

CONCORD EFS INC  
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Concord EFS, Inc. issued the following press release today:

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**Concord EFS Reports \$0.19 Diluted Earnings Per Share on Revenue Growth of 14%**

*Third quarter results include \$9.5 million in merger and acquisition charges*

Memphis, TN October 23, 2003 Concord EFS, Inc. (NYSE: CE), a national electronic commerce provider, today announced third quarter revenue growth of 14% on transaction growth of 15%. Diluted earnings per share was \$0.19 on a reported basis, up 6% over third quarter 2002, which includes merger and acquisition charges of \$9.5 million in 2003 and a favorable adjustment for litigation settlement of \$11.0 million in 2002. Pro forma diluted earnings per share, which excludes merger and acquisition charges and litigation settlement charges, was up 27% to \$0.21 for the third quarter.

Financial Highlights	3rd Quarter GAAP			3rd Quarter Pro Forma*		
	Quarter Ended September 30,			Quarter Ended September 30,		
	2003	2002	%	2003	2002	%
Revenues (in thousands)	\$ 588,486	\$ 514,389	14%	\$ 588,486	\$ 514,389	14%
Net Income (in thousands)	\$ 92,584	\$ 94,329	(2%)	\$ 102,075	\$ 87,179	17%
Diluted Earnings Per Share	\$ 0.19	\$ 0.18	6%	\$ 0.21	\$ 0.17	27%

\* Excludes merger and acquisition charges and litigation settlement charges.

This was a good, solid quarter, which reflects the results of focused efforts across many fronts: Controlling costs, reducing the backlog in new merchant locations, and renewed stock buyback, said Bond R. Isaacson, Concord co-chief executive officer. We had our best quarter ever in new quick service restaurant locations, which grew a net 2,700 restaurants and represented approximately 21% of merchant location growth. Network Services revenue growth improved to its highest level since third quarter 2002. Year over year growth in cost of operations, exclusive of interchange, was kept to its lowest level since first quarter 2002, and selling, general and administrative costs declined as a percentage of revenue for the third quarter in a row. We believe we are entering the fourth quarter with good momentum.

Year to date 2003 revenue was up 18% over 2002 on transaction growth of 18%, while diluted earnings per share was up 30%. Year to date results include merger and acquisition expense of \$17.4 million in 2003 and acquisition, restructuring and write-off charges and litigation settlement charges totaling \$86.3 million in 2002. The company currently expects merger-related expenses in connection with the proposed merger with First Data Corporation to be between \$20 million and \$23 million for the full year 2003, exclusive of investment banking fees payable upon completion of the deal.

### **Stock Repurchase**

During the third quarter 2003 a total of 21.8 million shares at an aggregate cost of \$306.3 million were purchased and retired. As of September 30, 2003, a total of 48.6 million shares at an aggregate cost of \$699.9 million were purchased and retired since the repurchase plan was initiated in the third quarter 2002.

Market conditions and anticipation of stock repurchase activity prompted the company to liquidate certain third-party securities held for investment in the third quarter, which resulted in a gain on sale of securities of \$7.6 million. The securities gain is included in other income.

### **Business Segment Highlights**

**Network Services.** Network Services revenue increased 9% to \$169.2 million on transaction volume growth of 9% in the third quarter 2003. Year to date Network Services revenue was \$488.4 million, up 7%. Year to date transaction volume increased 12%, including 18% growth in STAR<sup>sm</sup> PIN-secured debit transactions. There are approximately 132 million debit cards that display the STAR brand and that may be used at approximately 1,257,000 ATM and point of sale locations for financial transactions and purchases coast-to-coast. Concord currently provides processing for 20.6 million debit cards and approximately 94,100 ATMs.

**Payment Services.** Payment Services revenue was \$419.3 million in the third quarter 2003, up 17% on transaction volume growth of 23%. Year to date revenue was \$1,190.0 million, up 23%. Payment Services transactions year to date were up 27%, with continued strong growth across all payment types: acquired credit and signature debit, up 24%; acquired PIN-debit, up 27%; and

electronic benefits transfer transactions, up 33%. Payment Services revenue includes interchange fees of \$268.6 million in third quarter 2003, up 22% as compared to \$220.1 million in third quarter 2002, and \$766.4 million year to date 2003, up 32% as compared to \$580.5 million year to date 2002. Payment Services currently provides payment-processing services for approximately 446,000 merchant locations, including 20,300 quick service restaurant locations.

### **Financial Measures**

Pro forma net income and pro forma diluted earnings per share are non-GAAP (generally accepted accounting principles) measures and should be viewed in addition to, and not in lieu of, the company's reported results. Reconciliations to comparable GAAP measures are provided below under the heading "Reconciliation" and in the "Financials" section of Concord's website at [www.cestock.com](http://www.cestock.com). Pro forma net income and pro forma diluted earnings per share exclude merger and acquisition charges and litigation settlement charges, as detailed in the reconciliations provided below.

### **Conference Call Information**

A conference call to discuss these results will be held today at 10:00 a.m. CDT (11:00 a.m. EDT) with Dan M. Palmer, co-chief executive officer, Bond R. Isaacson, co-chief executive officer, Edward A. Labry III, president, and Edward T. Haslam, chief financial officer. To listen to the conference call, dial 1-800-549-8229 (United States) or 630-691-2740 (international) and enter identification number 7815512. A replay of the call will be available beginning October 24 and running through October 31, 2003 by dialing 1-888-843-8996 (United States) or 1-630-652-3044 (international) and entering identification number 7815516. To access the slide presentation and listen to the call via the Internet, go to Concord's investor relations homepage at [www.cestock.com](http://www.cestock.com) and click on the link "Webcast" up to 15 minutes in advance of the call. A replay of the Webcast will be available at the same location beginning October 24 and running through November 7, 2003.

**Selected Consolidated Financial Data**

The following table presents selected consolidated financial data (in thousands, except earnings per share) for the third quarter 2003 and 2002.

	<b>Quarter Ended:</b>	
	<b>Sept 30, 2003</b>	<b>Sept 30, 2002</b>
Revenue	<b>\$ 588,486</b>	\$ 514,389
Cost of Operations	<b>421,922</b>	367,179
Selling, General and Administrative Expenses	<b>34,139</b>	31,233
Merger, Acquisition, Restructuring and Write-Off Charges	<b>9,491</b>	
Litigation Settlement Charges (Credits)		(11,000)
Operating Income	<b>122,934</b>	126,977
Investment Income	<b>12,455</b>	20,653
Interest Expense	<b>1,890</b>	3,054
Other Income, net	<b>7,166</b>	1,023
Income Taxes	<b>47,826</b>	50,959
Minority Interest in Subsidiary	<b>255</b>	311
Net Income	<b>\$ 92,584</b>	\$ 94,329
Basic Earnings Per Share	<b>\$ 0.19</b>	\$ 0.18
Diluted Earnings Per Share	<b>\$ 0.19</b>	\$ 0.18
Shares Used For:		
Basic Earnings Per Share	<b>475,382</b>	512,546
Diluted Earnings Per Share	<b>486,749</b>	527,856

The following table presents selected consolidated financial data (in thousands, except earnings per share) for the nine months ended September 30, 2003 and 2002.

	<b>Nine Months Ended:</b>	
	<b>Sept 30, 2003</b>	<b>Sept 30, 2002</b>
Revenue	<b>\$ 1,678,391</b>	\$ 1,424,251
Cost of Operations	<b>1,220,768</b>	980,996
Selling, General and Administrative Expenses	<b>100,393</b>	88,372
Merger, Acquisition, Restructuring and Write-Off Charges	<b>17,440</b>	76,506
Litigation Settlement Charges		9,761
Operating Income	<b>339,790</b>	268,616
Investment Income	<b>41,718</b>	59,723
Interest Expense	<b>6,259</b>	8,816
Other Income, net	<b>18,314</b>	7,937
Income Taxes	<b>136,340</b>	115,033
Minority Interest in Subsidiary	<b>806</b>	671
Net Income	<b>\$ 256,417</b>	\$ 211,756
Basic Earnings Per Share	<b>\$ 0.53</b>	\$ 0.41
Diluted Earnings Per Share	<b>\$ 0.52</b>	\$ 0.40
Shares Used For:		
Basic Earnings Per Share	<b>482,830</b>	510,973
Diluted Earnings Per Share	<b>493,356</b>	530,255

**Reconciliation**

The following table provides reconciliations between reported net income and reported diluted earnings per share and pro forma net income and pro forma diluted earnings per share for the third quarter 2003 and 2002. Pro forma net income and pro forma diluted earnings per share, which exclude merger and acquisition charges and litigation settlement charges, are non-GAAP measures that management believes are useful to investors because they enhance understanding of the company's performance by providing comparative results that exclude certain items that management believes are not indicative of operating trends.

	Quarter Ended:		
	Sept 30, 2003	Sept 30, 2002	% Change
Reported net income	\$ 92,584	\$ 94,329	(1.9%)
Merger and acquisition charges	9,491		
Litigation settlement charges (credits)		(11,000)	
Income taxes related to charges		3,850	
Pro forma net income	\$ 102,075	\$ 87,179	17.1%
Reported net income	\$ 92,584	\$ 94,329	(1.9%)
Shares used for diluted earnings per share	486,749	527,856	
Reported diluted earnings per share	\$ 0.19	\$ 0.18	6.4%
Pro forma net income	\$ 102,075	\$ 87,179	17.1%
Shares used for diluted earnings per share	486,749	527,856	
Pro forma diluted earnings per share	\$ 0.21	\$ 0.17	26.9%

**About Concord EFS, Inc.**

Concord EFS, Inc., a vertically integrated electronic transaction processor, provides the technology and network systems that make payments and other financial transactions faster, more efficient, and more secure than paper-based alternatives. Concord acquires, routes, authorizes, captures, and settles virtually all types of electronic payment and deposit access transactions for financial institutions and merchants nationwide. Concord's primary activities include Network Services, which provides automated teller machine (ATM) processing, debit card processing, deposit risk management, and STAR<sup>SM</sup> network access principally for financial institutions; and Payment Services, which provides point of sale processing, settlement, and related services, with specialized systems focusing on supermarkets, major retailers, gas stations, convenience stores, restaurants, and trucking companies.

**Information Regarding Proposed Merger With First Data**

This communication is not a solicitation of a proxy from any security holder of First Data Corporation or Concord EFS, Inc. First Data has filed with the Securities and Exchange Commission (SEC) a joint proxy statement/prospectus concerning the planned merger of Concord with a subsidiary of First Data. WE URGE INVESTORS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors can obtain the joint proxy statement/prospectus and other relevant documents free of charge at the SEC's website, www.sec.gov. In addition, documents filed with the SEC by Concord are available free of charge from Concord Investor Relations, 2525 Horizon Lake Drive, Suite 120, Memphis, TN 38133. Documents filed with the SEC by First Data are available free of charge from First Data Investor Relations, 6200 S. Quebec St., Suite 340, Greenwood Village, CO 80111.

**Notice to Investors, Prospective Investors and the Investment Community:**

**Cautionary Information Regarding Forward-Looking Statements**

This release may contain or incorporate by reference forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect management's expectations, estimates, and assumptions, based on information available at the time of the statement or, with respect to any document incorporated by reference, available at the time that such document was prepared. Forward-looking statements include, but are not limited to, statements regarding future events, plans, goals, objectives, and expectations. The words anticipate, believe, estimate, expect, plan, intend, likely, will, should, and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and other factors, including those set forth below, which may cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements expressed or implied by those statements.

Important factors that could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by those statements include, but are not limited to: (i) the failure to successfully execute our corporate consolidation plans, (ii) the loss of key personnel or inability to attract additional qualified personnel, (iii) the loss of key customers or renewal of customer contracts on less favorable terms, (iv) increasing competition and its effect on our margins, (v) changes in card association rules and practices, (vi) the inability to remain current with rapid technological change, (vii) risks related to acquisitions, (viii) the imposition of additional state taxes, (ix) continued consolidation in the banking and retail industries, (x) business cycles and the credit risk of our merchant customers, (xi) the outcome of litigation involving VISA and MasterCard, (xii) utility and system interruptions or processing errors, (xiii) information theft, (xiv) susceptibility to merchant fraud and credit and fraud risk of entities we sponsor into networks, (xv) changes in card association fees or products, (xvi) automated teller machine market saturation or restrictions on surcharging, (xvii) rules and regulations governing financial institutions and other networks and changes in such rules and regulations, (xviii) the timing and extent of changes in interest rates, (xix) volatility of the price of our common stock, (xx) litigation risks, and (xxi) the receipt of regulatory and shareholder approvals required for the planned merger with First Data Corporation, as well as the timing of the anticipated completion and possible conditions of the planned merger and their consequences.

Concord undertakes no obligation to update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, or changes to future results over time. See the cautionary statements included as Exhibit 99.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 as filed on August 11, 2003 for a more detailed discussion of certain of the factors that could cause our actual results to differ materially from those included in the forward-looking statements.



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Concord EFS, Inc. hosted a conference call today to discuss earnings information for its third quarter of 2003 ended September 30, 2003. In connection with the conference call, Concord EFS, Inc. prepared the following slides, which are being made available for review on the Company's website:

**Concord EFS, Inc.**  
**3<sup>rd</sup> Quarter 2003 Financial Results**

Conference Call and Webcast

October 23, 2003

### **Important Information for Investors**

This presentation may contain or incorporate by reference forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our actual performance or achievements may be materially different from any future results, performance, or achievements expressed or implied by those statements. See slides 18 and 19 for a more detailed discussion of forward-looking statements and certain of the factors that could cause our actual results to differ materially from those included in the forward-looking statements.

This communication is not a solicitation of a proxy from any security holder of First Data Corporation or Concord EFS, Inc. First Data has filed with the Securities and Exchange Commission (SEC) a joint proxy statement/prospectus concerning the planned merger of Concord with a subsidiary of First Data. **WE URGE INVESTORS TO READ THE JOINT PROXY STATEMENT/ PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION.** Investors can obtain the joint proxy statement/prospectus and other relevant documents free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, documents filed with the SEC by Concord are available free of charge from Concord Investor Relations and documents filed with the SEC by First Data are available free of charge from First Data Investor Relations.

**Financial Highlights**

**Year to Date**

**Third Quarter**

**30%**

**21%**

**27%**

**18%**

**\$0.52**

**\$256.4**

**\$339.8**

**\$1,678.4**

**2003**

**(3%)**

**\$122.9**

**Operating  
Income**

**(2%)**

**\$92.6**

**Net Income**

**6%**

**\$0.19**

**Diluted EPS**

**14%**

**\$588.5**

**Revenue**

**2003**

Note: Operating income, net income, and diluted EPS include merger and acquisition costs of \$9.5 million in Q3 2003 and \$17.4 million YTD 2003. Comparison percentages of these items include a favorable adjustment for litigation settlement charges of \$11.0 million in Q3 2002 and acquisition, restructuring and write-off charges and litigation settlement charges totaling \$86.3 million YTD 2002.

*in millions except earnings per share*

**% Change**

**vs. 2002**

**% Change**

**vs. 2002**

**Financial Highlights Pro Forma**

**Third Quarter**

**14%**

**\$132.4**

**Operating Income**

**17%**

**\$102.1**

**Net Income**

**27%**

**\$0.21**

**Diluted EPS**

**14%**

**\$588.5**

**Revenue**

**2003**

Note: Pro forma operating income, pro forma net income, and pro forma diluted EPS exclude the effects of merger and acquisition costs of \$9.5 million in Q3 2003 and comparison percentages of these items exclude the effects of a favorable adjustment for litigation settlement charges of \$11.0 million in Q3 2002. Merger and acquisition charges are assumed to be non-deductible for tax purposes.

*Excludes merger and acquisition charges and litigation settlement charges  
(in millions, except earnings per share)*

**% Change**

**vs. 2002**

**YTD Transaction Growth by Type**

*2003 vs. 2002*

*Payment Services +27%*

*Network Services +12%*

**Revenue by Segment**

\*Interchange fees are included in Payment Services revenue.



**Quarter Margin Comparisons**

**Quarter Margin Comparisons Pro Forma**

**Sequential Quarters**

**Third Quarters**

**YTD Margin Comparisons**

**Key Metrics**

**6,100**

**Financial Institutions**

**132 million**

**STAR branded cards**

**1,002,600**

**STAR POS locations**

**20,300**

**QSR locations**

**94,100**

**ATMs Processed**

**254,700**

**STAR ATMs**

**446,000**

**Merchant locations**

**Q3 '03**

**4<sup>th</sup> Quarter Focus**

Complete merger with FDC

Integration planning for merger

New business development and sales  
initiatives

Improve operating efficiencies

**Reconciliations**

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**(11,000)**

**Litigation settlement charges (credits)  
included in operating income**

**14.2%**

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**(3.2%)**

**Change**

**\$132,425**

**\$115,977**

**Pro forma operating income**

**9,491**

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**Merger and acquisition charges  
included in operating income**

**\$122,934**

**\$126,977**

**Reported operating income**

**Q3 2003**

**Q3 2002**

Pro forma operating income, which excludes merger and acquisition charges and litigation settlement charges, is a non-GAAP financial measure that we believe is useful to investors because it enhances the understanding of the company's performance by providing comparative results that exclude certain items that we believe are not indicative of operating trends.

**Pro Forma Operating Income Reconciliation**

*Excludes merger and acquisition charges and litigation settlement charges  
(in thousands)*

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3,850

**Income taxes related to charges**

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(11,000)

**Litigation settlement charges (credits)  
included in net income**

17.1%

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(1.9%)

**Change**

\$102,075

\$87,179

**Pro forma net income<sup>1</sup>**

9,491

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**Merger and acquisition charges  
included in net income**

\$92,584

\$94,329

**Reported net income**

**Q3 2003**

**Q3 2002**



<sup>1</sup>Reported diluted earnings per share was \$0.19 for Q3 2003. Merger and acquisition charges had the effect on net income of reducing reported diluted earnings by \$0.02. Excluding the effect of these charges, pro forma diluted earnings per share was \$0.21 for Q3 2003. Merger and acquisition charges are assumed to be non-deductible for tax purposes.

Pro forma net income, which excludes merger and acquisition charges and litigation settlement charges, is a non-GAAP financial measure that we believe is useful to investors because it enhances the understanding of the company's performance by providing comparative results that exclude certain items that we believe are not indicative of operating trends.

**Pro forma Net Income Reconciliation**

*Excludes merger and acquisition charges and litigation settlement charges  
(in thousands)*

8.6%

22.0%

16.8%

Change

\$150,739

\$138,750

Revenue, net of interchange fees

268,576

220,139

Interchange fees included in revenue

\$419,315

\$358,889

Reported revenue

Q3 2003

Q3 2002

Payment Services revenue net of interchange is an alternative GAAP revenue recognition method that we believe is useful to investors because it enables comparison with certain industry peers.

**Payment Services Revenue Reconciliation**

*Revenue, net of interchange (in thousands)*

28.30%

26.08%

**Gross margin, including interchange fees**

52.07%

48.97%

**Gross margin, net of interchange**

**\$166,564**

**\$148,661**

**Reported gross profit<sup>1</sup>**

**\$319,910**

**\$303,604**

**Revenue, net of interchange fees**

268,576

266,442

**Interchange fees included in revenue**

**\$588,486**

**\$570,046**

**Reported revenue**

**Q3 2003**

**Q2 2003**

**Sequential Quarters**

<sup>1</sup> Gross profit is the same whether calculated including interchange fees or net of interchange fees. This is because interchange fees are a component of both revenue and cost of operations.

Revenue net of interchange is an alternative GAAP revenue recognition method that we believe is useful to investors because it enables comparison of gross profit margin with certain industry peers.

**Revenue Reconciliation**

*Revenue, net of interchange (in thousands)*

**28.30%**

**28.62%**

**Gross margin, including interchange fees**

**52.07%**

**50.03%**

**Gross margin, net of interchange**

**\$166,564**

**\$147,210**

**Reported gross profit<sup>1</sup>**

**\$319,910**

**\$294,250**

**Revenue, net of interchange fees**

**268,576**

**220,139**

**Interchange fees included in revenue**

**\$588,486**

**\$514,389**

**Reported revenue**

**Q3 2003**

**Q3 2002**

**Third Quarters**

**Disclosures**

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## Important Information for Investors

Important factors that could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by those statements include, but are not limited to: (i) the failure to successfully execute our corporate consolidation plans, (ii) the loss of key personnel or inability to attract additional qualified personnel, (iii) the loss of key customers or renewal of customer contracts on less favorable terms, (iv) increasing competition and its effect on our margins, (v) changes in card association rules and practices, (vi) the inability to remain current with rapid technological change, (vii) risks related to acquisitions, (viii) the imposition of additional state taxes, (ix) continued consolidation in the banking and retail industries, (x) business cycles and the credit risk of our merchant customers, (xi) the outcome of litigation involving VISA and MasterCard, (xii) utility and system interruptions or processing errors, (xiii) information theft, (xiv) susceptibility to merchant fraud and credit and fraud risk of entities we sponsor into networks, (xv) changes in card association fees or products, (xvi) automated teller machine market saturation or restrictions on surcharging, (xvii) rules and regulations governing financial institutions and other networks and changes in such rules and regulations, (xviii) the timing and extent of changes in interest rates, (xix) volatility of the price of our common stock, (xx) litigation risks, and (xxi) the receipt of regulatory and shareholder approvals required for the planned merger with First Data Corporation, as well as the timing of the anticipated completion and possible conditions of the planned merger and their consequences.