CONCORD EFS INC
Form 424B3
December 01, 2011
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Registration Statement No. 333-177357

PROSPECTUS

FIRST DATA CORPORATION

Offer to Exchange (the Exchange Offer)

$3,000,000,000 aggregate principal amount of its 12.625% Senior Notes due 2021 (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 unregistered 12.625% Senior Notes due 2021 (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We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.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 12:00 a.m., New York City time, on December 29, 2011, unless extended. We do not currently intend to extend the expiration date.

The exchange of outstanding notes for exchange notes in the exchange offers will not constitute taxable events to holders for United States 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 exchange 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 11 for a discussion of certain risks that you should consider before participating in the exchange offer.

Neither the Securities and Exchange Commission (the SEC) 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 December 1, 2011.

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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., a Delaware corporation formed by investment funds associated with Kohlberg Kravis Roberts & Co. L. P. (KKR), merged with and into First Data Corporation (First Data) (the Merger), with First Data continuing as the surviving corporation and an indirect subsidiary of New Omaha Holdings L. P. (the Parent). As a result of the Merger, investment funds associated with or designated by KKR and certain other co-investors indirectly own First Data.

The financial information presented in this prospectus is presented for two periods: Predecessor and Successor, which primarily relate to the periods preceding the Merger and the periods succeeding the Merger, 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 periods beginning September 25, 2007, including all impacts of purchase accounting.

A substantial portion of our business is conducted through alliances with banks and other institutions. Where we discuss the operations of our Retail and Alliance Services segment, 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 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 of these ventures 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.

Unless the context requires otherwise, in this prospectus, First Data, FDC, the Company, we, us and our refer to First Data Corporation a consolidated subsidiaries, both before and after the consummation of the Merger described herein. References to the notes refer to the outstanding notes and the exchange notes.

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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 exchange 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 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 global technology and payments processing leader, providing electronic commerce and payment solutions for merchants, financial institutions and card issuers worldwide. We process nearly 1,700 transactions every second, and serve more than six million merchant locations, thousands of card issuers and millions of consumers in 35 countries, with a leading market position in each of our core businesses, 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, product innovation and high-quality, reliable service. As a result, our revenues are highly diversified across customers, products, geography and distribution channels, with no single customer accounting for more than 3% of our 2010 adjusted revenue. 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.

Our principal executive offices are located at 5565 Glenridge Connector, N.E., Suite 2000, Atlanta, Georgia 30342. The telephone number of our principal executive offices is (404) 890-2000. Our Internet address is *http://www.firstdata.com*. Information on our web site does not constitute part of this prospectus.

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The Exchange Offer

On December 17, 2010, First Data issued in a private placement $3,000,000,000 aggregate principal amount of outstanding notes.

General	In connection with the private placement of the outstanding notes, First Data and the guarantors of the outstanding notes entered into a registration rights agreement pursuant to which we agreed, under certain circumstances, to use our reasonable best efforts to file a registration statement relating to an offer to exchange the outstanding notes for exchange notes and have it declared effective by the SEC 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 $3,000,000,000 aggregate principal amount of its exchange notes which have been registered under the Securities Act for any and all of its outstanding notes. 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 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.

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	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 12.00 a.m., New York City time, on December 29, 2011, 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	The 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 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;

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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 outstanding notes will have fulfilled a covenant under the registration rights agreement. Accordingly, there will be no increase in the 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 outstanding 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 we 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 constitute taxable events to holders 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.

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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	$3,000,000,000 aggregate principal amount of exchange notes.
Maturity Date	The exchange notes will mature on January 15, 2021.
Interest Rate	Interest on the exchange notes will be payable in cash and will accrue at a rate of 12.625% per annum.
Interest Payment Dates	We will pay interest on the exchange notes on January 15 and July 15. Interest began to accrue from the issue date of the notes.
Mandatory Principal Redemption	If any of the exchange notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Code, at the end of each accrual period (as defined in Section 1272(a)(5) of the Code) ending after the fifth anniversary of the outstanding notes issuance (each, an AHYDO redemption date), we will be required to redeem for cash the portion, if any, of each exchange notes then outstanding equal to the Mandatory Principal Redemption Amount (each such redemption, a Mandatory Principal Redemption). The redemption price for the portion of each exchange note redeemed pursuant to any Mandatory Principal Redemption will be 100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. Mandatory Principal Redemption Amount means, as of each AHYDO redemption date, the portion, if any, of a exchange note required to be redeemed to prevent such exchange note from being treated as an applicable high yield discount obligation within the meaning of Section 163(i)(1) of the Code, determined without regard to the provisions of IRS Notice 2010-11. No partial redemption or repurchase of the exchange notes prior to any AHYDO redemption date pursuant to any other provision of the indenture governing the exchange notes will alter our obligation to make any Mandatory Principal Redemption with respect to any exchange notes that remain outstanding on such AHYDO redemption date.
Ranking	The exchange notes will be unsecured senior obligations and will:
	rank senior in right of payment to all existing and future subordinated indebtedness;

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- rank equal in right of payment with all of our existing and future senior indebtedness;
- 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 other secured obligations; 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 subsidiary guarantor).

As of September 30, 2011, on an as adjusted basis after giving effect to this exchange offer:

- the exchange notes and related guarantees would have ranked effectively junior in right of payment to $169.8 million of capital leases;
- the exchange notes and related guarantees would have been structurally subordinated to approximately $126.2 million of debt of our non-guarantor subsidiaries, which consists of borrowings under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity; these arrangements are primarily associated with our international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty. As of September 30, 2011, our non-guarantor subsidiaries had additional availability of approximately $266.8 million (of which none was uncommitted);
- the exchange notes and related guarantees would have ranked effectively junior in right of payment to $11,238.6 million of senior secured indebtedness under our senior secured credit facilities and $4,203.5 million of our senior secured notes to the extent of the value of the collateral; we would have had an additional $1,482.3 million of availability under the senior secured credit facilities (without giving effect to $44.9 million of outstanding letters of credit);
- the exchange notes and related guarantees would have ranked effectively equal in right of payment to $4,507.0 million of our senior unsecured notes; and
- the exchange notes and related guarantees would have ranked effectively senior in right of payment to $2,500.0 million of our senior subordinated notes and $57.9 million of other unsecured debt.

Guarantees

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

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	guarantees of the notes will be a general senior obligation of each subsidiary guarantor and will:
	rank senior in right of payment to all existing and future subordinated indebtedness of the guarantor subsidiary;
	rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiary;
	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 to all existing and future indebtedness and other liabilities of any subsidiary of a subsidiary 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 $4,001 million, or 36%, of our consolidated revenue (without giving effect to consolidation adjustments), and $936 million, or approximately 31%, of our consolidated EBITDA (without giving effect to consolidation adjustments), in each case for the twelve months ended September 30, 2011. As of September 30, 2011, our non-guarantor subsidiaries had $12,244 million, or approximately 41%, of our total assets (excluding settlement assets) and liabilities (excluding settlement liabilities) of $299 million (an asset balance due to net intercompany accounts with parent and guarantor subsidiaries). Additionally, guarantor subsidiaries hold equity interests in entities that are not consolidated subsidiaries that accounted for $194 million, or approximately 6%, of consolidated EBITDA (without giving effect to consolidation adjustments) for the twelve months ended September 30, 2011. As of September 30, 2011, our non-guarantor subsidiaries had $267 million remaining available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various currencies, the most significant of which are the euro, Australian dollar and Polish zloty. Total amounts outstanding against short-term lines of credit and other arrangements were $126 million as of September 30, 2011.
Optional Redemption	We may redeem the exchange notes, in whole or in part, at any time prior to January 15, 2016, 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 January 15, 2016, at the redemption prices set forth under Description of Notes Optional Redemption.

Additionally, from time to time on or before January 15, 2014, we may choose to redeem up to 35% of the aggregate principal amount

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	of the 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 may 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 Asset Sales.
Certain Covenants	The indenture governing the exchange notes contain 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.
Original Issue Discount	We will treat the exchange notes as having been issued with original issue discount (OID) for United States federal income tax purposes in an amount equal to the difference between their stated principal amount and the fair market value of the corresponding outstanding notes exchanged therefor on the date of initial issuance of such

	corresponding outstanding notes. U.S. holders (as defined in Certain United States Federal Income Tax Consequences) of the exchange notes will be required to include such OID in gross income on a constant yield to maturity basis in advance of the receipt of cash payment thereof regardless of such holders method of accounting for United States federal income tax purposes. See Certain United States Federal Income Tax Consequences.
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,

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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.

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.

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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 placement 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 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. 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 and Our Business

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 debt obligations.

We are highly leveraged. As of September 30, 2011, we had $22.8 billion of total debt. Our high degree of leverage could have important consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial and increasing 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; for example, per the terms of our 10.55% PIK Notes (as defined below), we have been permitted to pay interest in-kind with additional notes, but will be required to pay all interest in cash starting March 2012. As of September 30, 2011, we had $748.4 million aggregate principal amount of these 10.55% PIK Notes outstanding. In addition, per the terms of our 8.75%/10.00% PIK Toggle Notes (as defined below), we have been permitted to pay interest in-kind with additional notes, but will be required to pay all interest in cash starting January 2014. As of September 30, 2011, we had $1,000.0 million aggregate principal amount ($991.7 million net of discount) of these 8.75%/10.00% PIK Toggle Notes outstanding;
- exposing us to the risk of increased interest rates because certain of our borrowings, including and most significantly borrowings under our senior secured credit facilities, are at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, 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 non-strategic divestitures;
- making it more difficult for us to obtain network sponsorship and clearing services from financial institutions;
- 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.

A substantial amount of this indebtedness consists of our indebtedness under our senior secured term loan facility, which matures in September 2014, or March 2018 in the case of the dollar-denominated term loan tranche and the euro-denominated term loan tranche (collectively, the Tranche C Loans). Our senior secured revolving credit facility matures in September 2013, or September 2016 (subject to certain conditions discussed under Description of Other Indebtedness Senior Secured Credit Facilities Amendments) in the case of the 2016 Revolving Credit

Facility. We may not be able to refinance our senior secured credit facilities or our other indebtedness because of our high levels of debt, debt incurrence restrictions under our debt agreements or because of adverse conditions in credit markets generally.

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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 credit agreement governing our senior secured credit facilities, the indentures governing our 7.375% Senior Secured First Lien Notes due 2019 (the 7.375% Notes), our 8.875% Senior Secured First Lien Notes due 2020 (the 8.875% Notes), our 8.25% Senior Secured Second Lien Notes due 2021 (the 8.25% Notes), our 8.75%/10/00% PIK Toggle Senior Secured Second Lien Notes due 2022 (the 8.75%/10/00% PIK Toggle Notes and, together with the 7.375% Notes, the 8.875% Notes and the 8.25% Notes, the senior secured notes), our 9.875% Senior Unsecured Notes due 2015 (the 9.875% Notes), our 10.55% PIK Senior Unsecured Notes due 2015 (the 10.55% PIK Notes and, together with the 9.875% Notes and the notes, the senior unsecured notes), our 11.25% Senior Subordinated Notes due 2016 (the senior subordinated notes) and the 11.5% Senior PIK Notes due 2016 (the senior PIK notes) of First Data Holdings Inc. (Holdings) 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. If new debt is added to our and our subsidiaries existing debt levels, the related risks that we will face would increase.

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 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 or 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.

A further weakening in the economy could also force some retailers to close, resulting in exposure to potential credit losses and further transaction declines and our earning less on transactions due also to a potential shift to large discount merchants. Additionally, credit card issuers have been reducing credit limits and are more selective with regard to whom they issue credit cards. A continuation or acceleration of the economic slowdown could adversely impact future revenues and our profits and result in a downgrade of our debt ratings, which may lead to termination or modification of certain contracts and make it more difficult for us to obtain new business.

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. However, our visibility in the global payments industry may attract hackers to conduct attacks on our systems that could compromise the security of our data. 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.

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

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realized in connection with the acquisition). In June 2009, we formed a new alliance, Banc of America Merchant Services, LLC (BAMS), with Bank of America, N.A. Processing, technology and operational synergies of BAMS are dependent upon the successful migration of merchant accounts to us. Any failure to migrate accounts or material adverse impact to merchants from potential conversion issues could negatively impact our business and result in a reduction of our revenue and profit.

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.

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

The indentures governing our senior secured notes, our senior unsecured notes, our senior subordinated notes, the senior PIK notes of Holdings and the credit 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 facilities, 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 securing those facilities. 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, our senior secured notes, our second lien notes, our senior unsecured notes and our senior subordinated notes.

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 these federal, state and local regulations. The U.S. Congress and governmental agencies have increased their scrutiny of a number of credit card practices, from which some of our customers derive significant revenue. Regulation of the payments industry, including regulations applicable to us and our customers, has increased significantly in recent years. Our failure to comply with regulations may result in the suspension or revocation of our licenses or registrations, the limitation, suspension or termination of our services, and/or the imposition of civil and criminal penalties, including fines which could have an adverse effect on our results of operation and financial condition. 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 particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), which was signed into law in July 2010, significantly changes the U.S. financial regulatory system, including creating a new executive agency within the Federal Reserve Board to regulate consumer financial products and services (including many offered by our customers), restricting debit card interchange fees paid by merchants to issuer banks and allowing merchants to offer discounts for different payment methods. Network fees, such as the switch fees assessed by First Data s STAR Network, also are subject to a degree of regulatory oversight. The impact of the Dodd-Frank Act on First Data is difficult to estimate, in part because regulations are still being developed by the newly-created Bureau of Consumer Financial Protection, with respect to consumer financial products and services and the difficulty in predicting market reaction to the recent regulations published by the Federal Reserve Board limiting interchange fees and banning exclusivity arrangements in debit transactions. The Federal Reserve Board also needs to develop regulations for approval by the Financial Stability Oversight Council with respect to criteria for, and additional oversight of, certain systemically important financial institutions. At this point it is unclear as to whether we would be subject to additional oversight or what such oversight may entail. Each of the proposed regulations may adversely affect our business or operations, directly or indirectly (if, for example, our customers business and operations are adversely affected). In addition, 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. Furthermore, we are subject to tax laws in each jurisdiction where we do business. Changes in tax laws or their interpretations could decrease the value of revenues we receive, the value of tax loss carryforwards and tax credits recorded on our balance sheet and the amount of our cash flow and have a material adverse impact on our business.

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

Growth in our Retail and Alliance 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 an alliance, either contractually or through a separate legal entity. Merchant contracts may be contributed to the alliance 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.

We rely on various financial institutions to provide clearing services in connection with our settlement activities. If we are unable to maintain clearing services with these financial institutions and are unable to find a replacement, our business may be adversely affected.

We rely on various financial institutions to provide clearing services in connection with our settlement activities. If such financial institutions should stop providing clearing services, we must find other financial institutions to provide those services. If we are unable to find a replacement financial institution, we may no longer be able to provide processing services to certain customers, which could negatively impact our revenue and earnings.

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

We have experienced the negative impact of the substantial bank industry consolidation in recent years. Bank industry consolidation impacts existing and potential clients in our service areas, primarily in Financial Services and Retail and Alliance 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.

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

We are subject to the credit risk of our merchants 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. 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 could have a material adverse effect on our business.

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

We are implementing cost improvement and cost containment programs across all of our business segments. While we expect our cost savings 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 results of operations and financial condition.

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 point-of-sale (POS) technology available to merchants could have an impact on our International and Retail and Alliance Services businesses. Any 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 respect to 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, results of operations 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 our 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.

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.

Increases 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.

As of September 30, 2011, we had $11.2 billion aggregate principal amount of variable rate long-term indebtedness, of which interest rate swaps fix the interest rate on $5.0 billion in notional amount. We also had a $750 million fixed to floating swap to preserve the ratio of fixed and floating rate debt that we had prior to the

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April 2011 debt modification and amendment. As a result, as of September 30, 2011, the impact of a 100 basis point increase in interest rates would increase our annual interest expense by approximately $70 million. See the discussion of our interest rate swap transactions in Notes 6 and 11 to our Audited and Unaudited Consolidated Financial Statements, included elsewhere in this prospectus.

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

Our tax returns and positions are subject to review and audit by federal, state, local and international taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting our results of operations. We have established contingency reserves for material, known 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 is 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 effective tax rate, financial position, results of operations and cash flows in the current and/or future periods. Our exposure to tax audits includes matters involving our former Western Union unit, which was spun off in September 2006. Under the Tax Allocation Agreement executed at the time of the spin-off, Western Union is responsible for all taxes, interest and penalties related to it and must indemnify us against such amounts. We, however, generally have ultimate liability to the relevant tax authorities for such amounts in the event Western Union were to default in its indemnification obligation.

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 FIRST DATA trademark and trade name and the STAR trademark and trade name are intellectual property rights which are individually material to us. These trademarks and trade names are widely recognized and associated with quality and reliable service. Loss of the proprietary use of the FIRST DATA or STAR trademarks and trade names or a diminution in the perceived quality associated with them could harm the growth of our businesses. 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 our business and results of operations. Additionally, claims have been made, are currently pending, and other claims may be made in the future, with regard to our technology allegedly infringing on a patent or other intellectual property rights. Unfavorable resolution of these claims could either result in our being restricted from delivering the related product or service or result in a settlement that could be materially adverse to us.

We are 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 of those 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.

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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 require 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 cannot assure you that key personnel, including executive officers, will continue to be employed 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.

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, results of operations and financial condition. 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 businesses. 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.

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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 that these measures will be successful in limiting our liability.

Risks Related to the Exchange 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 are 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, including 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 our senior secured notes and each guarantor s obligations under its guarantee of the senior secured credit facilities and our senior secured notes 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 or our senior secured notes, 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 September 30, 2011, we had $15,442.1 million of senior secured indebtedness, which is indebtedness under our senior secured credit facilities and our senior secured notes, not including the availability of an additional $1,482.3 million under our revolving credit facility but without giving effect to approximately $44.9 million of outstanding letters of credit as of September 30, 2011, up to an additional $1,000.0 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, $5,000.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and a $750.0 million notional fixed to floating interest rate swap to preserve the ratio of fixed rate and floating rate debt that we held prior to the debt modifications and amendments occurring in April 2011. The indenture governing the notes permits us, our subsidiary guarantors and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

Claims of holders 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 $4,001 million, or approximately 36%, of our consolidated revenue (without giving effect to consolidation adjustments), and $936 million, or approximately 31%, of our consolidated EBITDA (without giving effect to consolidation adjustments), in each case for the twelve months ended September 30, 2011. As of September 30, 2011, our non-guarantor subsidiaries had $12,244 million, or approximately 41%, of our total assets (excluding settlement assets) and liabilities (excluding settlement liabilities) of $299 million (an asset balance due to net intercompany accounts with parent and guarantor subsidiaries). Additionally, guarantor subsidiaries hold equity interests in entities that are not consolidated subsidiaries that accounted for $194 million, or approximately 6%, of consolidated EBITDA (without giving effect to consolidation adjustments) for the twelve months ended September 30, 2011. As of September 30, 2011, our non-guarantor subsidiaries had $267 million remaining available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty. Total amounts outstanding against short-term lines of credit and other arrangements were $126 million as of September 30, 2011.

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 subsidiary 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

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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 credit agreement governing the senior secured credit facilities, the indentures governing our senior secured notes, our senior unsecured notes and our senior subordinated notes, that is not waived by the required holders of such indebtedness, 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, we could be in default under the terms of the agreements governing such indebtedness. 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 to avoid being in default. If we breach our covenants under our senior secured credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under our senior secured credit facilities or the agreements governing our other 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 notes that are outstanding 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 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. 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 credit agreement governing the senior secured credit facilities and, if such debt becomes due and payable as a result of such default, under the indentures governing our senior secured notes, our senior unsecured notes and our senior subordinated notes. The credit agreement governing the senior secured credit facilities also provides that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder.

The indentures governing our senior secured notes, our senior unsecured notes and our senior subordinated notes

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also require us to offer to repurchase those notes upon certain kinds of change of control events. Any of our future debt agreements may contain similar provisions.

The change of control provisions in the indenture governing the notes may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change of the magnitude required under the definition of change of control in the indenture to trigger our obligation to repurchase the notes. Except as otherwise described above, the indenture does not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

We may enter into transactions that would not constitute a change of control that could affect our ability to satisfy our obligations under the notes.

Legal uncertainty regarding what constitutes a change of control and the provisions of the indenture governing the notes may allow us to enter into transactions, such as acquisitions, refinancing or recapitalizations, that would not constitute a change of control but may increase our outstanding indebtedness or otherwise affect our ability to satisfy our obligations under the notes. The definition of change of control for purposes of the notes includes a phrase relating to the transfer of all or substantially all of our assets taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, your ability to require us to repurchase the notes as a result of a transfer of less than all of our assets to another person may be uncertain.

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 indentures 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 in respect thereof, subordinate claims in respect of the notes and the guarantees in respect thereof 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 subsidiary guarantors entered into upon issuance of the notes and 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 subsidiary 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 subsidiary 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 clause (2) only, one of the following is also true at the time thereof:

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

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

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

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

A court would likely find that we or a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if we or such subsidiary 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 subsidiary 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 subsidiary 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;

- 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 subsidiary 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 subsidiary 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 subsidiary guarantor s obligation to an amount that effectively makes its guarantee worthless. In a recent Florida bankruptcy case, this kind of provision was founded to be ineffective to protect the guarantees.

The exchange notes will be issued with OID for United States federal income tax purposes.

We will treat the exchange notes as having been issued with OID for United States federal income tax purposes in an amount equal to the difference between their stated principal amount and the fair market value of the corresponding outstanding notes exchanged therefor on the date of initial issuance of such corresponding outstanding notes. U.S. holders (as defined in Certain United States Federal Income Tax Consequences) of the

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exchange notes will be required to include such OID in gross income on a constant yield to maturity basis in advance of the receipt of cash payment thereof regardless of such holders method of accounting for United States federal income tax purposes. See Certain United States Federal Income Tax Consequences.

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

Affiliates of KKR are our largest equity holder and indirectly control substantially all 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, KKR and its affiliates, as equity holders, 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 indentures 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 Certain Relationships and Related Party Transactions and Director Independence.

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FORWARD-LOOKING STATEMENTS

Certain matters we discuss in this prospectus and in other public statements may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, intends, plans, estimat anticipates or similar expressions which concern our strategy, plans, projections or intentions. Examples of forward-looking statements include, but are not limited to, all statements we make relating to revenue, EBITDA, earnings, margins, growth rates and other financial results for future periods. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include:

(a) no adverse impact on our business as a result of our high degree of leverage;

(b) successful conversions under service contracts with major clients, including clients of BAMS;

(c) successfully adjusting to new U.S. financial regulatory reform legislation and regulations;

(d) successful implementation and improvement of processing systems to provide new products, improved functionality and increased efficiencies;

(e) successfully managing adverse economic conditions and developments in consumer spending;

(f) successful consolidation of our processing platforms and data centers;

(g) no further consolidation among client financial institutions or other client groups which have a significant impact on client relationships and no material loss of business from our significant customers;

(h) achieving planned revenue growth, including in the merchant alliance program which involves several alliances not under our sole control and each of which acts independently of the others, and successful management of pricing pressures through cost efficiencies and other cost-management initiatives;

(i) no significant adverse movement in foreign currency exchange rates;

(j) anticipation of and response to technological changes, particularly with respect to e-commerce and mobile commerce;

(k) successfully managing the credit and fraud risks in our business units and the merchant alliances, particularly in the context of the developing e-commerce markets;

(l) no material breach of security of any of our systems;

(m) continuing development and maintenance of appropriate business continuity plans for our processing systems based on the needs and risks relative to each such system;

(n) no unanticipated changes in laws, regulations, credit card association rules or other industry standards affecting our businesses which require significant product redevelopment efforts, reduce the market for or value of our products or render products obsolete;

(o) continuation of the existing interest rate environment so as to avoid unanticipated increases in interest on our borrowings;

(p) no unanticipated developments relating to lawsuits, investigations or similar matters;

(q) no catastrophic events that could impact our or our major customer s operating facilities, communication systems and technology or that has a material negative impact on current economic conditions or levels of consumer spending; and

(r) successfully managing the potential both for patent protection and patent liability.

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Variations from these assumptions or failure to achieve these objectives could cause actual results to differ from those projected in the forward-looking statements. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Any forward-looking statement made by us speaks only as of the date on which it was made. We assume no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events, or changes to projections over time, except as may be required by law. Due to the uncertainties inherent in forward-looking statements, readers are urged not to place undue reliance on these statements.

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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 September 30, 2011. This table should be read in conjunction with the information included under the headings Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Other Indebtedness, Selected Consolidated Financial Data and Use of Proceeds, and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of September 30, 2011 (unaudited) (in millions)
Cash and cash equivalents	$ 402.4
Debt(1):	
Senior secured credit facilities:	
Revolving credit facilities(2)	$ 33.0
Term loan facility due 2014(3)	6,567.2
Term loan facility due 2018(3)	4,638.4
7.375% Senior Secured First Lien Notes due 2019	734.5
8.875% Senior Secured First Lien Notes due 2020	494.2
8.25% Senior Secured Second Lien Notes due 2021	1,983.1
8.75%/10.00% PIK Toggle Senior Secured Second Lien Notes due 2022	991.7
9.875% Senior Unsecured Notes due 2015	783.5
12.625% Senior Unsecured Notes due 2021	2,975.1
10.55% PIK Senior Unsecured Notes due 2015	748.4
11.25% Senior Subordinated Notes due 2016	2,500.0
Pre-Merger Notes(4)	57.9
Capital Leases	169.8
Other existing debt(5)	126.2
Total debt	22,803.0
Total First Data Corporation stockholders equity	185.5
Total capitalization	$ 22,988.5

(1) Neither we nor our subsidiaries provide credit support for Holdings obligations under its $1,567.3 million of senior PIK notes. As a result, the senior PIK notes of Holdings are not indebtedness of ours or our subsidiaries.

(2) As of September 30, 2011, our $2,000.0 million senior secured revolving credit facility had commitments from financial institutions to provide $1,515.3 million of credit. Approximately $499.1 million of the facility matures in the third quarter of 2013 with the remaining $1,016.2 million maturing in the third quarter of 2016, subject to certain conditions discussed under the Description of Other Indebtedness Senior Secured Credit Facilities Amendments . As of September 30, 2011, $1,482.3 million remained available under this facility (without giving effect to $44.9 million of outstanding letters of credit).

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(3) On March 24, 2011, we executed a 2011 Extension Amendment relating to our senior secured credit facilities, which became effective on April 13, 2011. The Extension Amendment, among other things, resulted in the extension of the maturity date of approximately $5.0 billion of the term loan facility to March 24, 2018.

(4) Represents notes outstanding prior to the Merger. The maturity dates for these notes range from 2011 to 2015. See Note 8 of our Audited Consolidated Financial Statements included elsewhere in this prospectus.

(5) Consists of $126.2 million of borrowings outstanding under lines of credits. As of September 30, 2011 we had additional availability of $266.8 million (of which none was uncommitted) under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty.

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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 Successor as of December 31, 2008, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 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, 2006 and for the year ended December 31, 2006 and the period from January 1, 2007 through September 24, 2007 as well as 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 thereto not included in this prospectus. The selected historical consolidated financial data for the nine months ended September 30, 2010 and September 30, 2011 and as of September 30, 2011 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus.

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.

In 2008, we changed to a classified balance sheet presentation. Balance sheet data for 2007 and 2006 have been adjusted to conform to this presentation. All results are in millions, or as otherwise noted.

	Predecessor		Successor					
	Year ended December 31, 2006	Period from January 1, 2007 through September 24, 2007	Period from September 25, 2007 through December 31, 2007	Year ended December 31, 2008	2009	2010	For the Nine Months Ended September 30, 2010	2011
Statement of operations data:								
Revenues	$ 7,076.4	$ 5,772.9	$ 2,278.5	$ 8,811.3	$ 9,313.8	$ 10,380.4	$ 7,649.9	$ 8,025.8
Operating expenses(a)	5,990.9	5,209.2	2,123.7	8,032.6	8,869.3	9,782.2	7,225.7	7,373.8
Other operating expenses(b)(c)	5.0	23.3	(0.2)	3,255.6	289.7	81.5	66.7	40.3
Interest expense	(248.0)	(103.6)	(584.7)	(1,964.9)	(1,796.4)	(1,796.6)	(1,355.6)	(1,371.3)
Net (loss) income from continuing operations(c)	990.0	569.7	(262.9)	(3,608.0)	(1,014.6)	(846.9)	(717.0)	(322.5)
Depreciation and amortization(d)	700.8	540.2	427.2	1,559.6	1,553.8	1,526.0	1,136.5	1,004.3
Balance sheet data (at year-end):								
Total assets	$ 34,565.8		$ 52,509.3	$ 38,176.1	$ 39,735.4	$ 37,544.1	$ 37,264.0	$ 36,540.8
Total current and long-term settlement assets	19,149.8		18,228.4	8,662.9	7,351.0	7,059.1	6,490.8	6,946.8
Total liabilities	24,312.7		45,609.2	35,773.8	34,408.4	33,456.1	33,030.9	32,944.7
Settlement obligations	19,166.5		18,228.4	8,680.6	7,394.7	7,058.9	6,518.5	6,950.5
Long-term borrowings	2,294.3		21,953.5	22,075.2	22,304.9	22,438.8	22,543.9	22,553.4
Other long-term liabilities(e)	1,098.3		3,306.2	2,920.6	2,648.3	2,153.3	2,429.4	1,581.1
Redeemable noncontrolling interests					226.9	28.1	27.8	45.9
Total equity	10,253.1		6,900.1	2,402.3	5,100.1	4,059.9	4,205.3	3,550.2

(a) Operating expenses include Cost of services; Cost of products sold; Selling, general and administrative; Reimbursable debit network fees, postage and other; and Depreciation and amortization.

(b) Other operating expenses include Restructuring, net; Impairments; Litigation and regulatory settlements; and Other charges.
(c) Includes a goodwill impairment charge in 2008 of $3.2 billion (pretax).
(d) Includes amortization of initial payments for new contracts, which is recorded as a contra-revenue within Transaction and processing service fees and amortization related to equity method investments, which is netted within Equity earnings in affiliates in the Consolidated Statements of Operations.
(e) Other long-term liabilities include Long-term deferred tax liabilities.

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

You should read the following discussion of our results of operations and financial condition with the 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 Corporation, with global headquarters and principal executive offices in Atlanta, Georgia, operates electronic commerce businesses providing services that include merchant transaction processing and acquiring services; credit, retail and debit card issuing and processing services; prepaid card services; and check verification, settlement and guarantee services.

Banc of America Merchant Services, LLC. On June 26, 2009, we and Bank of America N.A. (BofA), together with Rockmount Investments, LLC (Rockmount), an investment vehicle controlled by a third-party investor, formed a new company, Banc of America Merchant Services, LLC (BAMS). BAMS provides clients with a comprehensive suite of acquiring and processing payment products for credit and debit cards as well as merchant loyalty, prepaid, check and e-commerce solutions.

At the time of the formation, we owned a 48.45% direct voting interest in BAMS and BofA owned a 46.55% direct voting interest. The remaining stake in BAMS was a 5% non-voting interest held by Rockmount. We owned a 40% noncontrolling interest in Rockmount. In May 2010, the third party owning a controlling interest in Rockmount exercised a put right on Rockmount s beneficial interest in BAMS requiring net cash payments from us of $213 million. The redemption amount was based on Rockmount s capital account balance in BAMS immediately prior to the redemption with an additional adjustment paid by us and BofA based on the level of BAMS revenues for the trailing 12 month period ended March 31, 2010. After redemption by Rockmount, we own 51% of BAMS and BofA owns 49%. Our 51% direct voting interest in BAMS, together with our control of the management committee, which governs BAMS, provides us with a controlling financial interest in BAMS under the applicable accounting standards and rules and thus BAMS is consolidated by us and reported in our Retail and Alliance Services segment. BofA s 49% interest in BAMS is presented as a noncontrolling interest component of total equity.

The formation of BAMS was accounted for by us as a sale of a noncontrolling interest in a subsidiary and a purchase business combination. We recorded a gain of approximately $33 million ($21 million, net of taxes), through adjustments to additional paid in capital and noncontrolling interest. The gain was not material because the assets comprising the most significant portion of our contribution were adjusted to fair value in the fourth quarter of 2008 in connection with the November 1, 2008 termination of the Chase Paymentech Solutions (the CPS) alliance.

In the Consolidated Results below, the impact of the BAMS alliance prior to the anniversary of its formation will be quantified based on the contribution made by BofA as the assets contributed by us will continue to be discussed as part of the termination of the CPS alliance.

Since the formation of the BAMS alliance, the intent was to shift processing for merchants contributed to the alliance by BofA from three existing bank platforms to First Data. After evaluating the conversion strategy,

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we and BofA jointly decided to operate BofA s legacy settlement platform and provide necessary operational support for legacy BofA merchants. The transfer of ownership was effective October 1, 2011. We believe this operating structure simplifies and accelerates the conversion process.

We anticipate the shift of processing to First Data as described above will increase the Retail and Alliance Services segment revenue and, to a lesser extent, segment EBITDA in the fourth quarter of 2011 compared to 2010 and for the full year 2012 compared to 2011. This benefit will not impact consolidated revenues because we consolidate the BAMS alliance. Consolidated expenses are expected to increase, most significantly in 2012 and 2013, as a result of costs incurred to transfer the platform and associated operational support as well as ongoing costs to operate the platform. These costs will be billed to the BAMS alliance over future periods resulting in a portion of the costs being attributable to the noncontrolling interest.

Regulatory reform. The payments industry has come under increased scrutiny from lawmakers and regulators. In July 2010, the Dodd-Frank Act was signed into law in the United States. The Dodd-Frank Act will result in significant structural and other changes to the regulation of the financial services industry. Among other things, the Dodd-Frank Act imposes a new regulatory regime on card issuers by establishing a new executive agency within the Federal Reserve (known as the Consumer Financial Protection Bureau) to regulate consumer financial products and services (including many offered by our customers).

Separately, under the Dodd-Frank Act, debit interchange transaction fees that a card issuer or payment card network receives or charges for an electronic debit transaction will now be regulated by the Federal Reserve Board and must be reasonable and proportional to the cost incurred by the card issuer in authorizing, clearing and settling transactions. On June 29, 2011, the Federal Reserve Board published the final rules governing debit card interchange fees, and routing and exclusivity restrictions as well as a proposed rule governing the fraud prevention adjustment in response to Section 1075 of the Dodd-Frank Act. Effective October 1, 2011, debit interchange rates for card issuers with more than $10 billion of assets are capped at $.21 per transaction with an ad valorem component of 5 basis points to reflect a portion of the issuer s fraud losses plus, for qualifying issuers, an additional $.01 per transaction in debit interchange for fraud prevention costs. In addition, the new regulations ban debit payment card networks from prohibiting an issuer from contracting with any other payment card network that may process an electronic debit transaction involving an issuer s debit cards and prohibit card issuers and payment networks from inhibiting the ability of merchants to direct the routing of debit card transactions over any network that can process the transaction. On April 1, 2013, the ban on network exclusivity arrangements becomes effective for non-reloadable prepaid card and healthcare prepaid issuers. Additionally, each debit card issuer must participate in 2 unaffiliated networks beginning April 1, 2012 and each debit payment card network must comply with applicable exclusivity requirements by October 1, 2011. Finally, the Dodd-Frank Act provided two self-executing statutory provisions that became effective on July 22, 2010. The first provision allows merchants to set minimum dollar amounts (not to exceed $10) for the acceptance of a credit card (while federal governmental entities and institutions of higher education may set maximum amounts for the acceptance of credit cards). The second provision allows merchants to provide discounts or incentives to entice consumers to pay with an alternative payment method, such as cash, checks or debit cards.

The impact of the Dodd-Frank Act on us is difficult to estimate as it will take some time for the market to react and adjust to the new regulations and because regulations need to be developed by the new Consumer Financial Protection Bureau with respect to consumer financial products and services.

These regulatory changes may create both opportunities and challenges for us. Increased regulation may increase the complexity of operating, both domestically and internationally, creating an opportunity for larger competitors to differentiate themselves both in product capabilities and service delivery. At the same time, these regulatory changes may cause operating costs to increase as we adjust our activities in light of compliance costs and customer requirements.

Chase Paymentech Solutions and Wells Fargo Merchant Services. On November 1, 2008, we and JPMorgan Chase terminated our merchant alliance relationship, CPS, which was our largest merchant alliance.

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We received our proportionate 49% share of the assets of the alliance. The new domestic owned and managed business was operated as part of our Retail and Alliance Services segment until, as noted under Banc of America Merchant Services, LLC above, the majority of the assets received by us from the termination of CPS were contributed to BAMS effective June 26, 2009. We continue to provide transaction processing and related services for certain merchants of the alliance that were allocated to JPMorgan Chase but are resident on our processing platforms. We historically accounted for our minority interest in the alliance under the equity method of accounting. Since November 1, 2008, the portion of CPS business received by us in the separation is reflected on a consolidated basis throughout the financial statements. In 2008 CPS comprised the vast majority of the Equity earnings in affiliates and the processing and other fees noted in footnote (a) on the face of the Consolidated Statements of Operations.

On December 31, 2008, we and Wells Fargo & Company (WFB) extended our merchant alliance relationship, Wells Fargo Merchant Services, LLC (WFMS), for five years beyond our previously contracted termination date through December 31, 2014. In connection with the agreement to extend WFMS, we sold 12.5% of the membership interests to WFB for cash consideration. This resulted in us and WFB owning 40% and 60% of WFMS, respectively, as of December 31, 2008. As a result of the transaction, we deconsolidated the WFMS balance sheet as of December 31, 2008 and began reflecting our remaining ownership interest as an equity method investment beginning January 1, 2009. In 2009, our share of WFMS s earnings is reflected in the Equity earnings in affiliates line in the Consolidated Statements of Operations. In 2010 and 2009 WFMS comprised the majority of the Equity earnings in affiliates and the processing and other fees noted in footnote (a) on the face of the Consolidated Statements of Operations.

In comparing 2009 to 2008, the net impact of the termination of CPS and the deconsolidation of WFMS were offsetting in nature but resulted in net increases in consolidated revenues and expenses and net decreases in Equity earnings in affiliates due to the relative greater significance of CPS related balances. Net loss attributable to First Data Corporation was negatively impacted in 2009 compared to 2008 as the result of the WFMS membership interest sale referred to above but was generally unaffected by the structural changes for CPS. The combined impact of these transactions when comparing results for 2009 to 2008 is referred to as the net impact of the CPS and WFMS alliance transactions in the Consolidated Results discussion below.

Presentation. Effective January 1, 2010, Integrated Payment Systems (IPS) is being reported within All Other and Corporate. Results for 2009 and 2008 have been adjusted to reflect the change. Other amounts in 2009 and 2008 have been adjusted to conform to current year presentation.

Other. 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 (the Exchange Act). 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.

Segment Discussion

Retail and Alliance Services segment. The Retail and Alliance Services segment is comprised of businesses that provide services which facilitate the merchants ability to accept credit, debit, stored-value and loyalty cards and checks. The segment s merchant processing and acquiring services include authorization, transaction capture, settlement, chargeback handling and internet-based transaction processing and are the largest component of the segment s revenue. A 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 (such as STAR or Interlink), or another payment network (such as Discover). Many of the segment s services are offered through alliance arrangements. 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 evaluate the Retail and Alliance Services segment based on our proportionate share of the results of these alliances. Refer to Segment Results below for a more detailed discussion.

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Merchant processing and acquiring revenues are driven most significantly by the number of transactions, dollar volumes of those transactions and trends in consumer spending between national, regional and local merchants. Consumers continue to increase the use of credit, debit and stored-value cards in place of cash and paper checks. 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.

In addition, Retail and Alliance Services provides check verification, settlement and guarantee services. We continue to see a decrease in the use of checks which negatively affects our check verification, settlement and guarantee business. The segment also manages prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others.

Financial Services segment. The Financial Services segment provides issuer card and network solutions and payment management solutions for recurring bill payments. Financial Services also offers services to improve customer communications, billing, online banking and consumer bill payment. Issuer card and network solutions includes credit, retail and debit card processing, debit 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. Output services include statement and letter printing, embossing and mailing services. The segment also provides remittance processing services, information services and 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 segment s largest components of revenue consist of fees for account management, transaction authorization and posting and network switching.

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 accounts. 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.

Debit processing revenue is derived mostly from the processing of transactions where we could receive multiple fees for a transaction, depending on our role. Within the Financial Services segment, domestic debit issuer transactions have been the fastest growing type of transaction as 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 remittance processing business.

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.

International segment. The International segment businesses provide the following services outside of the U.S.: 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 primary service offerings of the International segment are substantially the same as those provided in the Retail and Alliance Services and Financial Services segments. The largest components of the segment s revenue are fees for facilitating the merchant s 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.

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All Other and Corporate. All Other and Corporate is comprised of our business units not included in the segments noted above, primarily our government services business and our official check business that is winding down, as well as our Corporate results.

Industry

The payments industry has come under increased scrutiny from lawmakers and regulators. As discussed above, in July 2010, the Dodd-Frank Act was signed into law. Such changes in laws and regulations could impact our operating results and financial condition.

Bank industry consolidation impacts existing and potential clients in our service areas. Our alliance strategy could be impacted negatively as a result of such 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. Bank consolidations impacted us, specifically the Financial Services and Retail and Alliance Services segments, during 2010 and 2009. In 2010 and 2009 the Financial Services segment was negatively impacted by the consolidation of JPMorgan Chase and Washington Mutual which is discussed in more detail in the Segment Results discussion below. The Retail and Alliance Services segment and Financial Services segment were positively impacted by The PNC Financial Services Group (PNC) and National City Corporation consolidation. If bank consolidations continue in 2011, we could be impacted positively or negatively depending on our relationship with the bank.

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 to our Consolidated Financial Statements found elsewhere in this prospectus.

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; 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 60% of our 2010 revenue and are most reflective of our 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. Card services revenue for output services consists of fees for printing statements and letters and embossing plastics. Debit processing and network service fees included in Card services revenues 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.

Product sales and other. Sales and leasing of POS devices in the Retail and Alliance Services and International segments are the primary drivers of this revenue component, providing a recurring revenue stream. This component also includes 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, software licensing and maintenance revenue generated primarily from the VisionPLUS software in the International segment, software licensing and maintenance revenue in All Other and Corporate and investment income

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generated by invested settlement assets, realized net gains and losses and, if applicable, impairment losses from such assets within the Retail and Alliance Services, Financial Services and International segments and All Other and Corporate. This revenue is recorded net of official check agents commissions.

Reimbursable debit network fees, postage and other. Debit network fees from personal identification number (PIN) debit card transactions acquired from merchants are recorded gross with the associated network fee recorded in the corresponding expense caption, principally within the Retail and Alliance 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. Reimbursable debit network fees, postage and other revenue and the corresponding expense are not included in segment results.

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, operate computer networks and provide 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 initial payments for 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.

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Results of Operations

Consolidated Results of Operations for the Three and Nine Months Ended September 30, 2011 and 2010.

The following discussion for both consolidated results and segment results are for the three and nine months ended September 30, 2011 compared to the three and nine months ended September 30, 2010. 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.

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2011	2010	%	2011	2010	%
Revenues:						
Transaction and processing service fees	$ 1,584.3	$ 1,569.2	1%	$ 4,660.7	$ 4,574.7	2%
Product sales and other	227.7	205.3	11%	642.0	607.6	6%
Reimbursable debit network fees, postage and other	919.8	858.6	7%	2,723.1	2,467.6	10%
	2,731.8	2,633.1	4%	8,025.8	7,649.9	5%
Expenses:						
Cost of services (exclusive of items shown below)	745.7	743.0	0%	2,181.7	2,251.3	(3)%
Cost of products sold	92.4	98.7	(6)%	275.7	273.7	1%
Selling, general and administrative	407.7	405.1	1%	1,258.0	1,179.7	7%
Reimbursable debit network fees, postage and other	919.8	858.6	7%	2,723.1	2,467.6	10%
Depreciation and amortization	263.7	354.7	(26)%	935.3	1,053.4	(11)%
Other operating expenses, net(a)	9.3	32.3	*	40.3	66.7	*
	2,438.6	2,492.4	(2)%	7,414.1	7,292.4	2%
Interest income	1.6	2.1	(24)%	5.4	5.5	(2)%
Interest expense	(466.7)	(455.8)	2%	(1,371.3)	(1,355.6)	1%
Other income (expense)(b)	95.4	(52.3)	*	67.7	(19.3)	*
Income tax (benefit) expense	(18.9)	52.3	*	(255.0)	(208.2)	22%
Equity earnings in affiliates	47.8	31.2	53%	109.0	86.7	26%
Net loss	(9.8)	(386.4)	(97)%	(322.5)	(717.0)	(55)%
Less: Net income attributable to noncontrolling interests	44.1	44.9	(2)%	124.3	125.6	(1)%
Net loss attributable to First Data Corporation	$ (53.9)	$ (431.3)	(88)%	$ (446.8)	$ (842.6)	(47)%

* Calculation not meaningful

(a) Other operating expenses, net includes restructuring, net and litigation and regulatory settlements as applicable to the periods presented.

(b) Other income (expense) includes investment gains and losses, derivative financial instruments gains and losses, divestitures, net, and non-operating foreign currency exchange gains and losses as applicable to the periods presented.

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The following provides highlights of revenue and expense growth while a more detailed discussion is included in the Segment Results section below.

Operating revenues overview.

Transaction and processing service fees. Revenue increased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 due to growth in merchant transactions and dollar volumes both domestically and internationally, growth in debit issuer transactions, new business and foreign currency exchange rate movements. Partially offsetting these increases were decreases due to a card association fee increase that only benefited the third quarter of 2010, price compression, changes in merchant and pricing mix, lower overall check volumes and lost business. The card association fee increase negatively impacted growth rates by approximately 1 percentage point for both the three and nine-month periods. Foreign currency exchange rate movements positively impacted the transaction and processing service fees growth rates for the three and nine-month periods by approximately 2 and 1 percentage points, respectively.

Product sales and other. Revenue increased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 mainly resulting from an increase in equipment sales internationally due in part to new regulations, increases in the leasing business domestically and internationally resulting from new lease originations as well as fees associated with lease renewals, a bulk terminal sale to a domestic customer in the first quarter of 2011 and a gain on the sale of a domestic merchant portfolio in the third quarter of 2011. Also benefiting the three-month period was increased professional services revenue internationally resulting from the completion of a project in Australia as well as increased investment income in All Other and Corporate due to a net gain on the sales and partial calls of student loan auction rate securities (SLARS) compared to a net loss in the prior year. In addition, foreign currency exchange rate movements positively impacted the product sales and other growth rates for the three and nine-month periods compared to the prior year by approximately 2 and 1 percentage points, respectively. Partially offsetting these increases for the three and nine months ended September 30, 2011 compared to the same periods in 2010 was decreased contract termination fees related to Financial Services and a decrease in professional services revenue for the nine-month period due to the completion of prior year projects in Financial Services and All Other and Corporate. In addition, investment income decreased for the nine-month period compared to the prior year due mostly to a decrease in portfolio balances caused by the wind down of the official check business in All Other and Corporate.

Reimbursable debit network fees, postage and other. Revenue and expense increased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 due to growth of PIN-debit transaction volumes as well as an increase in debit network fees resulting from rate increases imposed by the debit networks. Partially offsetting these increases for the nine-month period compared to the prior year were decreases in postage due to lower print volumes from existing customers partially driven by movement to online statements. We anticipates debit network fees recorded in revenue and expense, which consist primarily of debit interchange fees, will decrease significantly beginning in the fourth quarter of 2011 due to the cap on debit interchange rates imposed by the Dodd-Frank Act described above.

Operating expenses overview.

Cost of services. Expenses were flat for the three months ended September 30, 2011 and decreased for the nine months ended September 30, 2011 compared to the same periods in 2010. Decreases in certain costs associated with the BAMS alliance and net check warranty expense contributed to the decrease in expenses for the nine-month period compared to the same period in 2010. Certain costs associated with the BAMS alliance decreased due to lower technology costs and improved expense management. Net check warranty expense decreased due to lower check volumes and better risk assessment data. Partially offsetting these decreases was the third quarter 2011 correction of cumulative errors in the amortization of initial payments for new contracts related to purchase accounting associated with the our 2007 merger with an affiliate of KKR, which totaled a $10.2 million expense in Cost of services (a $55.4 million benefit in aggregate) and occurred over a four year period. These decreases also contributed to the three month period but to a lesser extent. Expenses associated

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with outside professional services also contributed to the decrease for the nine months ended September 30, 2011 compared to the same period in 2010. These decreases were partially offset by increases due to foreign currency exchange rate movements which negatively impacted the growth rates for the three and nine-month periods ended September 30, 2011 compared to the prior year by approximately 1 percentage point.

Cost of products sold. Expenses decreased for the three months ended September 30, 2011 compared to the same period in 2010 due most significantly to a terminal inventory and terminal leasing receivable write-off internationally in the third quarter of 2010. Expenses increased for the nine-month period compared to the prior year resulting from increases in hardware replacements and deployments internationally associated with new regulations, contract extensions and new customers in 2011, growth in the leasing business both domestically and internationally, a bulk terminal sale to a customer in the first quarter of 2011 and foreign currency exchange rate movements. These increases were partially offset by decreases resulting from the write-off of terminal inventory and receivables noted above as well as an additional write-off of terminal inventory that occurred in the second quarter of 2010. The international terminal inventory and terminal leasing receivable write-off in 2010 positively impacted the expense growth rates for the three and nine-month periods compared to prior year by approximately 9 and 7 percentage points, respectively, while foreign currency exchange rate movements negatively impacted the growth rates by approximately 2 percentage points for both periods.

Selling, general and administrative. Expenses increased slightly for the three-month period compared to the prior year. Expenses for the nine months ended September 30, 2011 increased compared to same period in 2010 due most significantly to growth in payments made to independent sales organizations (ISOs) due to an increase in the number of ISOs and an increase in ISO transaction volumes and net increases in various expense items not individually significant. Foreign currency exchange rate movements also contributed to the increase in expenses and negatively impacted the growth rates for the three and nine-month periods compared to the prior year by approximately 1 percentage point.

Depreciation and amortization. Expenses decreased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 due most significantly to the third quarter 2011 correction of cumulative depreciation and amortization errors related to purchase accounting associated with the our 2007 merger with an affiliate of KKR and certain assets becoming fully amortized. The errors and the cumulative correction, which totaled a $54.5 million benefit in Depreciation and amortization (a $55.4 million benefit in aggregate) and occurred over a four year period, were deemed immaterial to prior years and the current year, respectively. In addition, depreciation and amortization declined due to a decrease in the amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in the prior period. These decreases were partially offset by increases due to newly capitalized assets and foreign currency exchange rate movements. The error corrections benefited the depreciation and amortization growth rates by 15 and 4 percentage points for the three and nine-month periods, respectively.

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Other operating expenses, net. A summary of net pretax benefits (charges), incurred by segment, for each period is as follows:

		Pretax Benefit (Charge)				
(in millions)	Approximate Number of Employees	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Three months ended September 30, 2011						
Restructuring charges	140	$ (0.1)	$ (4.9)	$ (6.8)	$ (0.6)	$ (12.4)
Restructuring accrual reversal		0.1		0.3	0.2	0.6
Litigation and regulatory settlements					2.5	2.5
Total pretax charge, net of reversals		$	$ (4.9)	$ (6.5)	$ 2.1	$ (9.3)
Nine months ended September 30, 2011						
Restructuring charges	660	$ (2.8)	$ (10.5)	$ (29.3)	$ (3.4)	$ (46.0)
Restructuring accrual reversal		0.9		1.2	1.1	3.2
Litigation and regulatory settlements					2.5	2.5
Total pretax charge, net of reversals		$ (1.9)	$ (10.5)	$ (28.1)	$ 0.2	$ (40.3)
Three months ended September 30, 2010						
Restructuring charges	360	$ (12.2)	$ (3.7)	$ (8.9)	$ (8.6)	$ (33.4)
Restructuring accrual reversal		0.4	0.1	0.3	0.3	1.1
Total pretax charge, net of reversals		$ (11.8)	$ (3.6)	$ (8.6)	$ (8.3)	$ (32.3)
Nine months ended September 30, 2010						
Restructuring charges	1,080	$ (18.9)	$ (10.8)	$ (21.6)	$ (26.0)	$ (77.3)
Restructuring accrual reversal		0.7	0.8	4.5	2.6	8.6
Litigation and regulatory settlements			2.0			2.0
Total pretax charge, net of reversals		$ (18.2)	$ (8.0)	$ (17.1)	$ (23.4)	$ (66.7)

We recorded restructuring charges during the three and nine months ended September 30, 2011 and 2010 in connection with management s alignment of the business with strategic objectives. Similar initiatives are expected to occur in the future periods resulting in additional restructuring charges. Restructuring charges in 2010 also resulted from domestic site consolidations as well as the termination of certain management positions across the organization including the reorganization of executive officers. We estimate cost savings resulting from 2011 restructuring activities of approximately $20 million in 2011 and approximately $43 million on an annual basis.

The following table summarizes our utilization of restructuring accruals for the period from January 1, 2011 through September 30, 2011:

(in millions)	Employee Severance	Facility Closure
Remaining accrual as of January 1, 2011	$ 38.7	$ 0.2
Expense provision	39.7	6.3
Cash payments and other	(50.9)	(0.1)
Changes in estimates	(3.1)	(0.1)
Remaining accrual as of September 30, 2011	$ 24.4	$ 6.3

Interest expense. Interest expense increased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 due to higher average interest rates resulting primarily from the August 2010 and April 2011 debt modifications and amendments as well as the

December 2010 debt exchange and

higher debt balances due to payment-in-kind (PIK) interest accretion. Partially offsetting these increases was a decrease resulting from the expiration of interest rate swaps with a notional balance of $2.5 billion.

We utilize interest rate swaps to hedge our interest payments on a portion of our variable rate debt from fluctuations in interest rates. While certain of these swaps do not qualify for hedge accounting, they continue to be effective economically in eliminating variability in interest rate payments. Additionally, we utilize a fixed to floating interest rate swap, which does not qualify for hedge accounting, to preserve the ratio of fixed rate and floating rate debt that we held prior to the debt modifications and amendments discussed below in Capital Resources and Liquidity. The fair value adjustments for interest rate swaps that do not qualify for hedge accounting as well as interest rate swap ineffectiveness are recorded in the Other income (expense) line item of the Consolidated Statements of Operations and totaled benefits of $70.0 million and $74.4 million for the three and nine months ended September 30, 2011 and charges of $19.3 million and $65.6 million for the three and nine months ended September 30, 2010, respectively.

Other income (expense).

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	**2011**	**2010**	**2011**	**2010**
Investment gains	$	$ 0.5	$	$ 2.3
Derivative financial instruments gains and (losses)	79.4	(31.3)	74.3	(58.1)
Divestitures, net	(0.1)	(1.3)	(1.0)	18.7
Non-operating foreign currency gains and (losses)	12.9	(20.2)	(8.8)	17.8
Other	3.2		3.2	
Other income (expense)	$ 95.4	$ (52.3)	$ 67.7	$ (19.3)

Derivative financial instruments gains and (losses). The net gains and losses for the three and nine months ended September 30, 2011 and 2010 were due most significantly to the fair value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges. The increases in the three and nine-month periods compared to prior year were mostly driven by a new interest rate swap entered into in conjunction with the April 2011 debt modifications and amendments as well as the expiration of interest rate swaps noted above in the Interest expense discussion.

Divestitures, net. The net gain for the nine months ended September 30, 2010 resulted most significantly from a contingent payment received in connection with our November 2009 sale of a merchant acquiring business in Canada.

Non-operating foreign currency (losses) and gains. The net gains and losses related to currency translations on our intercompany loans and our euro-denominated debt.

Income taxes. Our effective tax rates on pretax loss from continuing operations were 66.0% and 44.2%, tax benefits, for the three and nine months ended September 30, 2011, respectively, and (15.6)% tax expense and 22.5% tax benefit, for the same periods in 2010. The effective tax rates for the three and nine months ended September 30, 2011 were higher than the federal statutory rate primarily due to net income attributable to noncontrolling interests for which there was no tax expense provided, state tax benefits, foreign income taxed at lower effective rates and a net benefit relating to tax effects of foreign exchange gains and losses on intercompany notes partially offset by an increase in our valuation allowance against foreign tax credits. The most significant drivers of the increase in the effective tax rates in 2011 compared to 2010 were the smaller increase in the valuation allowance against foreign tax credits due to a $178 million adjustment in the third quarter of 2010 resulting from new tax legislation and the smaller pretax loss for the three month period compared to prior year.

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The effective tax rate for the three months ended September 30, 2010 was lower than the federal statutory rate primarily due to an increase in our valuation allowance against foreign tax credits discussed above, an increase in our liability for unrecognized tax benefits and a net tax expense associated with the income tax return-to-provision true-ups for 2009 partially offset by net income attributable to noncontrolling interests for which there was no tax expense provided. The effective tax rate for the nine months ended September 30, 2010 was lower than the federal statutory rate primarily due to an increase in our valuation allowance against foreign tax credits discussed above, a net detriment relating to tax effects of foreign exchange gains and losses on intercompany notes and a detriment relating to a tax law change in Greece partially offset by net income attributable to noncontrolling interests for which there was no tax expense provided, a decrease in our liability for unrecognized tax benefits and state tax benefits.

The balance of the Company s liability for unrecognized tax benefits was approximately $360 million as of September 30, 2011. The Company anticipates it is reasonably possible that its liability for unrecognized tax benefits may decrease by approximately $64 million within the next twelve months as the result of the possible closure of its 2003 and 2004 federal tax years, potential settlements with certain states and the lapse of the statute of limitations in various state jurisdictions. The potential decrease relates to various federal and state tax benefits including research and experimentation credits and certain amortization, loss and stock warrant deductions. In addition to the liability discussed above, the balance of the uncertain income tax liability for which The Western Union Company is required to indemnify the Company was approximately $133 million as of September 30, 2011. The Company anticipates it is reasonably possible that this liability may decrease by approximately $123 million within the next twelve months as a result of the possible closure of the 2003 and 2004 federal tax years and the negotiation of settlements with the IRS regarding specific contested issues in the 2005 and 2006 federal tax years.

Equity earnings in affiliates. Equity earnings in affiliates increased for the three and nine months ended September 30, 2011 compared to the same periods in 2010 due mostly to the third quarter 2011 correction of cumulative depreciation and amortization errors related to purchase accounting associated with our 2007 merger with an affiliate of KKR as well as volume growth associated with our merchant alliances. The error corrections, which totaled a $12.7 million benefit in Equity earnings in affiliates (a $55.4 million benefit in aggregate) and occurred over a four year period, benefited the equity earnings in affiliates growth rates for the three and nine month periods compared to the prior year by 41 and 13 percentage points, respectively.

Net income attributable to noncontrolling interests. Most of the net income attributable to noncontrolling interests relates to our consolidated merchant alliances.

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Consolidated Results of Operations for the Years Ended December 31, 2010, 2009 and 2008.

The following discussion for both consolidated results and segment results are for the year ended December 31, 2010 compared to the year ended December 31, 2009 as well as for the year ended December 31, 2009 compared to the year ended December 31, 2008. 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.

	Year ended December 31,			Percent Change	
	2010	2009	2008	2010 vs. 2009	2009 vs. 2008
Revenues:					
Transaction and processing service fees	$ 6,181.5	$ 5,788.9	$ 5,785.3	7%	0%
Product sales and other	809.3	796.7	925.3	2%	(14)%
Reimbursable debit network fees, postage and other	3,389.6	2,728.2	2,100.7	24%	30%
	10,380.4	9,313.8	8,811.3	11%	6%
Expenses:					
Cost of services (exclusive of items shown below)	3,023.3	2,945.1	2,870.6	3%	3%
Cost of products sold	375.2	305.5	316.8	23%	(4)%
Selling, general and administrative	1,579.7	1,438.2	1,374.8	10%	5%
Reimbursable debit network fees, postage and other	3,389.6	2,728.2	2,100.7	24%	30%
Depreciation and amortization	1,414.4	1,452.3	1,369.7	(3)%	6%
Other operating expenses, net	81.5	289.7	3,255.6	*	*
	9,863.7	9,159.0	11,288.2	8%	(19)%
Interest income	7.8	11.7	26.0	(33)%	(55)%
Interest expense	(1,796.6)	(1,796.4)	(1,964.9)	0%	(9)%
Other income (expense)(a)	(15.9)	(61.3)	(14.4)	*	*
Income tax benefit	(323.8)	(578.8)	(699.2)	(44)%	(17)%
Equity earnings in affiliates	117.3	97.8	123.0	20%	(20)%
Net loss	(846.9)	(1,014.6)	(3,608.0)	(17)%	(72)%
Less: Net income attributable to noncontrolling interests	174.9	71.8	156.3	*	(54)%
Net loss attributable to First Data Corporation	$ (1,021.8)	$ (1,086.4)	$ (3,764.3)	(6)%	(71)%

* 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 currency exchange gains and (losses).

The following provides highlights of revenue and expense growth on a consolidated basis while a more detailed discussion is included in the Segment Results section below.

Operating revenues overview.

Transaction and processing service fees. Revenue increased in 2010 compared to 2009 due to the incremental impact of the BAMS alliance, new sales, growth from existing clients and a card association fee increase that only benefited the third quarter of 2010. The incremental impact of the BAMS alliance benefited the transaction and processing service fees growth rate by 5 percentage points. Prepaid revenue also contributed to

the increase due most significantly to higher transaction volumes within the payroll distribution program as well as an increase in card shipments to existing clients. Partially offsetting these increases were decreases due to price compression and lost business. The termination of services by Washington Mutual beginning in March 2009 negatively impacted the transaction and processing service fee growth rate by 1 percentage point.

Revenues remained flat in 2009 compared to 2008 due to the beneficial incremental impact of the BAMS alliance and the net impact of the CPS and WFMS alliance transactions in Merchant related services offset by a decrease due to the weakened economy, price compression, lost business and the impact of foreign exchange rate movements in all businesses. The incremental impact of the BAMS alliance and the net impact of the CPS and WFMS alliance transactions described above benefited the growth rate by 5 and 1 percentage points, respectively. Growth of existing clients and new business also benefited 2009 revenues compared to 2008.

Product sales and other. Revenue increased in 2010 compared to 2009 as a result of increased volumes due in part to increased terminal demand as a result of new regulations, increased sales to existing clients, new business and the incremental impact of the BAMS alliance. Partially offsetting these increases were decreases due to fewer contract termination fees recognized in 2010, lower investment income, lower royalty income and the divestiture of an international business. The contract termination fees received in 2009 and 2010 relate most significantly to the termination of services by a customer in the Financial Services segment and negatively impacted the product sales and other revenue growth rate by 3 percentage points in 2010 compared to 2009. The decrease in investment income is due to a $27.9 million impairment recognized in All Other and Corporate related to SLARS and a decrease in settlement portfolio balances caused by the wind down of the official check business partially offset by decreased commission payments related to the retail money order business as a result of its transfer to Western Union in October 2009.

Revenues decreased for 2009 compared to 2008 due most significantly to a decrease of approximately $76 million in royalty income reflected in All Other and Corporate and decreased investment income. Also contributing to the decrease were declines resulting from divested businesses as well as declines in equipment and terminal sales, primarily internationally. Partially offsetting the decrease in 2009 compared to 2008 was an increase due to contract termination fees recognized in 2009 related to the termination of services noted above. The recognition of contract termination fees positively impacted the product sales and other revenue growth rate in 2009 by 3 percentage points. The decrease in investment income in 2009 compared to 2008 resulted from lower market interest rates and a decrease in the IPS settlement portfolio balances caused by the wind-down of the official check and money order businesses. Earnings from the official check and money order business were more than offset by a decrease in commissions. Partially offsetting these decreases was a benefit in 2009 due to a $60.3 million impairment recognized in the third and fourth quarters of 2008 (related to the SLARS and other investments).

Reimbursable debit network fees, postage and other. Revenue and expense increased in 2010 compared to 2009 due to an increase in debit network fees as a result of growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks. Also contributing to the increase in revenue and expense for 2010 compared to 2009 is the incremental impact of the BAMS alliance which benefited the reimbursable debit network fees, postage and other growth rate by 9 percentage points. Partially offsetting these increases was a decrease in postage due to a decrease in print and plastic volumes as a result of the termination of services discussed above. The termination of services impacted the reimbursable debit network fees, postage and other revenue growth rates by 2 percentage points.

Revenues and expense increased in 2009 compared to 2008 most significantly due to the incremental impact of the BAMS alliance and the net impact of the CPS and WFMS alliance transactions described above which benefited the reimbursable debit network fees, postage and other growth rate by 11 and 19 percentage points, respectively. Also contributing to the increase was continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks and an increase in postage rates. Partially offsetting these increases was a decrease in print and plastic volumes as a result of the termination of services discussed above as well as

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the reduction in the number of accounts and account activity due to adverse economic conditions. The termination of services impacted the reimbursable debit network fees, postage and other revenue growth rate by 3 percentage points.

Operating expenses overview.

Cost of services. The increase in expenses in 2010 compared to 2009 was due most significantly to the incremental third-party processing fees related to the BAMS alliance and higher incentive compensation expense. The increase in incentive compensation expense for 2010 compared to 2009 impacted the cost of services growth rate by 1 percentage point. Partially offsetting the increases was a decrease in employee related expenses as a result of reduced headcount.

Expenses increased for 2009 compared to 2008 due to the incremental impact of the BAMS alliance, the net impact of the CPS and WFMS alliance transactions and increases in expenses related to platform development. Partially offsetting these increases were decreases due most significantly to decreases in employee related expenses as a result of lower incentive compensation which impacted the cost of services growth rate by 1 percentage point. Employee related expenses were also lower due to reduced headcount. Cost of services, as a percentage of transaction and processing service fee revenue, increased slightly in 2009 compared to 2008 as a result of the items noted above.

Cost of products sold. Expenses increased in 2010 compared to 2009 due to an increase in terminal sales partly due to new regulations, new sales and increased sales to existing customers as well as a write-off of international leasing receivables incorrectly recognized in prior years and the write-off of international terminal inventory.

Expenses decreased in 2009 compared to 2008 due principally to decreases in International equipment and terminal sales partially offset by an increase in domestic terminal costs due to the incremental impact of the BAMS alliance and replacement of outdated terminals as well as increased credit losses due to a higher level of merchant failures and bankruptcy filings resulting from challenges in the economic environment.

Selling, general and administrative. The increase in selling, general and administrative expenses in 2010 compared to 2009 was due to higher incentive compensation expense and an increase in payments made to ISOs due to our increasing the number of ISOs and growth in ISO transaction volumes. The increase in payments made to ISOs impacted the selling, general and administrative expenses growth rate by 6 percentage points. Higher incentive compensation expenses impacted the selling, general and administrative expenses growth rate by 2 percentage points when comparing 2010 to 2009. Higher employee related expenses (part of which resulted from employees assumed as part of the BAMS alliance transaction) also impacted the growth rate by 2 percentage points.

Expenses increased in 2009 compared to 2008 due to an increase in expenses associated with payments to ISOs most significantly as a result of the portion of the CPS alliance received by us upon termination which impacted the selling, general and administrative growth rate by 8 percentage points. Also contributing to the increase in 2009 were increased expenses due to the formation of the BAMS alliance. Partially offsetting this increase was a decrease due most significantly to lower compensation expense as a result of reduced headcount as well as lower incentive compensation which impacted the selling, general and administrative growth rate by 1 percentage point. Also contributing to the decrease were foreign currency exchange rate movements and lower legal and professional fees related to the settlement of certain litigation in 2008. Selling, general and administrative expenses, as a percentage of transaction and processing service fee revenue, increased slightly in 2009 compared to 2008 as a result of the items noted above.

Depreciation and Amortization. Expense decreased in 2010 compared to 2009 due to amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in prior

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periods. Also contributing is accelerated amortization recorded in 2009 related to intangible assets associated with the termination of services noted above. These decreases are partially offset by increases due to newly capitalized assets and assets associated with the BAMS alliance.

Expenses increased in 2009 compared to 2008 due most significantly to the net impact of amortization associated with the CPS and WFMS alliance transactions and the BAMS alliance noted above as well as an increase due to newly capitalized assets. In addition, amortization expense increased as a result of accelerated amortization recorded in second quarter 2009 related to intangible assets associated with the contract termination in the Financial Services segment. These increases were partially offset by less amortization on certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in prior periods.

Other operating expenses, net. Other operating expenses related to restructuring, impairments, litigation and regulatory settlements and other are presented on the Consolidated Statements of Operations under those respective descriptions.

2010 Activities.

Year ended December 31, 2010	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Restructuring charges	$ (20.3)	$ (11.3)	$ (28.2)	$ (27.7)	$ (87.5)
Restructuring accrual reversals	0.7	0.8	10.9	3.1	15.5
Impairments	(1.6)		(9.9)		(11.5)
Litigation and regulatory settlements		2.0			2.0
Total pretax charge, net of reversals	$ (21.2)	$ (8.5)	$ (27.2)	$ (24.6)	$ (81.5)

The 2010 restructurings resulted from the elimination of management and other positions, approximately 1,200 employees, as part of us aligning the business with strategic objectives as well as domestic site consolidations and the reorganization of executive officers. Similar initiatives are expected to occur in future periods resulting in additional restructuring charges. Partially offsetting the charges were reversals of excess 2008 and 2009 restructuring accruals as well as reversals resulting from the refinement of 2010 estimates. We estimate cost savings resulting from the 2010 restructuring activities to be approximately $111 million on an annual basis.

In the fourth quarter of 2010, within Retail and Alliance Services, we recorded approximately $1.6 million in impairment charges related to other intangibles. Also during the fourth quarter of 2010, we recorded approximately $9.9 million in asset impairment charges related to the International segment. Approximately $6.2 million of the total impairment occurred because we did not complete a software project and determined that there are no likely alternative uses for the software. The remaining $3.7 million of impairment charges resulted from the write off of assets we determined have no future use or value.

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The following table summarizes our utilization of restructuring accruals, excluding merger related restructuring charges, for the years ended December 31, 2009 and 2010 (in millions):

	Employee Severance	Facility Closure
Remaining accrual as of January 1, 2009	$ 11.1	$
Expense provision	101.6	0.5
Cash payments and other	(44.9)	(0.3)
Changes in estimates	(9.3)	
Remaining accrual as of December 31, 2009	58.5	0.2
Expense provision	86.7	0.6
Cash payments and other	(91.2)	(0.4)
Changes in estimates	(15.3)	(0.2)
Remaining accrual as of December 31, 2010	$ 38.7	$ 0.2

2009 Activities.

	Pretax Benefit (Charge)					
Year ended December 31, 2009	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Divested Operations	Totals
			(in millions)			
Restructuring charges	$ (15.9)	$ (14.5)	$ (49.2)	$ (22.0)	$ (0.5)	$ (102.1)
Restructuring accrual reversals	4.2	1.7	2.9	0.5		9.3
Impairments			(131.9)	(53.2)		(185.1)
Litigation and regulatory settlements		(14.5)		2.7		(11.8)
Total pretax charge, net of reversals	$ (11.7)	$ (27.3)	$ (178.2)	$ (72.0)	$ (0.5)	$ (289.7)

The 2009 restructurings resulted from the elimination of management and other positions, approximately 1,700 employees, as part of our cost saving initiatives as well as domestic site consolidations and the elimination of certain information technology positions. Partially offsetting the charges are reversals of 2009 and 2008 restructuring accruals related to our change in strategy related to global labor sourcing initiatives as well as refining previously recorded estimates.

In the fourth quarter of 2009, domestically, we recorded a $33 million impairment charge related to customer contracts, a $17 million goodwill impairment charge and a $3 million software impairment charge related to the Information Services reporting unit. The significant factor that drove most of the impairment was lower projections of financial results as compared to those used in the 2008 impairment testing.

In the fourth quarter of 2009, we recorded $124 million in asset impairment charges related to the International reporting unit and segment. Approximately $64 million of the total impairment charge related to our business in Germany and was allocated to impair the value of customer contracts and real property by approximately $58 million and $6 million, respectively. The impairment occurred because of the deterioration of profitability on existing business, higher risk of revenue attrition in future years and lower projections of financial results compared to those used in prior periods. Approximately $47 million of the total impairment charge related to impairment of customer contracts associated with our card-issuing business in the United Kingdom. The impairment occurred because of negative cash flow in the existing business and lower projections of financial results compared to those used in prior periods. The remaining $13 million of impairment charges related to a trade name in Canada, customer contracts in Brazil and Ireland and software.

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During the third quarter of 2009, we recorded a charge of $7.7 million related to an intangible asset impairment within the International segment resulting from continuing and projected losses combined with a change in business strategy related to an existing business.

We followed a discounted cash flow approach in estimating the fair value of the affected asset groups and individual intangible assets within those groups. Discount rates were determined on a market participant basis. In certain situations, we relied in part on a third-party valuation firm in determining the appropriate discount rates. A relatively small change in these inputs would have had an immaterial impact on the impairments. We obtained an appraisal from a third-party brokerage firm to assist in estimating the value of real property in Germany. All key assumptions and valuations were determined by and are the responsibility of management.

In 2009, we recorded anticipated settlements of several matters within the Financial Services segment. In the first and second quarters of 2010, we released $2.0 million related to these settlements.

2008 Activities.

	Pretax Benefit (Charge) (in millions)					
Year ended December 31, 2008	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Divested Operations**	**Totals**
Restructuring charges	$ (7.2)	$ (13.2)				$ (20.4)
Restructuring accrual reversals	0.7	7.6			$ 0.1	8.4
Impairments	(1,106.5)	(1,396.0)	$ (376.2)	$ (160.7)	(204.2)	(3,243.6)
Total pretax charge, net of reversals	$ (1,113.0)	$ (1,401.6)	$ (376.2)	$ (160.7)	$ (204.1)	$ (3,255.6)

The 2008 restructurings resulted from the planned terminations of approximately 1,000 employees associated with initial plans for call center consolidation and global labor sourcing initiatives primarily related to information technology development. During the fourth quarter, our strategy related to global labor sourcing initiatives changed resulting in delaying implementation of certain of the initiatives and 20% fewer terminations than originally planned which resulted in the reversal of the associated charges.

In the fourth quarter of 2008, we recorded a $3.2 billion goodwill impairment charge. Every reporting unit had an impairment charge representing a percentage of goodwill ranging from a small charge for one reporting unit to all of the goodwill at two small reporting units. During the fourth quarter and in connection with the deterioration in general global economic conditions, we experienced a decrease in our operating results. These operating results caused us to reassess our near and long-term projections as part of our annual budgeting process. We followed a discounted cash flow approach in estimating the fair value of the reporting units and intangible assets consistent with the approach used to allocate the purchase price of the merger. The significant factors that drove most of the impairment were higher discount rates and revised projections of financial results as compared to those used to allocate the purchase price of the merger with an affiliate of KKR in 2007. Also during 2008, we recorded a charge related to an asset impairment associated with our subsidiary, Peace Software (Peace), included within divested operations. The impairment occurred because of the deterioration of profitability on existing business and Peace s limited success in attracting new clients. This resulted in us recording an impairment of $29.9 million of the goodwill and intangible assets associated with this business which was reported in the Impairments line item of the Consolidated Statements of Operations. We sold Peace in October of 2008.

Interest income. Interest income in 2010 decreased compared to 2009 due to lower interest rates and a decrease in cash balances. Interest income in 2009 decreased compared to 2008 due to the same factors.

Interest expense. Interest expense remained flat in 2010 compared to 2009 while interest expense decreased in 2009 compared to 2008 due to lower average interest rates on variable rate debt in 2009. Also contributing to

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the decrease in 2009 compared to 2008 were interest rate swaps that no longer qualified for hedge accounting beginning in 2009. Partially offsetting these decreases was an increase due to higher average balances (approximately $22,609.8 million as of December 31, 2009 which is slightly higher than the debt balances as of December 31, 2008) as well as higher interest rates on our senior unsecured debt in 2009 as the result of amendments to such debt in June 2008. The mark-to-market adjustments for interest rate swaps that do not qualify for hedge accounting as well as interest rate swap ineffectiveness are recorded in the Other income (expense) line item of the Consolidated Statement of Operations and totaled charges of $67.9 million, $64.3 million and $16.0 million, respectively, for the years ended December 31, 2010, 2009 and 2008.

Other income (expense).

	Year ended December 31,		
	2010	**2009**	**2008**
Investment gains	$ 2.5	$ 3.0	$ 21.1
Derivative financial instruments losses	(58.3)	(67.4)	(12.9)
Divestitures, net	18.7	(12.9)	(8.5)
Debt repayment gains			7.0
Non-operating foreign currency gains and (losses)	21.2	10.5	(21.1)
Other		5.5	
Other income (expense)	$ (15.9)	$ (61.3)	$ (14.4)

Investment gains and (losses). The 2008 investment gains and losses resulted from the recognition of a gain related to the sale of MasterCard stock in the Retail and Alliance Services and International segments and a gain on the sale of investment securities within the Financial Services segment partially offset by a loss resulting from a money market investment impairment.

Derivative financial instruments gains and (losses). The net losses in 2010 and 2009 were due most significantly to the mark-to-market adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges as well as the impact of payments on interest rate swaps that do not qualify as accounting hedges.

The derivative financial instruments loss in 2008 related most significantly to $16.0 million of charges for ineffectiveness from interest rate swaps that were designated as accounting hedges but were not perfectly effective partially offset by miscellaneous individually insignificant items.

Divestitures, net. The 2010 gain related most significantly to a contingent payment received in connection with our November 2009 sale of a merchant acquiring business in Canada. The loss in 2009 resulted from us selling our debit and credit card issuing and acquiring processing business in Austria in August 2009. The loss is partially offset by a gain related to the sale of a merchant acquiring business in Canada in November 2009. During 2008, we recognized a loss related to a divestiture of a business within the International segment. We also recognized a pretax loss of $3.8 million resulting from the sale of 12.5% of our membership interest in WFMS discussed above in Overview.

Debt repayment gains and losses. The 2008 debt repayment gain related to the early repayment of long-term debt at a discount from the principal amount.

Non-operating foreign currency gains and (losses). For the years ended December 31, 2010, 2009 and 2008 net non-operating foreign currency exchange gains and losses related to the mark-to-market of our intercompany loans and the euro-denominated debt.

Income taxes. Our effective tax rates on pretax income (loss) were tax benefits of 27.7% in 2010, 36.3% in 2009, and 16.2% in 2008. The calculation of the effective tax rate includes most of the equity earnings in

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affiliates in pretax income because this item relates principally to entities that are considered pass-through entities for income tax purposes.

The effective tax rate benefit in 2010 was less than the statutory rate primarily due to an increase in our valuation allowance against foreign tax credits (discussed below). This negative adjustment was partially offset by state tax benefits, net income attributable to noncontrolling interests for which there was no tax expense provided and a decrease in our liability for unrecognized tax benefits.

The effective tax rate benefit in 2009 was greater than the statutory rate due primarily to state tax benefits, lower tax earnings and profits than book income for foreign entities and net income attributable to noncontrolling interests for pass through entities for which there was no tax expense provided. These positive adjustments were partially offset by an increase in our liability for unrecognized tax benefits and an increase in the valuation allowance established against certain state and foreign net operating losses.

The effective tax rate benefit in 2008 was less than the statutory rate due primarily to the non-deductibility of most of the goodwill impairment expense recorded in the fourth quarter of 2008. Partially offsetting the tax disallowance of the goodwill impairment was the release of a valuation allowance against foreign tax credits established since consummation of the Merger with an affiliate of KKR in 2007.

Subsequent to the Merger and as part of the Holdings consolidated federal group and consolidated, combined or unitary state groups for income tax purposes, we have been and continue to be in a tax net operating loss position. We currently anticipate being able to utilize in the future most of our existing federal and state net operating loss carryforwards due to the existence of significant deferred tax liabilities established in connection with purchase accounting for the merger. Accordingly, we have not established valuation allowances against most of such loss carryforwards. We, however, may not be able to record a benefit related to losses in certain states and foreign countries, requiring the establishment of valuation allowances.

Despite the net operating loss position discussed above, we continue to incur income taxes in states for which we file returns on a separate entity basis and in certain foreign countries. Generally, these foreign income taxes would 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, on August 10, 2010, federal legislation was enacted which included a tax change that adversely affects our ability to utilize foreign tax credits recorded on our balance sheet. As a result, we recorded a valuation allowance against foreign tax credits of approximately $182 million during the third and fourth quarters of 2010. This valuation allowance will increase over time as foreign taxes are accrued, and will have a continuing adverse impact on our effective tax rate in the future. The tax law change will also have an adverse impact on our cash flow in future periods, when and as we would be in a position to utilize foreign tax credits.

During the year ended December 31, 2010, our liability for unrecognized tax benefits was reduced by $39 million upon the closure of the 2002 federal tax year and after negotiating settlements with the IRS regarding specific contested issues in the 2003 and 2004 federal tax years. The liability for the interest accrued on the unrecognized tax benefits of $17 million and the contra-liability for the federal benefit on state income taxes of $1 million were reduced at the same time. The total $55 million reduction in liabilities was recorded through a $43 million decrease to tax expense and a $12 million increase to deferred tax liabilities. As of December 31, 2010, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may decrease by approximately $57 million within the next twelve months as the result of the possible closure of our 2003 and 2004 federal tax years, potential settlements with certain states and the lapse of the statute of limitations in various state jurisdictions. The potential decrease relates to various federal and state tax benefits including research and experimentation credits and certain amortization, loss and stock warrant deductions.

The IRS completed its examination of our U.S. federal consolidated income tax returns for 2003 and 2004 and issued a Notice of Deficiency (the Notice) in December 2008. The Notice claims that we and our subsidiaries, which included Western Union during the years at issue, owe significant additional taxes, interest

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and penalties with respect to a variety of adjustments. We and Western Union agree with several of the adjustments in the Notice. Additionally, during 2010 the IRS conceded certain of the adjustments. As to the adjustments that remain in dispute, for 2003 such issues represent total taxes and penalties allegedly due of approximately $31 million, of which $8 million relates to us and $23 million relates to Western Union, and for 2004 such issues represent total taxes and penalties allegedly due of approximately $91 million, all of which relates to Western Union. We estimate that the total interest due (pretax) on such amounts for both years is approximately $53 million through December 31, 2010, of which $4 million relates to us and $49 million relates to Western Union. As to the disputed issues, we and Western Union are contesting the asserted deficiencies in U.S. Tax Court; however, in the fourth quarter of 2010 all disputed issues were assigned to IRS Appeals and currently are being reviewed in that forum for possible resolution. We believe that we have adequately reserved for the disputed issues and final resolution of those issues will not have a material adverse effect on our financial position or results of operations.

Under the Tax Allocation Agreement executed at the time of the spin-off of Western Union on September 29, 2006, Western Union is responsible for and must indemnify us against all taxes, interest and penalties that relate to Western Union for periods prior to the spin-off date, including the amounts asserted in the Notice as described above. If Western Union were to agree to or be finally determined to owe any amounts for such periods but were to default in our indemnification obligation under the Tax Allocation Agreement, we as parent of the tax group during such periods generally would be required to pay the amounts to the relevant tax authority, resulting in a potentially material adverse effect on our financial position and results of operations. As of December 31, 2010, we had approximately $130 million of uncertain income tax liabilities recorded related to Western Union for periods prior to the spin-off date. We have recorded a corresponding account receivable of equal amount from Western Union, which is included as a long-term account receivable in the Other long-term assets line of our Consolidated Balance Sheets, reflecting the indemnification obligation. The uncertain income tax liabilities and corresponding receivable are based on information provided by Western Union regarding its tax contingency reserves for periods prior to the spin-off date. There is no assurance that a Western Union-related issue raised by the IRS or other tax authority will be finally resolved at a cost not in excess of the amount reserved and reflected in our uncertain income tax liabilities and corresponding receivable from Western Union.

Equity earnings in affiliates. Equity earnings in affiliates increased in 2010 compared to 2009 due to volume growth associated with our merchant alliances. Equity earnings in affiliates decreased in 2009 compared to 2008 due to the net impact of the CPS and WFMS alliance transactions described above.

Net income attributable to noncontrolling interests. Most of the net income attributable to noncontrolling interests relates to our consolidated merchant alliances. Net income attributable to noncontrolling interests increased in 2010 compared to 2009 due to the formation of the BAMS alliance.

Net income attributable to noncontrolling interests decreased in 2009 compared to 2008 due to the deconsolidation of the alliance with Wells Fargo at December 31, 2008 upon sale of part of our interest in the alliance discussed in Overview above. Partially offsetting this decrease was an increase due to the formation of the BAMS alliance beginning in June 2009.

Segment results.

We classify our businesses into three segments: Retail and Alliance Services, Financial Services and International. All Other and Corporate is not discussed separately as its results that had a significant impact on operating results are discussed in the Consolidated Results discussion above.

The results of divested businesses are excluded from segment results. We sold a merchant acquiring business in Canada, a debit and credit card issuing and acquiring processing business in Austria and Active Business Services, Ltd, all reported within the International segment, in November 2009, August 2009 and July 2008, respectively, and Peace, reported within the Financial Services segment, in October 2008. The

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International and Financial Services performance measures have been adjusted for 2009 and 2008 to exclude the results of divested businesses. Retail and Alliance Services segment performance measures have been adjusted for 2008 to reflect the sale of 12.5% of our ownership interest in the WFMS alliance that occurred on December 31, 2008.

The business segment measurements provided to and evaluated by the chief operating decision maker 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.

- Retail and Alliance Services segment revenue does not include equity earnings because it is reported using proportionate consolidation as described below. Other segment revenue includes equity earnings in affiliates (excluding amortization expense) and intersegment revenue.

- Segment revenue excludes reimbursable debit network fees, postage and other revenue.

- Segment earnings before net interest expense, income taxes, depreciation and amortization (EBITDA) includes equity earnings in affiliates and excludes depreciation and amortization expense, net income attributable to noncontrolling interests, other operating expenses and other income (expense). Retail and Alliance Services segment EBITDA does not include equity earnings because it is reported using proportionate consolidation as described below. Additionally, segment EBITDA is adjusted for items similar to certain of those used in calculating our compliance with debt covenants. The additional items that are adjusted to determine segment EBITDA are:

  - stock based compensation expense is excluded;

  - official check and money order businesses EBITDA are excluded;

  - cost of data center technology and savings initiatives are excluded and represent 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, expenses related to the conversion of certain BAMS merchant clients onto First Data platforms, as well as certain platform development and other costs directly associated with the termination of the CPS alliance, all of which are considered nonrecurring projects (excludes costs accrued in purchase accounting);

  - debt issuance costs are excluded and represent costs associated with issuing debt and modifying our debt structure as well as costs associated with the issuance of debt related to the merger with an affiliate of KKR in 2007;

  - KKR related items are excluded and represent items related to the merger with an affiliate of KKR primarily resulting from 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.

Retail and Alliance Services segment revenue and EBITDA are reflected based on our proportionate share of the results of our investments in businesses accounted for under the equity method and consolidated subsidiaries with noncontrolling ownership interests. In addition, Retail and Alliance Services segment measures reflect commission payments to certain ISOs, which are treated as an expense in the Consolidated Statements of Operations, as contra revenue to be consistent with revenue share arrangements with other ISOs that are recorded as contra revenue.

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 attributable to a segment are allocated to the respective segment. Administrative and shared service costs are retained by Corporate.

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Segment Results for the Three and Nine Months Ended September 30, 2011 and 2010.

Retail and Alliance Services segment results.

(in millions)	Three months ended September 30, 2011	Three months ended September 30, 2010	Change %
Revenues:			
Transaction and processing service fees	$ 740.5	$ 752.1	(2)%
Product sales and other	107.5	99.0	9%
Segment revenue	$ 848.0	$ 851.1	0%
Segment EBITDA	$ 354.1	$ 355.6	0%
Segment margin	42%	42%	0 pts
Key indicators:			
Domestic merchant transactions(a)	9,057.6	8,591.5	5%

(in millions)	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Change %
Revenues:			
Transaction and processing service fees	$ 2,145.5	$ 2,153.9	0%
Product sales and other			