

First Data Reports First Quarter 2010 Adjusted Revenue of \$1.5 Billion, Up 3%

- ***Signed Three New Revenue Sharing Agreements, 14 Referral Arrangements and 21 New ISO's***
- ***Renewed and Extended Commerzbank Debit Processing Agreement***
- ***Renewed Agreements with 443 Financial Institutions***

ATLANTA, May 14, 2010 – [First Data Corporation](#) today reported its financial results for the first quarter ended March 31, 2010. Consolidated revenue for the quarter was up 16% to \$2.4 billion. Consolidated revenue growth was primarily driven by the formation of the Bank of America Merchant Services alliance which has substantially extended First Data's leadership in merchant acquiring. Adjusted revenue increased 3% for the quarter due mainly to growth in the Retail and Alliance Services segment and growth in the International segment revenue helped by a weaker U.S. dollar.

For the first quarter, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were \$424 million, compared with \$472 million for the first quarter of 2009. The timing of incentive compensation accruals increased expenses by \$37 million year over year and EBITDA was also lower due to the termination of services by Washington Mutual, which was acquired by J.P. Morgan Chase. For the quarter, the net loss attributable to First Data was \$240 million, which includes after tax interest expense of \$283 million.

"In the first quarter, First Data focused on growth," said Joe Forehand, chairman and CEO. "The consistency of our strategy has positioned us well in an improving economy."

Segment Results

Retail and Alliance Services segment revenue for the first quarter was \$737 million, up 7%. Favorable drivers of segment revenue included transaction growth of 9% (excluding the effects of the Bank of America Merchant Services Alliance) and growth in the prepaid and point-of-sale equipment lines of business. During the quarter, Retail and Alliance Services added three revenue share agreements, 14 referral agreements, and 21 new independent sales organizations. Segment EBITDA was \$249 million compared with \$265 million for the first quarter of 2009. Segment EBITDA declined due to the timing of incentive compensation accruals of \$9 million, unfavorable changes in product mix, price compression, and new product development expense. Margin was 33.8%.

Financial Services segment revenue for the first quarter was \$346 million, down 7%. The previously disclosed loss of Washington Mutual accounted for \$20 million of the decline. Excluding the Washington Mutual termination, segment revenue declined 2%. New business growth was offset by price compression and a decline of 5% in active card accounts on file. Segment EBITDA was \$133 million, compared with \$162 million for the first quarter of 2009. Segment EBITDA declined due to lower revenue, the timing of incentive compensation accruals and an increase in technology expenses. Margin was 38.5%.

International segment revenue for the first quarter was \$392 million, up 15%. Segment revenue on a constant currency basis was up 4%, due in part to strong transaction growth of 14%, a 5% increase in card accounts on file and acquisitions. Segment EBITDA was \$78 million, compared with \$72 million for the first quarter of 2009. Margin was 19.9%. On a constant currency basis, segment EBITDA was \$70 million, down 4%, and margin was 19.7%. Constant currency segment EBITDA decreased primarily due to the timing of incentive compensation accruals offset in part by higher revenue.

Significant Events

Commerzbank Extends Processing Agreement with First Data

On April 15, First Data announced the extension of a debit processing agreement with Commerzbank. Under the terms of the renewal agreement, First Data will continue to provide technical processing for cross-border Maestro transactions for Germany's second-largest financial institution until 2015.

Non-GAAP Measures

In certain circumstances, results have been presented that are non-GAAP measures and should be viewed in addition to, and not in lieu of, the company's reported results. Reconciliations to comparable GAAP (generally accepted accounting principles) measures are available in the accompanying schedules and in the "Investor Relations" section of the company's website at www.firstdata.com.

Investor Conference Call

The company will host a conference call and webcast on Friday, May 14, at 8 a.m. EDT to review first quarter financial results. Joe Forehand, chairman and CEO; Pat Shannon, chief financial officer; Ed Labry, president of Retail and Alliance Services; Kevin Schultz, president of Financial Services; and Silvio Tavares, senior vice president, investor relations will participate on the call.

To listen to the call, dial 877-303-6502 (U.S.) or +1-224-357-2195 (outside the U.S.) 10 minutes prior to the start of the call. The call will also be webcast on the "Investor Relations" section of the First Data website, <http://ir.firstdatacorp.com/events.cfm>. Please click on the webcast link at least 15 minutes prior to the call. A slide presentation to accompany the call will be included in the webcast and also will be available under the "Investor Relations" section of the website.

Please note: All statements made by First Data officers on this call are the property of First Data and subject to copyright protection. Other than the replay, First Data has not authorized, and disclaims responsibility for, any recording, replay or distribution of any transcription of this call.

About First Data

First Data powers the global economy by making it easy, fast and secure for people and businesses to buy goods and services using virtually any form of electronic payment. Whether the choice of payment is a gift card, a credit or debit card or a check, First Data securely processes the transaction and harnesses the power of aggregate data to deliver intelligence and insight for millions of merchant locations and thousands of card issuers in 36 countries. For more information, visit www.firstdata.com.

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FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions)

	Three months ended March 31,		Change
	2010	2009	
Revenues:			
Transaction and processing service fees (a):			
Merchant related services	\$ 792.4	\$ 621.5	27%
Check services	90.5	86.5	5%
Card services	433.2	470.4	-8%
Other services	132.1	128.4	3%
Product sales and other	194.8	179.8	8%
Reimbursable debit network fees, postage and other	759.1	589.6	29%
	<u>2,402.1</u>	<u>2,076.2</u>	16%
Expenses:			
Cost of services (exclusive of items shown below)	755.5	714.3	6%
Cost of products sold	75.3	63.5	19%
Selling, general and administrative	378.7	326.5	16%
Reimbursable debit network fees, postage and other	759.1	589.6	29%
Depreciation and amortization	351.3	329.5	7%
Other operating expenses:			
Restructuring, net	12.5	25.1	NM
Litigation and regulatory settlements	(0.3)	(2.7)	NM
	<u>2,332.1</u>	<u>2,045.8</u>	14%
Operating profit	<u>70.0</u>	<u>30.4</u>	130%
Interest income	2.0	3.3	-39%
Interest expense	(448.9)	(448.2)	0%
Other income (expense) (b)	8.2	23.3	NM
	<u>(438.7)</u>	<u>(421.6)</u>	4%
Loss before income taxes and equity earnings in affiliates	(368.7)	(391.2)	-6%
Income tax benefit	(138.1)	(144.8)	-5%
Equity earnings in affiliates (a)	22.2	18.5	20%
Net loss	<u>(208.4)</u>	<u>(227.9)</u>	-9%
Less: Net income attributable to noncontrolling interests	31.7	3.4	NM
Net loss attributable to First Data Corporation	<u>\$ (240.1)</u>	<u>\$ (231.3)</u>	4%

(See accompanying notes)

FIRST DATA CORPORATION
SUMMARY SEGMENT DATA
(Unaudited)
(in millions)

	Three months ended March 31,		Change
	2010	2009	
Revenues: (c)			
Retail and Alliance Services	\$ 737.2	\$ 691.2	7%
Financial Services	346.1	372.6	-7%
International (d)	391.7	340.2	15%
Subtotal segment revenues	1,475.0	1,404.0	5%
All Other and Corporate	58.2	71.3	-18%
Adjustments to reconcile to Adjusted revenue:			
Official check and money order revenues (e)	(9.9)	(3.3)	200%
Eliminations of intersegment revenues	(14.9)	(14.3)	NM
Adjusted revenue	1,508.4	1,457.7	3%
Adjustments to reconcile to Consolidated revenues: (f)			
Divested businesses (d)	-	23.8	NM
Adjustments for non-wholly-owned entities (g)	52.4	(50.8)	NM
Official check and money order revenues (e)	9.9	3.3	200%
ISO commission expense (h)	72.3	52.6	NM
Reimbursable debit network fees, postage and other	759.1	589.6	29%
Consolidated revenues	\$ 2,402.1	\$ 2,076.2	16%
Segment EBITDA: (i)			
Retail and Alliance Services	\$ 249.3	\$ 264.9	-6%
Financial Services	133.1	162.4	-18%
International (d)	78.1	72.3	8%
Subtotal segment EBITDA	460.5	499.6	-8%
All Other and Corporate	(36.2)	(28.1)	29%
Adjusted EBITDA	424.3	471.5	-10%
Adjustments to reconcile to Loss before income taxes and equity earnings in affiliates: (f)			
Divested businesses (d)	-	14.5	NM
Adjustments for non-wholly-owned entities (g)	19.7	(33.0)	NM
Depreciation and amortization	(351.3)	(329.5)	7%
Interest expense	(448.9)	(448.2)	0%
Interest income	2.0	3.3	-39%
Other items	(4.0)	0.9	NM
Stock based compensation	(5.3)	(4.5)	18%
Official check and money order EBITDA (e)	6.4	(2.4)	NM
Cost of data center, technology and savings initiatives (j)	(5.8)	(57.4)	NM
KKR merger related items (k)	(5.8)	(6.2)	NM
Eliminations	-	(0.2)	NM
Loss before income taxes and equity earnings in affiliates	\$ (368.7)	\$ (391.2)	-6%
Segment depreciation and amortization: (a)			
Retail and Alliance Services	\$ 168.4	\$ 187.4	-10%
Financial Services	84.0	80.4	4%
International (d)	73.9	61.7	20%
Subtotal segment depreciation and amortization	326.3	329.5	-1%
All Other and Corporate	14.7	14.9	-1%
Adjusted depreciation and amortization	341.0	344.4	-1%
Adjustments to reconcile to consolidated depreciation and amortization:			
Divested businesses (d)	-	3.0	NM
Adjustments for non-wholly-owned entities (g)	28.6	(0.3)	NM
Amortization of initial payments for new contracts	9.6	5.0	92%
Total consolidated depreciation and amortization	\$ 379.2	\$ 352.1	8%

(See accompanying notes)

FIRST DATA CORPORATION
NOTES TO FINANCIAL SCHEDULES
(Unaudited)

Effective January 1, 2010, the Integrated Payment Systems operating segment is being reported within All Other and Corporate. Results for 2009 have been adjusted to reflect the change. Other amounts in 2009 have been adjusted to conform to current year presentation.

- (a) Includes amortization of initial payments for new contracts which is recorded as a contra-revenue within "Transaction and processing service fees" (presented in "Summary Segment Data") and amortization related to equity method investments which is netted within the "Equity earnings in affiliates" line of \$18.3 million and \$17.6 million for the three months ended March 31, 2010 and 2009, respectively.
- (b) Other income (expense) includes investment gains and (losses), derivative financial instruments gains and (losses), divestitures, net, and non-operating foreign currency gains and (losses).
- (c) Segment revenue is adjusted to exclude reimbursable debit network fees, postage and other. Revenue from divested businesses are excluded from segment revenue as if these businesses had been divested for all periods presented. Retail and Alliance Services segment revenue is further adjusted to present results on a proportionate consolidation basis and to reflect the Independent Sales Organization commissions classified as expense on a contra-revenue basis.
- (d) The Company sold a merchant acquiring business in Canada as well as a debit and credit card issuing and acquiring processing business in Austria, both reported within the International segment, in November 2009 and August 2009, respectively. The results of divested businesses are excluded from segment results. The International segment performance measures have been adjusted for 2009 to exclude the results of divested businesses.
- (e) Represents an adjustment to exclude the official check and money order businesses from revenue and EBITDA due to the Company's wind down of these businesses.
- (f) Reconciles Adjusted revenue to consolidated revenue or Adjusted EBITDA to Loss before income taxes and equity earnings in affiliates as reported on the Consolidated Statements of Operations.
- (g) Net adjustment to reflect First Data's proportionate share of alliance revenue and EBITDA within the Retail and Alliance Services segment and equity earnings included in the International segment revenue or segment EBITDA. Also includes the add back of net income attributable to noncontrolling interests excluded from International segment EBITDA.
- (h) Independent Sales Organization commissions are presented as contra-revenue for Retail and Alliance Services segment revenue reporting purposes while such commissions are reflected as expense in the Consolidated Statements of Operations.
- (i) Segment EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. Retail and Alliance Services segment EBITDA is presented on a proportionate consolidation basis. Segment EBITDA excludes the adjustments to reconcile to "Loss before income taxes and equity earnings in affiliates."
- (j) Cost of data center, technology and savings initiatives in 2010 represents costs directly associated with the termination of the Chase Paymentech alliance and expense related to the conversion of certain Banc of America Merchant Services alliance merchant clients onto First Data platforms. The amount for 2009 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, as well as certain platform development and other costs directly associated with the termination of the Chase Paymentech alliance, all of which are considered one-time projects (excludes costs accrued in purchase accounting).
- (k) Represents the exclusion of third-party expenses including legal, accounting and other advisory fees incurred in connection with the merger of the Company with an affiliate of KKR and the debt issued thereunder, KKR annual sponsor fees for management, consulting, financial and other advisory services and the effect of purchase accounting associated with the merger on EBITDA, which is primarily the result of revenue recognition adjustments.

FIRST DATA CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
(Unaudited)
(\$ in millions)

Management believes the following non-GAAP measures provide meaningful supplemental information to assist investors in understanding our financial results and to better analyze trends in our underlying business. These non-GAAP financial measures should not be considered in isolation or as a substitute for the most comparable GAAP financial measures. The non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of our business. Investors are strongly encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures to the most directly comparable GAAP financial measures is included below.

Management believes that these non-GAAP measures provide insight into the company's core performance.

	Three Months Ended March 31,		Change
	2010	2009	
<u>International</u>			
Segment Revenue	\$ 391.7	\$ 340.2	15%
Foreign exchange impact (1)	(37.3)	-	
Segment Revenue on a constant currency basis	<u>\$ 354.4</u>	<u>\$ 340.2</u>	4%
Segment EBITDA	\$ 78.1	\$ 72.3	8%
Foreign exchange impact (1)	(8.4)	-	
Segment EBITDA on a constant currency basis	<u>\$ 69.7</u>	<u>\$ 72.3</u>	-4%
Margin	19.9%	21.3%	
Margin on a constant currency basis	19.7%	21.3%	

(1) Foreign exchange impact represents the difference between actual 2010 and 2010 calculated using 2009 exchange rates.