

## **First Data Reports Second Quarter Adjusted Revenue of \$1.6 Billion, Up 4%**

- ***Signed STAR® Network Agreement with SunTrust Banks***
- ***Generated \$594 million in operating cash flow and ended the quarter with \$2 billion in unrestricted liquidity***

**ATLANTA, Aug. 10, 2010** – [First Data Corporation](#) today reported its financial results for the second quarter ended June 30, 2010. Consolidated revenue of \$2.6 billion was up 18% compared to a year ago primarily driven by the formation of the Bank of America Merchant Services alliance. Adjusted revenue of \$1.6 billion increased 4% for the quarter driven by merchant acquiring growth in the Retail and Alliance Services segment, which was favorably impacted by the Bank of America Merchant Services alliance and better economic conditions compared to last year.

For the second quarter, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) was \$513 million, compared with \$589 million in the second quarter of 2009. Higher incentive compensation accruals of \$28 million, the termination of services by Washington Mutual, including a \$29 million dollar contract termination fee received in the prior year, and a write-off of receivables of \$17 million negatively affected the year-over-year comparison. For the quarter, the net loss attributable to First Data was \$171 million.

First Data generated \$594 million in operating cash flow for the second quarter and had \$2 billion in unrestricted liquidity—\$285 million in cash available for corporate use plus \$1.7 billion under the revolver—at quarter end.

“We continued to grow our top line this quarter by winning new business and renewing contracts while also benefitting from the modest economic recovery” said Joe Forehand, chairman and CEO. “We are committed to our strategy of putting the customer first and offering the best technological solutions available to meet their needs. Our extensive distribution and processing scale position us well for the future as the economy improves.”

### **Segment Results**

**Retail and Alliance Services** segment revenue grew 13% to \$854 million in the second quarter of 2010 compared to 2009. The significant increase in revenue was driven by transaction growth of 9% (excluding the effects of the Bank of America Merchant Services alliance) and double-digit revenue growth in the TeleCheck, prepaid card, and point-of-sale equipment lines of business. Credit/signature debit to PIN debit transaction mix was 72% and regional average ticket was \$69.50, down 1% compared to the same quarter a year ago. Segment EBITDA was \$345 million, up 6% compared to 2009 driven by revenue growth across all lines of business and reduced credit losses marking the first time segment EBITDA has shown growth since the second quarter of 2008. Margin for the second quarter was 40.4%. During the quarter, Retail and Alliance Services added five referral agreements, one new revenue sharing agreement and 13 new independent sales organizations.

**Financial Services** segment revenue for the second quarter was \$351 million, down 7%. The previously disclosed loss of Washington Mutual accounted for \$40 million of the decline, with \$29 million of the decline associated with contract termination fees and \$11 million associated with lost business volumes. Excluding the Washington Mutual termination, segment revenue increased 4%. New business and growth in transaction volumes offset pricing pressures and other customer losses. Active card accounts on file declined 2%, representing an improving trend. Debit issuer transactions were up 5% excluding the impacts of Washington Mutual. Segment EBITDA was \$135 million, compared with \$187 million for the second quarter of 2009. Segment EBITDA declined due to the Washington Mutual termination, a write-off of receivables and price compression. Margin for the second quarter was 38.3%.

**International** segment revenue for the second quarter was \$387 million, up 3% over the prior year. Segment revenue on a constant currency basis was up 2%, due in part to growth from the company's alliance with ICICI Bank in India as well as increased volumes and point-of-sale equipment sales in Latin America. Segment EBITDA was \$73 million, compared with \$105 million in the same quarter of 2009 and margin was 18.9%. The decline in segment EBITDA is attributable in part to pricing compression in the issuing business and a write-off of receivables. The impact of currency movements on segment EBITDA was negligible in the quarter.

### **Significant Events**

#### *STAR<sup>®</sup> Network signs SunTrust to exclusive agreement for PIN debit access*

On May 3, 2010, First Data announced that its STAR<sup>®</sup> Network signed a multi-year agreement with top-ten debit card issuer SunTrust Banks Inc. to provide PIN-secured debit point-of-sale and ATM access to its cardholders. Atlanta-based SunTrust is one of the largest banks in the United States, with approximately 1,700 retail branches and 2,800 ATMs across the Southeast and Mid-Atlantic.

#### *First Data Debuts eGifting Solution with Cold Stone Creamery*

On July 7, 2010, First Data and Cold Stone Creamery, an innovative super-premium ice cream brand, teamed up to offer a new gifting application through Facebook. Cold Stone Creamery, with more than 1,300 U.S. locations, is the first merchant to launch an online gifting program using the First Data<sup>SM</sup> eGift Social<sup>SM</sup> solution. Unlike other solutions in the marketplace, Cold Stone customers benefit from the convenience of being able to give multiple small items to one or more recipients with a single transaction.

#### *Amendment*

On Aug. 4, 2010, First Data launched a request for consent to an amendment to its existing credit agreement. This amendment, if approved, will provide the company with additional flexibility to extend its borrowings, execute various refinancing alternatives to address future maturities, and take action to improve the company's overall capital structure.

### **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](http://www.firstdata.com).

### **Investor Conference Call**

The company will host an investor conference call and webcast on Tuesday, Aug.10 at 8 a.m. ET to review second quarter financial results. Ray Winborne, First Data chief financial officer, will lead the call. Joining him for Q&A will be Joe Forehand, chairman and CEO; Ed Labry, president of Retail and Alliance Services; and Kevin Schultz, president of Financial Services.

The call will be webcast on the “Investor Relations” section of the First Data website at <http://ir.firstdatacorp.com/events.cfm>. A slide presentation to accompany the call will be included with the webcast and also will be available under the “Investor Relations” section of the website.

To listen to the call via teleconference, dial 877-303-6502 (U.S.) or +1-224-357-2195 (outside the U.S.).

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 the 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](http://www.firstdata.com).

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

	<b>Three months ended June 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
Revenues:			
Transaction and processing service fees (a):			
Merchant related services	\$ 883.8	\$ 709.6	25%
Check services	97.8	84.6	16%
Card services	431.1	454.2	-5%
Other services	144.6	123.1	17%
Product sales and other	207.5	205.2	1%
Reimbursable debit network fees, postage and other	849.9	631.9	34%
	<u>2,614.7</u>	<u>2,208.6</u>	18%
Expenses:			
Cost of services (exclusive of items shown below)	752.8	673.1	12%
Cost of products sold	99.7	80.2	24%
Selling, general and administrative	395.9	331.2	20%
Reimbursable debit network fees, postage and other	849.9	631.9	34%
Depreciation and amortization	347.4	365.6	-5%
Other operating expenses:			
Restructuring, net	23.9	8.4	NM
Litigation and regulatory settlements	(1.7)	-	NM
	<u>2,467.9</u>	<u>2,090.4</u>	18%
Operating profit	<u>146.8</u>	<u>118.2</u>	24%
Interest income	1.4	3.1	-55%
Interest expense	(450.9)	(449.6)	0%
Other income (expense) (b)	24.8	(3.6)	NM
	<u>(424.7)</u>	<u>(450.1)</u>	-6%
Loss before income taxes and equity earnings in affiliates	(277.9)	(331.9)	-16%
Income tax benefit	(122.4)	(112.8)	9%
Equity earnings in affiliates (a)	33.3	25.5	31%
Net loss	<u>(122.2)</u>	<u>(193.6)</u>	-37%
Less: Net income attributable to noncontrolling interests	49.0	2.3	NM
Net loss attributable to First Data Corporation	<u>\$ (171.2)</u>	<u>\$ (195.9)</u>	-13%

(See accompanying notes)

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

	<b>Six months ended June 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
Revenues:			
Transaction and processing service fees (a):			
Merchant related services	\$ 1,676.2	\$ 1,331.1	26%
Check services	188.3	171.1	10%
Card services	864.3	924.6	-7%
Other services	276.7	251.5	10%
Product sales and other	402.3	385.0	4%
Reimbursable debit network fees, postage and other	1,609.0	1,221.5	32%
	<u>5,016.8</u>	<u>4,284.8</u>	17%
Expenses:			
Cost of services (exclusive of items shown below)	1,508.3	1,387.4	9%
Cost of products sold	175.0	143.7	22%
Selling, general and administrative	774.6	657.7	18%
Reimbursable debit network fees, postage and other	1,609.0	1,221.5	32%
Depreciation and amortization	698.7	695.1	1%
Other operating expenses:			
Restructuring, net	36.4	33.5	NM
Litigation and regulatory settlements	(2.0)	(2.7)	NM
	<u>4,800.0</u>	<u>4,136.2</u>	16%
Operating profit	<u>216.8</u>	<u>148.6</u>	46%
Interest income	3.4	6.4	-47%
Interest expense	(899.8)	(897.8)	0%
Other income (expense) (b)	33.0	19.7	NM
	<u>(863.4)</u>	<u>(871.7)</u>	-1%
Loss before income taxes and equity earnings in affiliates	(646.6)	(723.1)	-11%
Income tax benefit	(260.5)	(257.6)	1%
Equity earnings in affiliates (a)	55.5	44.0	26%
Net loss	<u>(330.6)</u>	<u>(421.5)</u>	-22%
Less: Net income attributable to noncontrolling interests	80.7	5.7	NM
Net loss attributable to First Data Corporation	<u>\$ (411.3)</u>	<u>\$ (427.2)</u>	-4%

(See accompanying notes)

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

	<b>Three months ended June 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
<b>Revenues: (c)</b>			
Retail and Alliance Services	\$ 853.7	\$ 755.4	13%
Financial Services	351.4	378.0	-7%
International (d)	387.1	376.0	3%
Subtotal segment revenues	1,592.2	1,509.4	5%
All Other and Corporate	49.6	57.3	-13%
Adjustments to reconcile to Adjusted revenue:			
Official check and money order revenues (e)	(4.7)	2.7	NM
Eliminations of intersegment revenues	(16.3)	(14.2)	NM
Adjusted revenue	1,620.8	1,555.2	4%
Adjustments to reconcile to Consolidated revenues: (f)			
Divested businesses (d)	-	23.4	NM
Adjustments for non-wholly-owned entities (g)	57.7	(59.6)	NM
Official check and money order revenues (e)	4.7	(2.7)	NM
ISO commission expense (h)	81.6	60.4	NM
Reimbursable debit network fees, postage and other	849.9	631.9	34%
Consolidated revenues	\$ 2,614.7	\$ 2,208.6	18%
<b>Segment EBITDA: (i)</b>			
Retail and Alliance Services	\$ 344.9	\$ 325.9	6%
Financial Services	134.6	186.7	-28%
International (d)	73.0	104.9	-30%
Subtotal segment EBITDA	552.5	617.5	-11%
All Other and Corporate	(39.6)	(28.9)	37%
Adjusted EBITDA	512.9	588.6	-13%
Adjustments to reconcile to Loss before income taxes and equity earnings in affiliates: (f)			
Divested businesses (d)	1.4	8.8	NM
Adjustments for non-wholly-owned entities (g)	23.5	(41.3)	NM
Depreciation and amortization	(347.4)	(365.6)	-5%
Interest expense	(450.9)	(449.6)	0%
Interest income	1.4	3.1	-55%
Other items	2.6	(12.0)	NM
Stock based compensation	(1.2)	(4.6)	-74%
Official check and money order EBITDA (e)	1.2	(8.2)	NM
Cost of data center, technology and savings initiatives (j)	(13.7)	(43.8)	NM
KKR merger related items (k)	(7.7)	(7.3)	NM
Loss before income taxes and equity earnings in affiliates	\$ (277.9)	\$ (331.9)	-16%
<b>Segment depreciation and amortization: (a)</b>			
Retail and Alliance Services	\$ 168.8	\$ 185.9	-9%
Financial Services	91.9	108.5	-15%
International (d)	68.4	67.7	1%
Subtotal segment depreciation and amortization	329.1	362.1	-9%
All Other and Corporate	10.2	18.6	-45%
Adjusted depreciation and amortization	339.3	380.7	-11%
Adjustments to reconcile to consolidated depreciation and amortization:			
Divested businesses (d)	-	3.2	NM
Adjustments for non-wholly-owned entities (g)	26.2	(0.3)	NM
Amortization of initial payments for new contracts	9.1	5.4	69%
Total consolidated depreciation and amortization	\$ 374.6	\$ 389.0	-4%

(See accompanying notes)

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

	Six months ended June 30,		Change
	2010	2009	
<u>Revenues: (c)</u>			
Retail and Alliance Services	\$ 1,590.9	\$ 1,446.6	10%
Financial Services	697.5	750.6	-7%
International (d)	778.8	716.2	9%
Subtotal segment revenues	3,067.2	2,913.4	5%
All Other and Corporate	107.8	128.6	-16%
Adjustments to reconcile to Adjusted revenue:			
Official check and money order revenues (e)	(14.6)	(0.6)	NM
Eliminations of intersegment revenues	(31.2)	(28.5)	NM
Adjusted revenue	3,129.2	3,012.9	4%
Adjustments to reconcile to Consolidated revenues: (f)			
Divested businesses (d)	-	47.2	NM
Adjustments for non-wholly-owned entities (g)	110.1	(110.4)	NM
Official check and money order revenues (e)	14.6	0.6	NM
ISO commission expense (h)	153.9	113.0	NM
Reimbursable debit network fees, postage and other	1,609.0	1,221.5	32%
Consolidated revenues	\$ 5,016.8	\$ 4,284.8	17%
<u>Segment EBITDA: (i)</u>			
Retail and Alliance Services	\$ 594.2	\$ 590.8	1%
Financial Services	267.7	349.1	-23%
International (d)	151.1	177.2	-15%
Subtotal segment EBITDA	1,013.0	1,117.1	-9%
All Other and Corporate	(75.8)	(57.0)	33%
Adjusted EBITDA	937.2	1,060.1	-12%
Adjustments to reconcile to Loss before income taxes and equity earnings in affiliates: (f)			
Divested businesses (d)	1.4	23.3	NM
Adjustments for non-wholly-owned entities (g)	43.2	(74.3)	NM
Depreciation and amortization	(698.7)	(695.1)	1%
Interest expense	(899.8)	(897.8)	0%
Interest income	3.4	6.4	-47%
Other items	(1.4)	(11.1)	NM
Stock based compensation	(6.5)	(9.1)	-29%
Official check and money order EBITDA (e)	7.6	(10.6)	NM
Cost of data center, technology and savings initiatives (j)	(19.5)	(101.2)	NM
KKR merger related items (k)	(13.5)	(13.5)	NM
Eliminations	-	(0.2)	NM
Loss before income taxes and equity earnings in affiliates	\$ (646.6)	\$ (723.1)	-11%
<u>Segment depreciation and amortization: (a)</u>			
Retail and Alliance Services	\$ 337.2	\$ 373.3	-10%
Financial Services	175.9	188.9	-7%
International (d)	142.3	129.4	10%
Subtotal segment depreciation and amortization	655.4	691.6	-5%
All Other and Corporate	24.9	33.5	-26%
Adjusted depreciation and amortization	680.3	725.1	-6%
Adjustments to reconcile to consolidated depreciation and amortization:			
Divested businesses (d)	-	6.2	NM
Adjustments for non-wholly-owned entities (g)	54.8	(0.6)	NM
Amortization of initial payments for new contracts	18.7	10.4	80%
Total consolidated depreciation and amortization	\$ 753.8	\$ 741.1	2%

(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 \$18.1 million and \$36.4 million for the three and six months ended June 30, 2010, respectively, and \$18.0 million and \$35.6 million for the three and six months ended June 30, 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 expenses 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, expenses related to the reorganization of global application development resources, expenses 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.

	<b>Three Months Ended June 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
<b><u>Financial Services</u></b>			
Segment Revenue	\$ 351.4	\$ 378.0	-7%
Washington Mutual lost business	(3.6)	(43.7)	
Segment Revenue adjusted for Washington Mutual lost business	<u>\$ 347.8</u>	<u>\$ 334.3</u>	4%

	<b>Three Months Ended June 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
<b><u>International</u></b>			
Segment Revenue	\$ 387.1	\$ 376.0	3%
Foreign exchange impact (1)	(2.7)	-	
Segment Revenue on a constant currency basis	<u>\$ 384.4</u>	<u>\$ 376.0</u>	2%

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