreasury") commenced action in the United States District Court for the Eastern District of Texas (the "Court") against us and our wholly owned subsidiaries First Data Merchant Services Corporation, TeleCheck Services, Inc. d/b/a Telecheck International, Inc., and Microbilt Corporation (subsequently merged into TASQ Technology, Inc.), (collectively, the "First Data Defendants"), alleging infringement of United States Patent No. 5,910,988 (the "988 Patent") and Patent No. 6,032,137 (the "137 Patent"). The complaint sought a declaration that the 988 Patent and the 137 Patent were valid and enforceable, injunctive relief, unidentified damages, pre-judgment interest, treble damages, costs of suit and attorneys' fees. The 988 Patent and the 137 Patent generally relate to remote data acquisition, encryption, centralized processing and storage.

DataTreasury voluntarily dismissed the action filed with the Court and refiled the complaint on November 7, 2002 in the United States District Court for the Northern District of Texas asserting that the First Data Defendants infringed the 988 Patent and the 137 Patent. The complaint seeks a declaration that the 988 Patent and the 137 Patent are valid and enforceable, injunctive relief, unidentified damages, prejudgment interest, treble damages, costs of suit and attorneys' fees. On November 15, 2002, the First Data Defendants filed a motion which was granted that the case be transferred to the Court. On March 1, 2005, the Court ruled on claim construction. DataTreasury filed amended infringement contentions in September 2005. On November 5, 2005, the First Data Defendants filed ex parte requests for reexamination of the 988 Patent and the 137 Patent with the United States Patent and Trademark Office (the "USPTO"), which was granted and is currently in process. The First Data Defendants filed their final invalidity contentions in December 2005. The First Data Defendants filed a motion for summary judgment for patent invalidity on January 4, 2006.

On September 12, 2005, DataTreasury filed a second complaint with the Court asserting that our wholly owned subsidiaries Remitco, LLC ("Remitco") and Integrated Payment Systems Inc. infringed the 988 Patent and the 137 Patent. DataTreasury seeks a declaration that the 988 Patent and the 137 Patent are valid and enforceable, injunctive relief, unidentified damages, prejudgment interest, treble damages, costs of suit and attorneys' fees.

On November 21, 2006, the Court consolidated the two cases.

On July 24, 2007, counsel for the parties agreed among other procedural matters to abate the case until 60 days after the issuance of reexamination certificates by the USPTO for both the 988 Patent and the 137 Patent or 60 days after the Remitco document production is completed, at which time DataTreasury will serve amended infringement contentions. In accordance with the agreement of the counsel for the parties, the Court entered an order denying as moot the pending Joint Motion for Entry of a Docket Control Order and refrained from entering a new schedule.

The USPTO issued a Certificate of Reexamination on the '988 Ballard Patent on October 3, 2007 and on the '137 Ballard Patent on December 25, 2007.

United States Patent No. 5,930,778:

On February 24, 2006, DataTreasury filed a complaint with the United States District Court for the Eastern District of Texas, Marshall Division, naming more than 50 defendants, including us and our wholly owned subsidiaries Telecheck Services, Inc. and Remitco, for the infringement of Patent No. 5,930,778 (the "778 Patent"). The complaint seeks a declaration that the 778 Patent is valid and enforceable, injunctive relief, unidentified damages, prejudgment interest, treble damages, costs of suit and attorneys' fees. The 778 patent generally relates to the clearing of financial instruments. On September 25, 2007, all defendants entered into a stipulation, which, pursuant to the court's order, will

result in a stay of the case pending the outcome of a pending re-examination of the 778 patent. The parties currently are engaged in mediation.

We believe the complaints are without merit and intend to vigorously defend them.

Properties

As of June 30, 2008, we and our subsidiaries owned or leased approximately 109 domestic properties and approximately 70 international properties. These facilities are used for operational, sales and administrative purposes, and are all currently being utilized.

	Leased Facilities		Owned Facilities	
	No.	Sq. Ft.	No.	Sq. Ft.
Facilities in the United States				
Mechant Services	41	915,576	3	377,280
Financial Services	34	1,026,186	16	2,074,642
Prepaid Services	4	48,118		
Integrated Payment Systems	4	144,192		
All Other and Corporate	6	496,820	1	57,600
International Facilities				
Financial Services	3	53,171		
International	57	980,220	10	557,454

Merchant Services principal operations are conducted in Melville, New York; Hagerstown, Maryland; Coral Springs and Maitland, Florida; Kennsaw and Marietta, Georgia; and Moorpark and Roseville, California. The principal operations for Financial Services are located in Omaha, Nebraska; Chesapeake, Virginia; Chandler, Arizona; Houston, Texas; and Wilmington, Delaware. The principal operations for International are located in Basildon, United Kingdom; Frankfurt, Germany; Athens (Kryoneri) Greece; Sydney, Australia; Vienna, Austria; and Buenos Aires, Argentina. The principal operations for Prepaid Services are located in Greenwood Village, Colorado and Memphis, Tennessee. Integrated Payment Systems has principal operations in Englewood, Colorado. Our All Other and Corporate facilities include our corporate offices in Greenwood Village, Colorado.

We believe that our facilities are suitable and adequate for our current business; however, we periodically review our space requirements and may acquire new space to meet the needs of our businesses or consolidate and dispose of or sublet facilities which are no longer required.

MANAGEMENT

Executive Officers and Directors

Our executive officers and directors are as follows:

Name	Age	Position
Michael D. Capellas	54	Chief Executive Officer and Chairman of the Board
Thomas R. Bell Jr.	48	Executive Vice President and Chief Strategy Officer
Peter W. Boucher	54	Executive Vice President
Edward A. Labry III	45	Senior Executive Vice President and President of the US Division
David R. Money	53	Executive Vice President, General Counsel and Secretary
Grace C. Trent	39	Executive Vice President
Philip M. Wall	50	Executive Vice President and Chief Financial Officer
David G. Yates	46	Executive Vice President and President of the International Division
James R. Fisher	52	Director
Scott C. Nuttall	35	Director
Tagar C. Olson	31	Director

Michael D. Capellas is our Chief Executive Officer and Chairman of the Board. Mr. Capellas is a 30-year veteran of the IT industry and two-time, former Chief Executive Officer of Compaq Computer Corporation and MCI. He began his career with Schlumberger Limited and went on to hold senior management positions at Schlumberger as well as Oracle Corporation and SAP Americas. He joined Compaq in 1998 as their Chief Information Officer and was named Chairman and Chief Executive Officer in July 1999. After the merger with Hewlett Packard ("HP"), Mr. Capellas served as President of HP. In 2002, he accepted the challenge of leading MCI (then WorldCom) through the largest corporate reorganization in history. For three years, he served as MCI's president and Chief Executive Officer and oversaw the successful rebuilding of the company. Since 2006, Mr. Capellas has been serving as a senior advisor to Silver Lake Partners, an investment firm that focuses on large scale investments in technology and related industries. Mr. Capellas serves on the Board of Directors of Cisco Systems, Inc. (and its compensation committee) and the national board of the Boys and Girls Clubs of America. He holds a B.B.A. degree from Kent State University.

Thomas R. Bell Jr. joined us as Executive Vice President and Chief Strategy Officer in October 2007. Mr. Bell joined us after 25 years at Accenture, Ltd., where he most recently served as managing director in the Communications & High Tech practice.

Peter W. Boucher joined us as Executive Vice President of Human Resources in April 2006. From March 2003 to March 2006 he was Senior Vice President of Janus Capital Group. Mr. Boucher joined Citigroup, Inc. in January 1998 and served as Senior Human Resources Officer, Corporate Center until December 2002.

Edward A. Labry III has been a Senior Executive Vice President since February 2006 and President of the U.S Division since September 2007. Mr. Labry served as our President of Merchant Services from January 2006 to September 2007. From May 2005 to January 2006 he was President of our Prepaid Services business and from February 2004 to May 2005 he was special assistant to our Chairman. Mr. Labry joined Concord EFS, Inc., in 1985 and most recently served as President. He is a board member of Dixon Gallery and Gardens, Hutchison School and Cumberland University.

David R. Money has been Executive Vice President, General Counsel and Secretary since February 2007. Mr. Money was Vice President and General Counsel of Alta Health Strategies from November 1990 to October 1995 when Alta Health Strategies was acquired by us. He filled a series of increasingly

responsible positions in our General Counsel's Office until being promoted to General Counsel Level A in March 2001 and Deputy General Counsel in March 2004. Mr. Money was named our acting general counsel in June 2006 and was subsequently named Executive Vice President, General Counsel and Secretary in February 2007. Prior to November 1990 Mr. Money was a partner in the law firm of Jones, Waldo, Holbrook and McDonough in Salt Lake City, Utah.

Grace C. Trent is our Executive Vice President for Marketing and Communications. From December 2006 to July 2007, she was a consultant to Silver Lake Partners. Prior to that, from December 2002 until February 2006, she held the position of Senior Vice President of Communications and Chief of Staff to the chief executive officer of MCI Inc. From September 1999 through November 2002, she held senior communications positions at Compaq Computer Corporation and Hewlett-Packard Company. She holds a B.A. from Rice University.

Philip M. Wall was named executive vice president and chief financial officer in June 2008. Mr. Wall joined First Data in January 2002 as vice president, finance, for Europe card services and shortly thereafter assumed responsibility for all First Data international finance operations. Mr. Wall assumed responsibility for all First Data international finance operations and served in that capacity until June 2008. Mr. Wall has prior financial services industry knowledge serving as CFO Europe with Equifax Inc. from January 2000 to December 2002, international experience as a Financial Controller for Schlumberger Inc. serving from May 1990 to December 1999 and public audit training with KMPG from August 1986 to April 1990. He holds a mechanical engineering degree from Imperial College, London University, is a qualified Chartered Accountant and has an MBA from Oxford, Brookes University.

David G. Yates has been an Executive Vice President and president of the International Division since September 2007. From January 2004 until September 2007, he was the president of First Data's Europe, Middle East and Africa region. Prior to joining the company, he was the senior vice president of American Management Systems, an international IT systems integration and consulting firm, where he managed the firm's New York based financial services consulting business, before returning to Europe as Managing Director. Mr. Yates has also held positions at IBM and was a Divisional Managing Director with General Electric in Germany.

James R. Fisher was Chairman of the Board and Chief Executive Officer of Bristol West Holdings, Inc. from September 2000 through June of 2006 and was Executive Chairman of the Board of Bristol West Holdings, Inc. from July 2006 through June 2007. Mr. Fisher was a director of Alea Group Holdings (Bermuda) Ltd. from December 2001 through June 2007, and was a director of Willis Group Holdings, Limited from November 1998 through April 2006. Mr. Fisher has been the managing member of Fisher Capital Corp. L.L.C. since March 1997. From 1986 through March 1997, Mr. Fisher held various executive positions at American Re Corporation, including Senior Vice President and Chief Financial Officer. Currently, Mr. Fisher serves as a trustee of the American Foundation for the Blind and The National World War II Museum. Mr. Fisher is a trustee of Lafayette College in Easton, Pennsylvania and also serves as Vice President of the John W. Petrella Student Scholarship Fund. Mr. Fisher is also a member of the Strategic Advisory Board of Oneshield, Inc.

Scott C. Nuttall, a Member of KKR, has been with KKR for over ten years and heads KKR's Financial Services industry team. He has played a significant role in the investments of Alea Group Holdings, Amphenol, Bristol West Holdings, Capmark Financial (formerly GMAC Commercial Holdings), First Data, KinderCare Learning Centers, Masonite International, Walter Industries and Willis Group. He is currently a member of the Board of Directors of Capmark Financial, KKR Financial Corp., Legg Mason and Masonite International. He is also actively involved in the Firm's sponsored funds, including KKR Private Equity Investors and KKR Financial. Prior to joining KKR, he was with the Blackstone Group where he was involved in numerous merchant banking and merger and acquisition transactions. He received a BS Summa Cum Laude from the University of Pennsylvania.

Tagar C. Olson is an Executive at KKR. Prior to joining KKR in 2002, Mr. Olson was with Evercore Partners Inc. since 1999, where he was involved in a number of private equity transactions and mergers and acquisitions. Mr. Olson is also a director of Capmark Financial Group Inc., Masonite International Inc. and Visant Corporation.

Code of Ethics for Senior Financial Officers

We have adopted a Code of Ethics for Senior Financial Officers which applies to our Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer. The Code is available on our web site at *www.firstdata.com* under "About", "Investor Relations", "Corporate Governance".

Audit Committee Financial Expert

Our Audit Committee consists of Messrs. Fisher, Nuttall and Olson. The Board of Directors has determined that Mr. Fisher is an audit committee financial expert as defined by regulations of the SEC. Mr. Fisher is not independent due to his affiliation with various KKR related entities.

Equity Investment by Key Employee Participants

Certain members of management were offered an opportunity to make equity investments in Holdings, subject to specified minimum investments. Those members of management who exercised their right to purchase Holdings' common stock were granted options to purchase additional common stock of Holdings. The shares of Holdings' common stock and the options received by management are subject to certain terms and conditions (including certain restrictions) of the management stockholders' agreement, as well as transfer limitations pursuant to applicable law. Through June 30, 2008, approximately 21.3 million shares were issued to members of management at $5.00 per share and substantially all proceeds were contributed to us. Also through June 30, 2008, 29.1 million time based options and 27.4 million performance based options, net of forfeitures, have been granted to these members of management. Time based options vest ratably over a five-year period and performance based options vest based upon FDC EBITDA targets (which targets have both annual and cumulative components). All options have an exercise price of $5.00 per share with the exception of approximately 1.7 million time based options which have an exercise price of $8.75 per share. In addition, approximately 1.9 million restricted stock units and restricted stock awards, net of forfeitures, have been granted that generally vest on September 24, 2012.

Board Observation and Management Access

GSMP 2006 Onshore and the GS Group will have the right, so long as they and their affiliates own at least 75% of the outstanding principal amount of the senior PIK notes of Holdings, to appoint one non-voting observer to the Board of Directors of Holdings (or our principal decision making body, if not the Board of Directors of Holdings).

Certain affiliates of GSMP 2006 Onshore and the GS Group that are "venture capital operating companies" will be provided information, access and consultation rights to management of each of Parent and Holdings and their respective subsidiaries to the extent necessary for their investment to qualify as a venture capital investment (as defined in the U.S. Department of Labor regulations).

Additional Information with Respect to Compensation Committee Interlocks and Insider Participation in Compensation Decisions/Compensation Committee Report on Executive Compensation

Compensation policies with respect to our executive officers have been set by the Compensation and Benefits Committee of our Board of Directors. Our management has provided information, data, analysis, updates and recommendations to the Committee. Specifically, management provided

recommendations of pay levels for the executive officers, other than the Chief Executive Officer, and was responsible for the administration of our executive compensation programs and policies.

Our Compensation and Benefits Committee and Board historically have set compensation for our executive officers based on the following objectives:

- paying for performance with a significant portion of compensation contingent on individual and company performance;
- aligning compensation to increased shareholder value primarily through providing compensation in the form of equity;
- paying at a competitive market salary by comparing targets and actual compensation against a peer group of companies; and
- driving behaviors consistent with our core values.

EXECUTIVE COMPENSATION

Introduction

On April 1, 2007, we entered into the Merger Agreement with Acquisition Corp. and Parent. On September 24, 2007, Acquisition Corp. merged with and into First Data, with First Data continuing as the surviving corporation. At that time, shares of First Data ceased to be listed on the New York Stock Exchange and all incumbent Board members, including the entire Compensation Committee resigned. A new Board of Directors was elected and new Compensation Committee appointed.

The Merger that resulted in First Data becoming a subsidiary of Holdings precipitated several significant events described within this discussion and whose compensation impact is reported in the compensation disclosures. First, at the time of the Merger, all existing restricted shares held by executives became fully vested and exchanged for cash (at a price of $34.00 per share) while all vested and unvested stock options were cancelled and exchanged for their in-the-money cash value (based on the difference between $34.00 and the option strike price). Second, our Chief Executive Officer, Henry (Ric) Duques, retired and Michael Capellas became Chairman and Chief Executive Officer. Third, several executive officers departed First Data and received benefits as described in our Severance/Change-in-Control policy. As a result, the 2007 compensation tables reported in this prospectus are not reflective of a typical year in terms of the types of compensation reported as well as the makeup of the executives reported.

However, our overall compensation approach remains consistent. Any aspects of our executive compensation philosophy, strategy, process and programs that changed during 2007 as a result of the Merger are addressed within the appropriate sections of the following discussion.

Role of the Compensation and Benefits Committee

The Compensation and Benefits Committee (the "Committee") reviews and approves all aspects of our compensation programs for our executive officers. Specifically, under its charter, the Committee is tasked with:

- establishing our compensation philosophy;
- evaluating performance and setting compensation for our executive officers;
- overseeing regulatory compliance with respect to compensation matters; and
- delegating to and monitoring various subcommittees with responsibility for administrative and legal compliance for retirement and benefit plans.

Prior to the Merger, the Committee charter also included the following items:

- recommending compensation to the Board for Non-Executive directors; and
- reviewing management's succession plans.

Prior to the Merger, the Committee was comprised of three independent directors: Daniel P. Burhnam (Chairperson), David A. Coulter and Charles T. Russell. Following the Merger, the Board appointed a new Committee comprised of Scott Nuttall, Tagar Olson and James Fisher, each of whom is affiliated with KKR and, therefore, is not deemed an independent director.

Role of Management

Our management provides information, data, analysis, updates and recommendations to the Committee. Specifically, management provides recommendations of pay levels for executive officers other than the Chief Executive Officer. Finally, management is responsible for the administration of our executive compensation programs and policies.

Executive Compensation Philosophy

Our executive compensation philosophy and corresponding pay practices are designed to create a strong incentive for our executives to achieve our financial and strategic objectives, resulting in increased value for shareholders.

Alignment of executives with shareholders is created via a primary emphasis on equity compensation, followed by a secondary emphasis on annual incentive compensation. Non-performance based elements of compensation, such as executive benefits and perquisites, which do not create any additional performance incentive or shareholder alignment, are not emphasized within our executive compensation philosophy or practices.

First Data aligns itself aggressively in the marketplace on a total compensation basis to be able to attract and retain senior leaders. In order to achieve the desired market positioning in a manner consistent with our compensation philosophy, we aim to provide executive officers with base pay opportunities at median levels, short-term cash incentive opportunities at approximately the 75th percentile and in the past have targeted equity incentive opportunities at or above the 75th percentile. As a result of becoming privately owned, our equity programs have changed and these changes are discussed in " Elements of Compensation Equity".

Executive Compensation Program Objectives

Our executive compensation objectives listed below have not changed from 2006 to 2007 or as a result of the Merger:

- aligning compensation to increased shareholder value;
- facilitating equity ownership;
- paying for performance;
- driving behaviors consistent with our core values; and
- paying at a competitive market position.

Following the Merger, all of our compensation objectives have been retained as important goals of a successful compensation strategy. However, as a company with concentrated non-public ownership, the Committee now places an even greater emphasis on alignment of compensation with increased shareholder value and facilitating equity ownership.

Aligning Compensation to Increased Shareholder Value

We align executive compensation with increased shareholder value by promoting and creating opportunities for significant equity ownership. By providing equity compensation which vests over time, a long-term focus on successful business results is promoted.

Facilitating Equity Ownership

Prior to the Merger, each executive officer was encouraged to have ownership of our common stock to align their financial interests with the interests of shareholders. Following the Merger, no ownership guidelines exist for executive officers.

In order to promote and facilitate significant equity ownership by executive officers following the Merger, the 2007 Stock Incentive Plan for Key Employees of First Data (the "2007 Equity Plan") was adopted by the Committee. The 2007 Equity Plan allows for executive officers to purchase shares of restricted stock and receive matching grants of stock options in Holdings. The Committee believes that by requiring a personal investment in the company, the 2007 Equity Plan will go even further than the previous ownership guidelines toward both facilitating ownership and aligning executive and shareholder interests.

Paying for Performance

At First Data, "paying for performance" means that a significant portion of executive compensation is "at risk." As detailed below, short-term annual cash incentives are contingent on individual and company performance while long-term equity incentives are contingent on the creation of shareholder value. Together, these elements of compensation reinforce the relationship between pay and performance.

Driving Behaviors Consistent with our Core Values

We are entrusted with highly sensitive and confidential customer information and therefore require the highest level of integrity from our employees. Conformance with our core values is critical and is evaluated along with business and individual performance when determining executive officer compensation. Actual awards can be reduced for failure to demonstrate the core values. Our values include:

- embodying the highest ethical standards;
- satisfying clients by always exceeding their expectations; and
- treating people with respect and dignity.

Paying at a Competitive Market Position

We and the Committee review our executive compensation practices and targets on an annual basis against a peer group of companies having similar revenue size, market capitalization, growth, employee size, and industry characteristics. We compete for talent against these peer group entities and other entities with similar characteristics. The Committee analyzes this information to ensure our compensation programs enable us to attract and retain top executive talent.

In 2007, Mercer Human Resources Consulting ("Mercer") was hired as an independent consultant by the Committee to provide this data and associated analysis of First Data's competitive positioning. The Committee directed the consultant to use a peer group of fourteen companies. The 2007 peer group represents companies with similar revenue, industry, and other characteristics to First Data and is representative of the broader universe of companies with whom we compete for talent: 1) Electronic Data Systems Corp; 2) US Bancorp; 3) Computer Sciences Corp; 4) Automatic Data Processing; 5) State Street; 6) Affiliated Computer Services; 7) Fiserv; 8) Capital One Financial; 9) American Express; 10) Charles Schwab; 11) MasterCard International; 12) RR Donnelley; 13) Cigna Corporation; and 14) the Bank of New York.

We rely on available information disclosed in proxy statements of these companies in combination with generally available market compensation survey information. Not all of our executive officers have exact counterparts in other companies and comparable proxy information is not always available. In some cases, no available market information exists for a position. In those situations, the executive's unique skills, experience, performance, and comparison to other First Data executives are important considerations in setting target pay levels.

In connection with the Merger, the new Chief Executive Officer and the Committee established new base pay and 2008 target bonus levels for the executive officers. No subsequent adjustments to base pay or bonus targets have been made for any executive officers for 2008 and therefore no new peer group compensation data has been reviewed by the Committee in regards to 2008 compensation levels.

Elements of Compensation

Compensation for our executive officers is delivered through:

- base salary;
- annual cash incentives;
- equity;
- perquisites;
- non-qualified deferred compensation (pre-merger only); and
- retirement plans.

Base Salary

Base salaries are set at market competitive levels (approximately 50th percentile) and reflect each executive's job responsibilities, individual skill sets and overall value to the company. Another factor that may influence base salary levels is an executive's base salary level prior to employment by First Data and the level required to recruit the executive.

In February 2007, the Committee reviewed executive officer base salaries in light of factors including peer group compensation data, individual performance, scope of responsibilities and internal comparability among executives. As shown in the below table, base salaries were increased as of March 1, 2007 for all Named Executive Officers ("NEOs") except for Mr. Duques and Mr. Labry. Mr. Duques was not considered for a salary increase based on his interim status as Chief Executive Officer. Mr. Labry's salary was already positioned above the median target level and was held constant. All salary increases were in the range of 2.9% to 5.9% and in amounts ranging from $15,000 to $25,000. These increases were in-line with or below salary increase levels for comparable executive level positions based on external market data. The increases were made to maintain executive salaries in line with market median, per our compensation objectives.

Following the Merger, the new Committee and the Chief Executive Officer reviewed the base salaries for all executive officers and established new salaries for all NEOs except for Mr. Labry effective as of October 1, 2007. Factors such as changes in responsibilities, external competitiveness based on peer group data, the integration of new executive officers and internal consistency and equity were all carefully considered. Changes made are reflected in the below table.

	Base Salary as of 12/31/06	Base Salary as of 3/1/07	% increase	Base Salary as of 10/1/07	% increase
Michael Capellas(1)	n/a	n/a	n/a	$1,200,000	n/a
Henry C. Duques(2)	$ 250,000	$250,000	0%	n/a	n/a
Kimberly Patmore	$ 550,000	$575,000	4.5%	$ 600,000	4.3%
Peter Boucher	$ 425,000	$450,000	5.9%	$ 525,000	16.7%
David Dibble	$ 525,000	$540,000	2.9%	$ 575,000	6.5%
Edward A. Labry III	$ 750,000	$750,000	0%	$ 750,000	0%
David Bailis(3)	$ 500,000	$525,000	5%	n/a	n/a
Pamela Patsley(3)	$ 600,000	$620,000	3.3%	n/a	n/a

(1) Mr. Capellas began earning an annual base salary of $1,200,000 on the July 9, 2007 effective date of his Letter Agreement with Parent. He became Chief Executive Officer of First Data on September 24, 2007 with an annual base salary of $1,200,000.

(2) Mr. Duques stepped down as Chief Executive Officer on September 24, 2007.

(3) Mr. Bailis and Ms. Patsley did not perform executive officers duties following September 24, 2007.

Annual Cash Incentive

Plan Design and Mechanics

Executive officers are eligible to receive a performance-based annual cash incentive under our Senior Executive Incentive Plan ("SEIP"). SEIP payouts to executive officers are based on target bonus levels established by the Committee, company and business unit financial performance and individual performance in areas such as attainment of company or business unit strategic objectives, teamwork and company leadership efforts.

As a public company at the beginning of 2007, the Committee established an objective performance-based funding threshold with substantial uncertainty of achievement for funding the SEIP for executive officers to ensure compliance with IRS code 162m. The post-merger Committee certified that this threshold was met for 2007 which triggered the creation of a potential maximum payout pool of $15,000,000 for all executive officers. This pool can be discretionarily decreased by the Committee, but not increased.

Financial performance for 2007 SEIP executive officer payouts was evaluated based on the following matrix which takes into consideration both attainment of revenue and net income targets for 2007, with a heavier weighting placed on net income. Management recommended the fiscal year financial targets for each of these metrics to the Committee which approved the targets for 2007. Specific financial targets are not disclosed as our business plan is highly confidential. However, our financial targets were set at a level consistent with our publicly disclosed goal of 8% to 10% annual growth in both revenue and operating income.

	CORPORATE NET INCOME or BUSINESS UNIT OPERATING PROFIT				
% of Plan Attainment	**Under 95%**	**95% to 100%**	**100% to 105%**	**105% to 110%**	**110% & up**
REVENUE					
110% & up	70%	90%	110%	130%	150%
	100%	120%	140%	170%	200%
105% to 110%	60%	90%	105%	125%	145%
	85%	110%	130%	155%	180%
100% to 105%	40%	90%	100%	115%	125%
	70%	105%	125%	140%	160%
95% to 100%	20%	85%	95%	95%	95%
	60%	100%	110%	120%	130%
Under 95%	0%	30%	60%	75%	80%
	50%	70%	90%	100%	110%

The 2007 SEIP matrix provides the Committee with the flexibility to utilize its judgment to determine bonus payout percentages from within a range deemed appropriate given the company or business unit's level of financial performance. In determining a specific payout from within the matrix, the Committee may consider factors such as achievement of strategic objectives, level of difficulty of the targets and/or other unanticipated and uncontrollable events which may have impacted results during the year. The Committee also retained full discretion to reduce the amounts payable under the plan or make other awards outside of the plan when and if circumstances warrant, however, no such reductions or payments were made in 2007.

Financial performance for officers with corporate roles was based 100% on overall corporate performance while financial performance for officers in business unit roles was based 60% on business unit performance and 40% on overall corporate performance.

At the beginning of the year, the Committee approved target bonus levels for all executive officers. Actual awards paid to each executive could be greater than their target bonus, up to a maximum of 200% of their target. Conversely, an executive's bonus could be less than their target, with a minimum of zero. The SEIP has an absolute maximum payout level of $3 million for the Chief Executive Officer and $1.5 million for all other executive officers.

In accordance with Internal Revenue Code Section 409A, annual bonuses earned for a fiscal year are paid prior to March 15th of the following year. This allows sufficient time to review company financial performance, and conduct individual performance reviews prior to determining award levels.

Determination of 2007 Awards

Target bonus levels for executive officers are established by the Committee based on the consideration of multiple factors including: First Data's cash incentive compensation target level at the 75th percentile, each executive's base salary level, scope and responsibilities of the position and compensation opportunity as compared to other First Data executives.

The 2007 bonuses paid in March of 2008 under the SEIP ranged from 100% up to 187.5% of each NEO's target award. Actual SEIP award levels were determined based on the financial and individual performance adjustments reflected in the following table.

	2007 SEIP Bonus Target	Corporate Financial Performance	Business Unit Financial Performance	Individual Performance Adjustment	2007 SEIP Payout
Michael Capellas(1)	n/a	n/a	n/a	n/a	n/a
Henry C. Duques(2)	$ 1,400,000	n/a	n/a	n/a	$ 1,400,000
Kimberly Patmore	$ 600,000	100%	n/a	100%	$ 600,000
Peter Boucher	$ 500,000	100%	n/a	105%	$ 525,000
David Dibble(3)	$ 575,000	n/a	n/a	n/a	n/a
Edward A. Labry III	$ 500,000	100%	100%	187.5%	$ 937,500
David Bailis(3)	$ 575,000	n/a	n/a	n/a	n/a
Pamela Patsley(3)	$ 650,000	n/a	n/a	n/a	n/a

(1) Under the terms of his Letter Agreement, Mr. Capellas received a pro rated guaranteed bonus for 2007 of $867,945 based on a full-year 2007 annual bonus target of $1,800,000. As a guaranteed payment, this was not considered a performance-based payout under the SEIP. In 2008, he will participate in the SEIP with a target bonus level of 150% of his base salary.

(2) Mr. Duques stepped down as Chief Executive Officer on September 24, 2007 and was paid a bonus under the SEIP of $1,400,000 at that time. This award recognized his strong leadership in improving First Data's financial performance and implementing a successful business strategy that culminated with shareholders receiving $34.00 per share price for FDC stock an increase of 50% between November 26, 2005 when he returned as Chief Executive Officer and September 24, 2007.

(3) Messrs. Dibble, Bailis and Patsley received 2007 bonus payments via severance arrangements rather than via the SEIP. Mr. Dibble served in his position through December 31, 2007 and received his full 2007 target bonus as prescribed by the Severance/Change-in-Control policy. Mr. Bailis and Ms. Patsley each received a pro rated bonus payment for 2007 based on their target bonus levels as prescribed by the Severance/Change-in-Control policy.

Corporate and the applicable business unit performance for 2007 resulted in a calculated payout range of 90% to 105% of target for the NEOs. The Committee then considered other relevant individual performance factors such as the successful transaction closing of the Merger, restructuring, cost reduction efforts, and the implementation of strategic programs. As such, Ms. Patmore and

Mr. Boucher received awards of 100% and 105% of target, respectively. The positive individual adjustment to Mr. Labry's SEIP payout was made in recognition of his expanded role managing our domestic business and his leadership of the successful integration of multiple lines of business into a single domestic business.

Determination of 2008 Targets

As part of the compensation review conducted by the post-merger Committee and the new Chief Executive Officer described in the Base Salary discussion, the following bonus targets have been established for NEOs for 2008. A significant target increase was given to Mr. Labry in recognition of his increased scope as leader of our newly consolidated domestic business.

	2007 SEIP Bonus Target	2008 SEIP Bonus Target
Michael Capellas	n/a	$ 1,800,000
Kimberly Patmore	$ 600,000	$ 600,000
Peter Boucher	$ 500,000	$ 525,000
Edward A. Labry III	$ 500,000	$ 937,500

Financial Metric Changes for 2008

In 2008, executive officer payouts under the SEIP will be fully based on company performance as measured against a single company-wide EBITDA target. The SEIP financial metric has been changed from 2007 to 2008 to better align with our financial objectives as a closely held company, maximize company-wide value creation and promote teamwork and collaboration across business units and geographies. To further promote teamwork and a focus on company performance, it is anticipated that executive officer bonuses will all be paid at the same percent of target for 2008. However, the Committee does retain the right to adjust future executive officer payouts within the existing plan limits.

These changes in the plan metrics and mechanics for 2008 are intended to maximize the alignment between executive officer and shareholder interests and to ensure a focus on our strategic priorities which are aimed at generating overall value for the company.

Equity

The objective of our equity compensation programs is to align long term compensation opportunities with the interests of our shareholders. Equity compensation focuses on our long-term financial and stock performance.

Under our pre-merger 2002 Long-Term Incentive Plan ("LTIP"), the Committee could award stock options, restricted stock, restricted stock units and stock appreciation rights. However, stock options and restricted stock and restricted stock units were the only long term incentive vehicles that were utilized.

In 2007, executive officers were granted 70% of their equity value as stock options with four year ratable vesting and 30% of their equity value as restricted stock with three year ratable vesting. This combination was arrived at because it accomplishes multiple objectives:

- consistency with market trends away from pure option grants and towards a mix of options and restricted shares;
- allows us to better manage costs under Financial Accounting Standard 123R, "Share-Based Payment" ("SFAS 123R");

reduces share utilization and dilution compared to previous years' equity grants which were made exclusively as stock options; and

promotes share ownership because restricted stock facilitates executive officer share ownership.

2007 Equity Awards

Annual equity awards were granted to all executive officers in February 2007 under the LTIP. Equity award target values for 2007 were established by the Committee at a level consistent with our philosophy that equity awards are the most important element of our predominantly performance-based compensation structure and the key driver of alignment between executives and shareholders. Awards were also set at a level consistent with our objectives on market positioning for equity compensation.

The following table provides details on the equity grants made to NEOs in conjunction with the 2007 annual equity grant. The value of restricted stock awards on their grant date was based on a per share price of $25.555 and the value of each option was determined using a Black-Scholes valuation methodology based on a per share exercise price of $25.555.

	Grant Date	Grant Date Fair Value of 2007 Equity Award	Restricted Stock Shares	Number of Options
Michael Capellas(1)	n/a	n/a	n/a	n/a
Henry C. Duques(2)	2/21/07	$ 7,442,256	96,000	678,800
Kimberly Patmore	2/21/07	$ 3,282,173	36,000	254,500
Peter Boucher	2/21/07	$ 2,735,299	30,000	212,100
David Dibble	2/21/07	$ 2,735,299	30,000	212,100
Edward A. Labry III	2/21/07	$ 4,157,728	45,600	322,400
David Bailis(3)	2/21/07	$ 3,610,854	39,600	280,000
Pamela Patsley(3)	2/21/07	$ 3,610,854	39,600	280,000

(1) Mr. Capellas began earning an annual base salary of $1,200,000 on the July 9, 2007 effective date of his Letter Agreement with Parent. He became Chief Executive Officer of First Data on September 24, 2007 with an annual base salary of $1,200,000.

(2) Mr. Duques stepped down as Chief Executive Officer on September 24, 2007.

(3) Mr. Bailis and Ms. Patsley did not perform executive officers duties following September 24, 2007.

Stock options granted in 2007 to NEOs under the LTIP were to vest on the basis of continued employment over a four year period, 25% becoming exercisable on each anniversary of the grant date and have a ten year term before they expire. Option repricing is expressly prohibited by the terms of the LTIP.

Restricted stock awards granted under the LTIP were to vest one third each year on the anniversary date of the grant over a period of three years. Recipients of restricted stock received dividends on, and could vote on, the shares subject to a grant. Shares of restricted stock could not, however, be sold or otherwise transferred prior to the lapse of the restrictions.

Impact of Merger on Equity

As a result of the Merger, all options granted under the LTIP and predecessor equity plans were cancelled in return for consideration, while all shares of unvested restricted stock granted under the LTIP became fully vested and were purchased at the merger price of $34.00. Consideration paid for each option was calculated as the excess, if any, between the Merger per share price of $34.00 and the exercise price of the option. Post-merger, no further awards will be made under the LTIP.

Equity compensation is a key component in achieving our most critical compensation objectives, including aligning compensation to increased shareholder value and facilitating executive ownership. Following the Merger, the Committee adopted the 2007 Stock Incentive Plan for Key Employees of First Data (the "2007 Equity Plan") as the vehicle for providing equity-based compensation for executive officers. The 2007 Equity Plan allows for executive officers to purchase shares of restricted stock and receive matching grants of stock options in Holdings.

Post-Merger Equity Grants

The purpose of the 2007 Equity Plan is to promote our long-term financial interests and growth by:

- attracting and retaining executives with the experience and ability required to make a substantial contribution to the success of our business;
- rewarding executives for long-term commitment and the creation of value over the long-term;
- motivating executives by means of growth-related incentives tied to achievement of long range goals; and
- aligning the interests of our executives with those of our shareholders.

The 2007 Equity Plan allows executives to invest in First Data by purchasing shares of restricted common stock. Purchased shares are then matched with stock options. In January 2008, the Committee approved option grants to NEOs who purchased shares of restricted stock. The following table provides details on the amount of shares purchased and options granted. All option grant exercise prices are $5 per share except for 1,714,285 time based options held by Mr. Capellas, which have an exercise price of $8.75.

		Option Grants	
	Shares Purchased	**Time-Based**	**Performance Based**
Michael Capellas	3,000,000	7,714,285	6,000,000
Peter Boucher	400,000	550,000	550,000
Edward A. Labry	2,500,000	3,750,000	3,750,000

Half of the options granted have time-based vesting, whereby 20% of the options vest on each of the first five anniversaries of the merger date. The other half of the options granted are subject to EBITDA-based performance vesting. Performance-vested options are eligible to vest and become exercisable in equal increments of 20% at the end of fiscal years 2008, 2009, 2010, 2011 and 2012, but will vest on those dates only if we attain specified annual EBITDA performance targets, as determined in good faith by the Committee.

All performance-vested options granted also vest and become exercisable on a "catch up" basis if at the end of fiscal years 2009, 2010, 2011 or 2012, the cumulative total EBITDA earned in all prior completed fiscal years exceeds the cumulative total of all EBITDA targets in effect for such years. Due to the sensitivity of our future business plans, we are not disclosing the specific EBITDA performance targets for each year.

Vesting of time options is fully accelerated upon a Change in Control or a Liquidity Event, as defined in the 2007 Equity Plan. Vesting of performance options is fully accelerated upon a Change in Control or a Liquidity Event only if one of the following conditions is also met: (a) the Sponsor IRR (as defined in the 2007 Equity Plan) is achieved, or (b) the Sponsor Return (as defined in the 2007 Equity Plan) is achieved.

All options granted are also subject to call rights by First Data for a period of five years following the merger date if an option holder terminates employment with First Data for any reason. If an option holder's employment is terminated due to Death, Disability, Good Reason or Not for Cause (as defined in the 2007 Equity Plan), call rights may be exercised on vested options at the fair market value share price. In this event, shares obtained through previous option exercises may be called at the fair market value share price. If the option holder's employment is terminated voluntarily or for Cause (as defined in the 2007 Equity Plan), call rights may be exercised at the lesser of the fair market value share price or the option exercise price. In this event, shares obtained through previous option exercises may be called at the lesser of the fair market value share price or the option exercise price. These provisions enhance the retention of executives who participate in the 2007 Equity Plan and incent these executives to create long-term and sustainable value.

The Committee believes that requiring executive officers to make a personal investment in company stock, in addition to providing a significant one-time grant of stock options which are subject to a long vesting period and half of which are also subject to performance-based vesting, is an extremely effective design for generating maximum levels of motivation within our executive team and alignment between the executive team and company shareholders.

Going forward, the Committee does not anticipate granting equity such as stock options or restricted stock on an annual or other regular basis to executive officers under the 2007 Equity Plan.

Appointment of New Chief Financial Officer

In June, 2008, Philip M. Wall was appointed as our Executive Vice President and Chief Financial Officer. Mr. Wall receives an annual salary of $632,000 and is eligible for a target bonus of $632,000 under the Senior Executive Incentive Plan. He is eligible for health and life benefits such as medical and dental coverage, health care and dependent care reimbursement accounts, short and long-term disability, life insurance, supplemental employee, spouse and child life insurance, basic and voluntary accidental death and dismemberment, business travel accident insurance and long-term care insurance. He also is eligible for our 401(k) plan and severance benefits under the First Data Corporation Severance/Change in Control Policy.

In addition, Mr. Wall received a grant of options to purchase 100,000 shares of common stock of Holdings, on June 10, 2008 at the fair market value on that date under the 2007 Equity Plan on the same terms as discussed above. Prior to the grant, Mr. Wall held similar time-based options for 225,000 shares, performance-based options for 225,000 shares and 200,000 shares of common stock of Holdings.

Grant Process

Equity awards under the LTIP were typically granted on an annual basis each February following the public release of our earnings for the previous fiscal year. Pre-merger, the Committee only granted awards after material information regarding our performance for the preceding year had been disclosed. All equity grants under the LTIP required specific Committee approval. The exercise price for all LTIP stock option awards granted in 2007 was based on the average high and low stock market price on the date of grant without exception.

Post-merger, our equity is no longer publicly traded, so the same timing considerations do not apply. Under the 2007 Equity Plan, stock options are only granted subsequent to an employee's investment in company restricted shares. The Committee intends this to be a one-time opportunity for eligible executives which occurred either immediately following the Merger or will occur immediately following their hire date. Equity grants under the 2007 Equity Plan will be made at the then-current fair market value, which will be determined by the full Board from time to time. Equity grants are made on the date the grant is approved by the Committee.

Employee Stock Purchase Plan

All domestic employees, including executive officers were eligible to participate in the Employee Stock Purchase Plan (the "ESPP") during the first half of 2007. The plan was suspended as of June 30, 2007 due to the expected Merger and delisting of First Data equity during the third quarter. The ESPP was terminated upon completion of the Merger.

The ESPP met the requirements of Internal Revenue Code Section 423. Contributions for the purchase of shares were accumulated through payroll deductions and used to make quarterly purchases of our common stock at a price equal to a 15% discount from the lower of the market price at the beginning or end of the quarter. The maximum contribution for any participant was set at $25,000 per year.

Perequisites

As perquisites are not performance-based, we do not emphasize them in our executive compensation program. We believe that the competitiveness of our compensation programs comes from the target levels and upside potential in our cash incentive and equity programs.

Executive perquisites may include, on a rare occasion and upon approval by the Chief Executive Officer, the personal use of the corporate aircraft, personal use of tickets to professional sporting events, automobile leases or apartment leases. In 2007, only Mr. Duques had an apartment lease. No other named executive officers had either an automobile or apartment lease. A portion of country club membership expenses were reimbursed for Ms. Patmore in 2007, however this perquisite will no longer be provided to any executives after 2007.

Reimbursement for relocation and moving expenses and personal financial planning up to a specified annual dollar limit ($20,000 for the first year and $10,000 for each subsequent year) are offered to our executive officers. Our relocation program is required to attract and retain top talent in a competitive environment. The program ensures a new or transferred executive can transition into their new work location as quickly and efficiently as possible. Competitive analysis indicates that the financial planning benefit is comparable to what is offered by a majority of companies with whom we compete for talent.

The Committee reviews the appropriateness of perquisites provided to executive officers on an annual basis.

Non-qualified Deferred Compensation

We offered the Supplemental Incentive Savings Plan-2 ("SISP-2") to a group of about 2,300 highly compensated employees within the U.S. All executive officers were eligible to participate in this unfunded non-qualified deferred compensation plan on the same terms as all other eligible employees.

The SISP-2 allowed participants to defer compensation beyond the allowable limits within our Corporation Incentive Savings Plan ("ISP"). The SISP-2 was provided as a mechanism for participants to defer additional compensation on a pre-tax basis and receive company contributions on these deferrals on the same basis as deferrals made into the qualified ISP Plan. A full description of the plan is provided in the narrative following the Non-qualified Deferred Compensation Table.

Messrs. Duques, Patmore, Labry and Patsley also had balances in the frozen Supplemental Incentive Savings Plan ("SISP"). This plan was a predecessor to the SISP-2.

The SISP-2 was frozen to new contributions as of October 15, 2007. Both the SISP and SISP-2 were terminated on October 15, 2007. All balances were paid out on a taxable basis to participants on November 15, 2007. Distributions from these plans received by NEOs are reflected in the Non-qualified Deferred Compensation Table.

The Committee chose to terminate the SISP-2 as permitted by IRS Code Section 409A as a result of the change in control associated with the Merger. As a non-qualified plan covering a large number of non-executives whose plan balances were potentially subject to forfeiture, it was determined that continuing such a plan was no longer appropriate in the post-merger environment. The plan was not considered a significant element of the executive officer compensation program and therefore has not been replaced.

Retirement Plans

In 2007, all employees in the U.S., including executive officers, were eligible to participate in the ISP. The ISP is a qualified 401(k) plan in which all highly compensated employees eligible to participate in the SISP-2 during 2007 were eligible to defer up to 6% of eligible compensation. After one year of service, employees receive a dollar-for-dollar company matching contribution up to 3% of eligible compensation. Participants with over five years but less than ten years of service also receive an additional service-related contribution of 1.5% which is made regardless of employee contributions. Participants with ten or more years of service receive an additional service-related contribution of 3.0% which is made regardless of employee contributions. Certain employees hired prior to April 1, 1996 also receive an additional employer contribution of 3.4% (the "ISP Plus").

We maintain the ISP to allow employees to save for their retirement on a pre-tax basis and provides company contributions to help employees build retirement savings.

Effective on January 1, 2008, the ISP was amended to better align with our compensation philosophy and comply with the new IRS Safe Harbor rules. Key impacts of the amendments are as follows:

- highly compensated employees are no longer restricted to a 6% deferral rate. They are still subject to IRS deferral limitations;
- we now match 100% of deferrals up to 3% of eligible pay and 50% on deferrals of the next 1% of eligible pay;
- company contributions are now 100% vested after 2 years of service;
- employees are now immediately eligible to receive company matching contributions; and
- service-related and ISP Plus contributions were eliminated.

We do not currently offer a defined benefit plan to new employees, however, Mr. Duques, Ms. Patmore and Mr. Bailis are eligible to receive benefits under certain frozen defined benefit plans. These plans are fully described in the narrative following the Pension Benefits Table.

Severence and Change in Control Agreements

In general, we do not enter into employment agreements with our employees, including our executive officers, except in the case of our former Chief Executive Officer, Mr. Duques, our current Chief Executive Officer, Mr. Capellas and Mr. Labry. All current executive officers serve at the will of the Board.

Mr. Capellas' Letter Agreement outlines his rights to severance benefits which are the same as those for all other executive officers a payment of two times the sum of his base salary and his target annual bonus with a key difference being that for Mr. Capellas, this amount will be reduced on a dollar-for-dollar basis by the amount of gain realized by him on his equity investment in First Data. These severance benefits would be paid upon termination of Mr. Capellas' employment by us without "cause" or by Mr. Capellas' departure as a result of "good reason".

We believe that reasonable and appropriate severance and change in control benefits are necessary in order to be competitive in our executive attraction and retention efforts. Our severance benefits are equivalent to those typically found in other companies and reflect the fact that it may be difficult for such executives to find comparable employment within a short period of time. We also believe that these types of agreements are appropriate and customary in situations such as the Merger where executives have made significant personal investments in us which are generally not liquid for a significant period of time. Information regarding applicable payments under such agreements for the named executive officers is provided under " Potential Payments Upon Termination or Change in Control."

In July 2005, we established the First Data Corporation Severance/Change in Control Policy. The Policy provides for the payment of benefits to executive officers upon severance from First Data and/or upon a change of control. Following the Merger, the Policy was updated and restated to better align with the provisions and definitions in the 2007 Equity Plan in which all executive officers participate.

The Policy is intended to promote uniform treatment of senior executives who are involuntarily terminated other than for "cause" or who voluntarily leave the company for "good reason" as defined under the 2007 Equity Plan. Under the updated Policy, no benefits are provided based solely on a "Change-in-Control". The Policy provides for payment of the following severance benefits:

(i) A cash payment equal to the executive officer's base pay plus target bonus multiplied by 2. The updated Policy no longer provides greater benefits for the Chief Executive Officer.

(ii) A cash payment equal to the executive officer's prorated bonus target for the year of termination.

(iii) A cash payment equal to the financial planning benefits to which the executive officer would have been entitled to during the two years following termination.

(iv) Continuation of medical, dental and vision benefits coverage for a period of 2 years, with a portion of the costs of the benefits paid by the executive officer.

(v) A "Gross Up Payment" is made if it is determined that any Section 280G parachute payments provided by us to or on behalf of an eligible executive would be subject to the excise tax imposed by Code Section 4999. The Gross-Up Payment is an amount so that after payment of all taxes the eligible executive retains an amount equal to the Excise Tax imposed by Code Section 4999. Executives are eligible for this benefit regardless of whether their employment is terminated following the triggering change-in-control.

As a condition to receiving severance benefits under the Policy, all employees are required to release us and our employees from all claims they may have against us and agree to a number of restrictive covenants which are structured to protect us from potential loss of customers or employees and the release of company confidential information.

During 2007, several named executive officers became entitled to severance benefits under this policy, including Mr. Bailis, Mr. Dibble and Ms. Patsley. The amount and nature of these benefits are described in detail in the compensation tables and footnotes. Also in 2007, Mr. Boucher received a Gross Up Payment under the plan. This payment was made to cover the Section 4999 excise tax incurred by Mr. Boucher as a result of the accelerated vesting of his equity at the time of the Merger.

Other Benefit Plans

All executive officers also are eligible to participate in the employee benefit plans and programs generally available to our employees, including participation in our matching gift program and coverage under our medical, dental, life and disability insurance plans.

Tax and Accounting Considerations

In reviewing 2007 compensation, the Committee attempted to maximize the tax deductibility of executive officer compensation programs. Executive officer compensation derived from the SEIP and stock options are tax deductible, however, base pay and income derived from restricted stock grants in excess of $1 million do not meet the IRS code 162(m) qualifications for deductibility. The Committee believed that granting a limited amount of restricted stock yielded numerous benefits to us and our shareholders (as described in the Equity section above) which outweighed the potential impact of providing non-deductible compensation.

However, as a result of the Merger, 162(m) limitations will not apply to us as our common stock is no longer registered or publicly traded. The Committee has not considered 162(m) deductibility limitations in the planning of 2008 compensation since they do not apply.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(2)	Total ($)
Daniel P. Burnham	$ 230,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 230,000
David A. Coulter	230,000	0	0	0	0	0	230,000
Alison Davis	225,000	0	0	0	0	25,000	250,000
Peter B. Ellwood	215,000	0	0	0	0	0	215,000
Courtney F. Jones	240,000	0	0	0	0	0	240,000
Richard P. Kiphart	230,000	0	0	0	0	25,000	255,000
James D. Robinson III	223,000	0	0	0	0	20,000	243,000
Charles T. Russell	215,000	0	0	0	0	0	215,000
Joan E. Spero	245,000	0	0	0	0	25,000	270,000
Arthur F. Weinbach	225,000	0	0	0	0	25,000	250,000
Tagar C. Olson	0	0	0	0	0	0	0
Scott C. Nuttall	0	0	0	0	0	0	0
James R. Fisher	0	0	0	0	0	0	0

(1) Daniel P. Burnham, David A. Coulter, Alison Davis, Peter B. Ellwood, Courtney F. Jones, Richard P. Kiphart, James D. Robinson III, Charles T. Russell, Joan E. Spero and Arthur F. Weinbach are all former board members who served on our Board of Directors until the date of the Merger on September 24, 2007. Tagar Olson, Scott Nuttall, and James Fisher are the current board members serving since the date of the Merger and currently receive no compensation for their service.

(2) Represents Gift Matching benefit paid during 2007. The Gift Matching Program was available to active board members through the First Data Foundation ("the Foundation"). Non-profit organizations located in the U.S. and recognized by the IRS as tax-exempt and designated a public charity under Section 501(c)(3) or Section 170(c)(1) are eligible under the plan as well as international organizations approved by the Foundation with gifts greater than $10,000. Contributions made to eligible organizations are capped at $25,000 per calendar year with a match of $1 for every $1 donated.

Director Compensation Prior to the Merger

Prior to the Merger, directors who were not employed by us or our affiliates were paid an annual retainer of $90,000 for service. In addition, the chairperson of the Audit Committee received an annual retainer of $25,000 and each member of the Audit Committee received an annual retainer of $10,000. The chairperson of the Compensation and Benefits Committee received an annual retainer of $15,000. The chairperson of the Corporate Governance Committee received an annual retainer of $15,000. The chairperson of the Executive Committee receives an annual retainer of $8,000.

In addition, in lieu of annual option grants, we elected to make cash payments to the non-employee directors to compensate them for the value of grants that would otherwise have been provided to them under our equity plans for directors. Each non-employee director received $125,000 in lieu of the annual grant. Mr. Coulter, Mr. Kiphart and Ms. Spero also received a $15,000 re-election payment which reflects a pro rata portion of the re-election equity award grant that they otherwise would have received.

Director Compensation Following the Merger

Following the Merger, First Data Corporation directors do not receive compensation. However, all of the directors of First Data Corporation are also directors of Holdings. Beginning in 2008, non-employee directors of Holdings will be paid $40,000 per year in semi-annual installments. Directors may make an election to defer compensation earned in each calendar year under the First Data Holdings Inc. 2008 Non-Employee Director Deferred Compensation Plan. All amounts deferred will accrue earnings based on the performance of Holdings common stock and be paid to the director upon termination of the director's service, subject to acceleration of the payout under certain circumstances.

Reimbursements

Directors are reimbursed for their expenses incurred in attending board, committee and shareholder meetings, including those for travel, meals and lodging. Directors are also reimbursed for their expenses incurred in attending director education programs.

Indemnification

Our Certificate of Incorporation provides that we shall indemnify and hold harmless each director to the fullest extent permitted or authorized by the General Corporation Law of the State of Delaware.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Michael D. Capellas Chairman & CEO(6)	2007	$ 573,077	$ 867,945	$ 0	$ 0	$ 0	$ 0	$ 83,869	$ 1,524,891
Henry C. Duques	2007	197,917	0	2,453,280	4,988,976	1,400,000	71,643	331,562	9,443,378
Former Chairman & CEO(7)	2006	250,000	0	0	0	1,650,000	115,994	134,374	2,150,368
Kimberly S. Patmore	2007	577,083	0	2,658,286	4,583,335	600,000	50,429	129,841	8,598,974
Executive Vice President & Chief Financial Officer	2006	545,833	550,000	808,900	638,225	600,000	71,158	116,173	3,330,289
Peter W. Boucher	2007	464,583	0	766,650	3,948,245	525,000	1,492	1,491,843	7,197,813
Executive Vice President	2006	301,042	500,000	0	610,191	0	0	27,083	1,438,316
David E. Dibble	2007	546,250	0	2,132,197	3,872,485	0	0	5,973,122	12,524,054
Executive Vice President(8)	2006	520,833	0	496,563	517,412	560,000	0	3,230	2,098,038
Edward A. Labry III	2007	750,000	0	1,165,308	5,530,868	937,500	7,997	34,782	8,426,455
Senior Executive Vice President	2006	750,000	0	0	689,883	655,000	11,733	7,971	2,114,587
David P. Bailis	2007	477,083	0	2,299,756	5,185,433	0	7,795	5,586,199	13,556,266
Former Senior Executive Vice President(9)	2006	500,000	0	438,600	575,786	575,000	2,333	58,549	2,150,268
Pamela H. Patsley	2007	616,667	0	2,750,284	5,137,324	0	11,869	6,237,978	14,754,122
Former Senior Executive Vice President(10)	2006	591,667	600,000	808,900	720,138	660,000	15,378	247,102	3,643,185

(1) Mr. Capellas received a guaranteed bonus for 2007 per his hire agreement. Ms. Patmore and Ms. Patsley were awarded a deferred cash bonus by the Committee in 2005 which was paid in March 2006. The award was granted in recognition of strong 2004 performance in certain segments of the business and to maintain competitive compensation levels for executive officers. Mr. Boucher received a guaranteed bonus for 2006 per his hire agreement.

(2) Amounts include all compensation expense recognized in our financial statements during 2007 in accordance with SFAS 123R with respect to all restricted shares awarded under the 1992 and 2002 First Data Long-Term Incentive Plans. As a result of the Merger, all outstanding restricted shares became vested during 2007 and therefore all compensation expense on outstanding restricted shares previously unrecognized prior to the merger date was recorded on the merger date in accordance with SFAS 123R. See Note 15 to the Consolidated Financial Statements for a discussion of the relevant assumptions used in calculating grant date fair value under SFAS 123R. For further information on awards granted in 2007, see the Grant of Plan-Based Awards Table.

(3) Amounts include all compensation expense recognized in our financial statements during 2007 in accordance with SFAS 123R with respect to all stock options awarded under the 1992 and 2002 First Data Long-Term Incentive Plans. As a result of the Merger, during 2007 all outstanding options were cancelled and exchanged for cash equal to the difference between the $34.00 per share merger price and the option exercise price, if any. Therefore, all compensation expense on outstanding options previously unrecognized prior to the merger date was recorded on the merger date in accordance with SFAS 123R. See Note 15 to the Consolidated Financial Statements for a discussion of the relevant assumptions used in calculating grant date fair value under SFAS 123R. For further information on options granted in 2007, see the Grant of Plan-Based Awards Table.

(4)

Amounts shown include the increase in actuarial values of the qualified and non-qualified First Data Retirement Plans and above market earnings related to the Supplemental Incentive Savings Plans. For 2007, these amounts were respectively as follows: Mr. Capellas $0/0; Mr. Duques ($19,396)/$71,643; Ms. Patmore ($374)/$50,429; Mr. Boucher $0/$1,492; Mr. Dibble $0/$0; Mr. Labry $0/$7,997; Mr. Bailis ($1,024)/$7,795; Ms Patsley $0/11,869. For 2006, these amounts were respectively as follows: Mr. Capellas $0/0; Mr. Duques ($21,243)/$115,994; Ms. Patmore $17/$71,141; Mr. Boucher $0/$0; Mr. Dibble $0/$0; Mr. Labry $0/$11,733; Mr. Bailis $206/$2,127; Ms. Patsley $0/$15,378.

(5)

Full explanation of these amounts is provided in the Perquisite and Personal Benefits Table and accompanying footnotes.

(6)

Mr. Capellas' first day of employment with First Data was September 24, 2007.

(7)

Mr. Duques' last day of employment with First Data was October 14, 2007.

(8)