FIRST DATA CORP
Form S-4
August 13, 2008

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As filed with the Securities and Exchange Commission on August 13, 2008

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

First Data Corporation

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

SEE TABLE OF ADDITIONAL REGISTRANTS

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

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Note**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
$9^7/_8$% Senior Notes due 2015	$2,200,000,000	100%	$2,200,000,000	$86,460
Guarantees of $9^7/_8$% Senior Notes due 2015(2)	N/A	N/A	N/A	N/A(3)

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(f) of the Securities Act of 1933, as amended (the "Securities Act").

(2) See inside facing page for table of registrant guarantors.

(3) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees.

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

Table of Additional Registrant Guarantors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUBJECT TO COMPLETION, DATED AUGUST 13, 2008

PRELIMINARY PROSPECTUS

FIRST DATA CORPORATION

Offer to Exchange (the "Exchange Offer")

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

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

The Exchange Offer

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

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

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

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

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

Results of the Exchange Offer

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

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

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

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

The date of this prospectus is , 2008.

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

TABLE OF CONTENTS

BASIS OF PRESENTATION

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

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

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

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

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

At March 31, 2008, there were eight affiliates accounted for under the equity method of accounting, comprised of five merchant alliances and three strategic investments in companies in related markets. The majority of equity earnings relate to the Chase Paymentech alliance, our largest merchant alliance. Chase Paymentech is 51% owned by J.P. Morgan Chase Bank, N.A. ("JPMorgan") and 49% owned by us. On May 27, 2008, we announced we had reached an agreement with JPMorgan to end the joint venture, Chase Paymentech Solutions , a global payments and merchant acquiring entity, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service independent sales organization ("ISO") and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. The information included in this prospectus does not reflect the impact of the end of this joint venture though, on a pro forma basis, it would not be expected to have a material impact on our historical income (loss) from continuing operations.

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

Unless the context requires otherwise, in this prospectus, "First Data," "FDC," the "company," "we," "us" and "our" refers to First Data Corporation and its consolidated subsidiaries, both before and after the consummation of the Transactions described herein. References to the "notes" refers to the outstanding $2,200,000,000 aggregate principal amount of its 9$^7/_8$% Senior Notes due 2015 and the exchange notes.

PROSPECTUS SUMMARY

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

Our Company

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

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

Recent Developments

Acquisition of InComm Holdings, Inc.

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

Expiration of Our Alliance with Chase Paymentech

On May 27, 2008, we announced we had reached an agreement with JPMorgan to end the joint venture, Chase Paymentech Solutions , a global payments and merchant acquiring entity, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service ISO and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements.

Amendments to Our Interim Loan Agreements

On June 19, 2008, we entered into the First Amendment (the "First Senior Amendment") to the Senior Unsecured Interim Loan Agreement, dated as of September 24, 2007 (as amended and restated as of October 24, 2007, the "Amended Senior Unsecured Interim Loan Agreement"). The First Senior Amendment amends the Amended Senior Unsecured Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008, to 8.490% per annum with respect to senior cash-pay loans and 9.320% per annum with respect to senior PIK loans, and (ii) at any date on or after August 18, 2008, to 9.875% per annum with respect to senior cash-pay loans and 10.550% per annum with respect to senior PIK loans.

Also on June 19, 2008, we entered into the First Amendment (the "First Senior Subordinated Amendment") to the Senior Subordinated Interim Loan Agreement, dated as of September 24, 2007 (as amended and restated as of October 24, 2007, the "Amended Senior Subordinated Interim Loan Agreement"). The First Senior Subordinated Amendment amends the Amended Senior Subordinated Interim Loan Agreement to increase the interest rates on borrowings (i) at any date on or after June 19, 2008 and prior to August 18, 2008 to 9.800% per annum, and (ii) at any date on or after August 18, 2008, to 11.250% per annum.

Appointment of New Chief Financial Officer

Effective June 10, 2008, Kimberly S. Patmore stepped down from her role as our Chief Financial Officer. Ms. Patmore was succeeded by Philip M. Wall, who was appointed as our Executive Vice President and Chief Financial Officer. Mr. Wall joined us in January 2002 as vice president of Europe card services. In August 2002, Mr. Wall assumed responsibility for all our international finance operations and served in that capacity until June 2008.

Appointment of New Chief Accounting Officer

Effective May 1, 2008, Jeffrey Billat stepped down from his role as our Chief Accounting Officer. Mr. Billat was succeeded by Gregg Sonnen, who was appointed as our Senior Vice President and Chief Accounting Officer. Mr. Sonnen had previously served as our Senior Vice President and Corporate Chief Financial Officer since he joined us in September 2005. Mr. Billat remains with us performing duties in our accounting policy and standards, technical accounting and external reporting area.

Other Developments

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

The Sponsor

Kohlberg, Kravis Roberts & Co.

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

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

The Exchange Offer

On October 24, 2007, First Data issued in a private offering $2,200,000,000 aggregate principal amount of $9^7/_8$% senior notes due 2015.

General	In connection with the private offering, First Data and the guarantors of the outstanding notes entered into a registration rights agreement with the initial purchasers pursuant to which they agreed, among other things, to deliver this prospectus to you and to complete the exchange offer within 360 days after the date of original issuance of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes which are identical in all material respects to the outstanding notes except: the exchange notes have been registered under the Securities Act; the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and the additional interest provisions of the registration rights agreement are not applicable.
The Exchange Offer	First Data is offering to exchange $2,200,000,000 aggregate principal amount of $9^7/_8$% senior notes due 2015. You may only exchange outstanding notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
Resale	Based on an interpretation by the staff of the Securities and Exchange Commission (the "SEC") set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by you (unless you are our "affiliate" within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that: you are acquiring the exchange notes in the ordinary course of your business; and you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes. If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any resale of the exchange notes. See "Plan of Distribution."

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

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

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

The Exchange Notes

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

Issuer	First Data Corporation
Securities Offered	\$2,200,000,000 aggregate principal amount of $9^7/_8$% senior notes due 2015.
Maturity Date	The exchange notes will mature on September 24, 2015.
Interest Rate	Interest on the exchange notes will be payable in cash and will accrue at a rate of $9^7/_8$% per annum.
Interest Payment Dates	We will pay interest on the exchange notes on March 31 and September 30. Interest began to accrue from the issue date of the notes.
Ranking	The exchange notes will be unsecured senior obligations and will: rank equal in right of payment with all of our existing and future senior indebtedness, including under our senior cash-pay unsecured interim credit facility and senior PIK unsecured interim credit facility (together, the "senior unsecured debt"), each of which is scheduled to mature in 2015; rank senior in right of payment to all existing and future subordinated indebtedness, including under our senior subordinated unsecured interim credit facility (the "senior subordinated unsecured debt" and collectively, with the senior unsecured debt, the "unsecured debt"), which is scheduled to mature in 2016; be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and our guarantors' obligations under the senior secured credit facilities (including any future obligations thereto); and be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries). As of March 31, 2008, on a pro forma basis after giving effect to the exchange offer (1) the exchange notes and related guarantees would have ranked effectively junior to approximately \$12,945.9 million of senior secured indebtedness under our senior secured credit facilities and \$188.0 million of other secured debt, which represents capital leases, (2) the exchange notes and related guarantees would have ranked to effectively junior to \$7,500.0 million notional of floating rate

to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility as well as €91.1 million and $115.0 million Australian dollars notional of cross currency swaps that serve as net investment hedges; these derivative instruments are pari passu with the senior secured indebtedness and represented a negative mark to market (liability) of $492.4 million as of March 31, 2008 and (3) we would have had an additional $1,910.0 million of available capacity under our senior secured revolving credit facility (without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008). In addition, we have lines of credit associated with:

- First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008), of which approximately US$131.8 million was available for borrowings as of March 31, 2008;
- Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008), of which US$86.8 million was available for borrowings as of March 31, 2008; and
- First Data Polska, the maximum amount available, which varies for peak needs during the year, which totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008), almost all of which was available for borrowings as of March 31, 2008.
- Our joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, which totaled committed lines of credit of €145 million (approximately US$230.0 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes and of which US$155.0 million was available for borrowings as of March 31, 2008.

Guarantees

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

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

	be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and the guarantors' obligations under the senior secured credit facilities (including any future obligations thereto); and be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of any subsidiary of a guarantor that is not also a guarantor of the notes. Any guarantee of the exchange notes will be released in the event such guarantee is released under the senior secured credit facilities. Our non-guarantor subsidiaries accounted for approximately $561.9 million, or 26.4%, of our consolidated revenue for three months ended March 31, 2008, and approximately $9,763.6 million, or 28.5%, of our total assets excluding settlement assets, and approximately $657.9 million, or 2.4%, of our total liabilities excluding settlement liabilities, in each case as of March 31, 2008.
Optional Redemption	We may redeem the exchange notes, in whole or in part, at any time prior to September 30, 2011, at a price equal to 100% of the principal amount of the exchange notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium," as described under "Description of Notes Optional Redemption." We may redeem the exchange notes, in whole or in part, on or after September 30, 2011, at the redemption prices set forth under "Description of Notes Optional Redemption." Additionally, from time to time on or before September 30, 2010, we may choose to redeem up to 35% of the principal amount of each of the exchange notes with the proceeds from one or more public equity offerings at the redemption prices set forth under "Description of Notes Optional Redemption."
Change of Control Offer	Upon the occurrence of a change of control, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. See "Description of Notes Repurchase at the Option of Holders Change of Control."
Asset Sale Proceeds Offer	Upon the occurrence of a non-ordinary course asset sale, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 100% of their face amount, plus accrued and unpaid interest to the repurchase date. See "Description of Notes Repurchase at the Option of Holders Change of Control."
Certain Covenants	The indenture governing the exchange notes contains covenants limiting our ability and the ability of our restricted subsidiaries to: incur additional debt or issue certain preferred shares;

	pay dividends on or make other distributions in respect of our capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; enter into certain transactions with our affiliates; and designate our subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of important limitations and exceptions. See "Description of Notes."
Voting	The exchange notes will be treated along with certain other senior unsecured debt of First Data as a single class for voting purposes and consent by the holders of the exchange notes will not be sufficient by itself to take any action requiring majority consent or the action of holders of at least 30% of the debt entitled to vote unless, in the case of the latter, at least 90% of the holders of the exchange notes consent to such action.
Original Issue Discount	Because the "stated redemption price at maturity" of the exchange notes exceeds their "issue price" by more than the statutory de minimis threshold, the exchange notes are treated as issued with original issue discount for United States federal income tax purposes. A U.S. holder (as defined in "Certain United States Federal Income Tax Consequences") of an exchange note will be required to include such original issue discount in gross income as it accrues, in advance of the receipt of cash attributable to that income and regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences" for more detail.
No Prior Market	The exchange notes will be freely transferable but will be new securities for which there will not initially be a market. Accordingly, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any such market that may develop. The initial purchasers in the private offering of the outstanding notes have informed us that they currently intend to make a market in the exchange notes; however, they are not obligated to do so, and they may discontinue any such market-making activities at any time without notice.

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

RISK FACTORS

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

Risks Related to the Exchange Offer

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

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

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

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

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

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

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

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

Risks Related to Our Indebtedness

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

We are highly leveraged. The following chart shows our level of indebtedness and certain other information as of March 31, 2008.

	(in millions)
Senior secured credit facilities(1)	
Revolving credit facility	$ 90.0
Term loan facility	12,855.9
Senior cash-pay notes due 2015	2,200.0
Senior cash-pay unsecured interim credit facility(2)	1,550.0
Senior PIK unsecured interim credit facility(2)	2,885.1
Senior subordinated unsecured interim credit facility(2)	2,500.0
Capital lease obligations and other debt(3)	631.6
Total	$22,712.6

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(1) Upon the closing of the Transactions, we entered into senior secured credit facilities, consisting of (a) a $2,000.0 million senior secured revolving credit facility with a six-year maturity, $200.0 million of which was drawn on the closing date of the Transactions to fund costs related to the Transactions and $90 million of which was outstanding as of March 31, 2008 (without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008) and (b) a $13,000.0 million senior secured term loan facility with a seven year maturity, approximately $1,000.0 million of which was available in euros, $12,775.0 million of which was drawn on the date of the closing of the Transactions. A portion of the term loan facility in the amount of $225.0 million, which is approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offers for such notes, remains available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the Previously Existing Notes are repaid (of which approximately $25.6 million was drawn in December 2007 when certain Previously Existing Notes were repaid). The principal balance of the term loan facility was $12,855.9 as of March 31, 2008 and is net of quarterly installment payments of 1% annual principal amortization of the original funded principal amount and also reflects the foreign exchange impact of the euro-demoninated portion as well as the aforementioned delayed term loan draw. See "Description of Other Indebtedness Senior Secured Credit Facilities."

(2) The $1,550.0 million senior cash-pay unsecured interim credit facility and the $2,885.1 million senior PIK unsecured interim credit facility are scheduled to mature on September 24, 2015. The senior PIK unsecured interim credit facility balance has increased from inception balance of $2,750.0 million due to the "payment" of accrued interest through March 31, 2008. The $2,500.0 million senior subordinated unsecured interim credit facility is scheduled to mature on March 31, 2016.

(3) Consists primarily of $174.8 million of Previously Existing Notes not repaid as part of the tender offer or the subsequent repayment in December 2007 and remaining outstanding as of March 31, 2008 (net of purchase price adjustments to reflect debt at fair market value effective with the Merger), $188.0 million of capital lease obligations and $259.2 million of borrowings outstanding against lines of credit associated with our non-guarantor subsidiaries. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008), US$122.2 million of which was outstanding as of March 31, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008), US$62.2 million of which was outstanding as of March 31, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under the facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008), with only an immaterial amount outstanding as of March 31, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$230 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes, US$75.0 million of which was outstanding as of March 31, 2008.

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

- increasing our vulnerability to adverse economic, industry or competitive developments;

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;

- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under our senior secured credit facilities, will be at variable rates of interest;

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;

- restricting us from making strategic acquisitions or causing us to make unintended divestitures;

- making it more difficult for us to obtain network sponsorship and clearing services from financial institutions as a result of our increased leverage;

- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

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

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

At March 31, 2008, we had $12,945.9 million aggregate principal amount of variable rate indebtedness under our senior secured credit facilities. A 100 basis point increase in such rates would increase our annual interest expense by approximately $129.5 million. At March 31, 2008 and currently, we have interest rate swaps that fix the interest rate on $7.5 billion in notional amount of this variable rate indebtedness thus reducing the impact of a 100 basis point increase in rates to $54.5 million.

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

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture governing the notes (including the exchange notes), the indenture governing the senior PIK notes of Holdings, the agreements governing our unsecured debt, including the indentures governing the exchange notes related thereto, and our senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition to the $1,910.0 million (which reflects $90.0 million drawings as of March 31, 2008 but without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008) which will be available to us for borrowing under the revolving credit facility, the terms of the senior secured credit agreement will enable us to increase the amount available under the term loan and revolving credit facilities by up to an aggregate of $1,500.0 million if we are to obtain loan commitments from banks. In addition, under our senior unsecured PIK indebtedness, we will pay interest by increasing the principal amount of the outstanding indebtedness until September 30, 2011, which will increase our debt by the amount of any such interest. In addition, we have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008), of which approximately US$131.8 million was available for borrowings as of March 31, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008), US$86.8 million of which was available for borrowings as of March 31, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008), almost all of which was available for borrowings as of March 31, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$230 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes, US$155.0 million of which was available for borrowing as of March 31, 2008. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we will face would increase. In addition, the indenture governing the notes will not prevent us from incurring obligations that do not constitute indebtedness under the indenture.

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

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

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

create liens;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into certain transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

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

Risks Related to Our Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our operations strategy includes goals such as data center consolidation, outsourcing labor and reducing corporate overhead expenses and business unit operational expenses. While we have and will continue to implement these strategies, there can be no assurance that we will be able to do so successfully or that we will realize the projected benefits of these and other cost saving plans. If we are unable to realize these anticipated cost reductions, our financial health may be adversely affected. Moreover, our continued implementation of cost saving plans and facilities integration may disrupt our operations and performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have established contingency reserves for material tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. These reserves reflect what we believe to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While we believe that the reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost not in excess of any related reserve. An unfavorable resolution, therefore, could negatively impact our results of operations.

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

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

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

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

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

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

We also rely on proprietary technology. It is possible that others will independently develop the same or similar technology. Assurance of protecting our trade secrets, know-how or other proprietary information cannot be guaranteed. Our patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or advantage. If we were unable to maintain the proprietary nature of our technologies, we could lose competitive advantages and be materially adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

vendor's unresponsiveness in the event of breakdowns in our systems. Furthermore, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

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

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

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

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

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

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

Risks Related to the Notes

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

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

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

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

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

As of March 31, 2008, we had $12,945.9 million of senior secured indebtedness, which is indebtedness under our senior secured credit facilities, not including the availability of an additional $1,910.0 million under our revolving credit facility (without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008), $199.4 million under our delayed draw term facility, up to an additional $1,500.0 million of term loan and revolving credit facilities that we are permitted to obtain under our senior secured credit agreement if we are able to obtain loan commitments from banks, $7,500.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and €91.1 million and $115.0 million Australian dollars notional of cross currency swaps that serve as net investment hedges. The indenture governing the notes will permit us, our subsidiary guarantors and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

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

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

Our non-guarantor subsidiaries accounted for approximately $561.9 million, or 26.4%, of our consolidated revenue for three months ended March 31, 2008, and approximately $9,763.6 million, or

28.5%, of our total assets excluding settlement assets, and approximately $657.9 million, or 2.4%, of our total liabilities excluding settlement liabilities, in each case as of March 31, 2008.

In addition, we have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008), of which approximately US$131.8 million was available for borrowings as of March 31, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008), US$86.8 million of which was available for borrowings as of March 31, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008), almost all of which was available for borrowings as of March 31, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.01%, we entered into committed lines of credit for a total of €145 million (approximately US$230 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes, US$155.0 million of which was available for borrowing as of March 31, 2008.

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

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

Any action requiring a majority consent, such as making certain amendments to the indenture or waiving defaults under the indenture, or the action of holders of at least 30% of the debt entitled to vote, such as declaring certain defaults under the indenture or accelerating the amounts due under the notes, may effectively be accomplished by the holders of the senior unsecured debt whether or not the holders of the exchange notes consent to such action. Furthermore, consent by the holders of the exchange notes will not be sufficient by itself to take any action requiring majority consent or the action of holders of at least 30% of the debt entitled to vote unless, in the case of the latter, at least 90% of the holders of the exchange notes consent to such action.

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

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

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

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

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

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

- we could be forced into bankruptcy or liquidation.

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

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

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

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

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

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

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

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

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

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

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

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

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

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

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

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

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

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

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

THE TRANSACTIONS

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

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

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

Sources of funds:		**Uses of funds:**	
	(Dollars in millions)		
Revolving credit facility(1)	$ 200.0	Merger consideration for shares(6)	$ 26,244.6
Term loan facility(2)	12,775.0	Repayment of Previously Existing Notes and other(7)	2,279.5
Rollover of capital leases and other existing debt(3)	467.8	Rollover of capital leases and other existing debt(3)	467.8
Senior cash-pay unsecured interim credit facility(4)	3,750.0	Fees related to the Transactions(8)	804.2
Senior PIK unsecured interim credit facility(4)	2,750.0	Total Uses	$ 29,796.1
Senior subordinated unsecured interim credit facility(4)	2,500.0		
Total debt issued	$22,442.8		
Equity contribution(5)	7,231.8		
First Data Cash	121.5		
Total Sources	$29,796.1		

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

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

Previously Existing Notes are repaid (of which approximately $25.6 million was drawn in December 2007 when certain Previously Existing Notes were repaid).

(3) Consists primarily of $222.1 million of Previously Existing Notes not repaid as part of the tender offer, $170.5 million of capital lease obligations and $71.8 million of borrowings outstanding against lines of credit associated with our non-guarantor subsidiaries. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008). We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008). Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under the facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008). In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.1%, we entered into committed lines of credit for a total of €145 million (approximately US$230 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes.

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

(5) Consists of the equity contributions by the Equity Investors and/or their assignees, net of $82.2 million of equity fees paid by Parent, and by Holdings of the $980.0 million of net proceeds from its offering of senior PIK notes. Neither we nor our subsidiaries provide credit support for Holdings' obligations. In addition, certain members of management were subsequently offered an opportunity to make equity investments in Holdings. Such additional equity investments were made by paying cash for shares of Holdings but are not reflected in the sources and uses of funds relating to the Transactions. Through March 31, 2008, approximately 21.3 million shares were issued by Holdings to members of management at $5.00 per share and substantially all proceeds were contributed to us. For a more detailed explanation of the management equity investment, see "Management Equity Investment by Key Employee Participants."

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

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

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

(8)

Represents transaction fees as follows (in millions):

Deferred financing fees associated with the Transactions(i)	$540.5
Other fees related to the Transactions(ii)	263.7
Total transaction fees	$804.2

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

(i)

Represents deferred financing fees incurred on the debt issued in connection with the Transactions. Such fees are capitalized and amortized over the related terms of the financings. Included in this amount is $112.5 million, or 1.25%, of the amounts borrowed under the unsecured interim credit facilities with affiliates of the initial purchasers. The terms of the unsecured interim credit facilities provide for the repayment of all or a diminishing portion of the fees, depending upon timing, if the unsecured interim credit facilities are refinanced in one year or less. $2,200.0 million of the $3,750.0 million senior cash-pay unsecured interim credit facility was refinanced with our $9^7/_8$% senior notes due 2015, with respect to which this exchange offer relates. As a result, we have already received refunds of $27.5 million of the $112.5 million reflected in the sources and uses of funds relating to the Transactions. The $85.0 million not refunded will be amortized to operations. Any underwriting or structuring fees incurred in connection with the refinancing of the interim credit facilities will be amortized over the related terms of the financings and are not reflected in the sources and uses of funds relating to the Transactions.

(ii)

Represents the costs we and the sponsor of the Merger incurred directly related to the Transactions, $75.6 million of which was directly expensed by us in the Predecessor and Successor periods, $7.3 million of which was treated as a reduction to equity and $180.8 million of which was treated as an additional component of the purchase price consideration.

As discussed in footnote 7 above and on September 24, 2007, we consummated offers to purchase and consent solicitations with respect to our $6^3/_8$% Medium-Term Notes due 2007, 3.375% Notes due 2008, 5.8% Medium-Term Notes due 2008, 3.9% Notes due 2009, 4.5% Notes due 2010, 5.625% Notes due 2011, 4.7% Notes due 2013, 4.85% Notes due 2014 and 4.95% Notes due 2015 (collectively, the "Previously Existing Notes"). Of the approximately $2.2 billion aggregate outstanding principal balance on September 24, 2007, approximately $2.0 billion was tendered and repaid by us (unrelated to the Transactions, an additional $25.6 and $68.1 million was repaid by us in December 2007 and August 2008, respectively).

See also "Description of Other Indebtedness."

Ownership and Corporate Structure

The following chart shows a summary of our organizational structure as of March 31, 2008. For further information, please see "The Transactions," "Use of Proceeds," "Capitalization," "Executive Compensation" and "Security Ownership of Certain Beneficial Owners."

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

(2) Certain members of management were offered an opportunity to make equity investments in Holdings. Through March 31, 2008, approximately $106 million had been received by Holdings from members of management (none of which is reflected in sources and uses of funds for the Transactions) for which approximately 21.3 million shares were issued at $5.00 per share and substantially all proceeds were contributed to us. For a more detailed explanation of the management equity investment, see "Management Equity Investment by Key Employee Participants."

(3) Upon the closing of the Transactions, we entered into a $13,000.0 million senior secured term loan facility with a seven-year maturity, approximately $1,000.0 million of which was available in euros, $12,775.0 million of which was drawn on the date of the consummation of the Transactions (the principal balance of the facility was $12,855.9 million as of March 31, 2008, including the foreign exchange impact of the euro-denominated portion). The remaining $225.0 million portion of the term loan facility, approximately the amount of Previously Existing Notes not tendered and remaining outstanding after consummation of the tender offer for such notes, remains available from time to time prior to December 31, 2008. This delayed draw facility may be drawn as the Previously Existing Notes are repaid. In December 2007, approximately $25.6 million was drawn on the delayed draw term loan facility when certain Previously Existing Notes were repaid. In addition, upon the closing of the Transactions, we entered into a $2,000.0 million senior secured revolving credit facility with a six-year maturity (without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008), $200.0 million of which was

drawn on the closing date of the Transactions to fund costs related to the Transactions (and $90.0 million of which was outstanding as of March 31, 2008).

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

(5) The $1,550 million senior cash-pay unsecured interim credit facility and the $2,885.1 million senior PIK unsecured interim credit facility (together, the "senior unsecured debt") are scheduled to mature in 2015. The senior PIK unsecured interim credit facility balance has increased from the inception balance of $2,750.0 million due to the "payment" of accrued interest through March 31, 2008. The $2,500 million senior subordinated unsecured interim credit facility is scheduled to mature in 2016 (the "senior subordinated unsecured debt" and collectively, with the senior unsecured debt, the "unsecured debt").

USE OF PROCEEDS

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

CAPITALIZATION

The following table summarizes our cash position and capitalization as of March 31, 2008. This table should be read in conjunction with the information included under the headings "The Transactions," "Use of Proceeds," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2008 (Unaudited) (in millions)
Cash and cash equivalents	$ 701.9
Debt(1):	
Senior secured credit facilities:	
Revolving credit facility(2)	$ 90.0
Term loan facility(3)	12,855.9
Existing $9^{7}/_{8}$% senior notes(4)	2,200.0
Senior cash-pay unsecured interim credit facility(5)	1,550.0
Senior PIK unsecured interim credit facility(5)	2,885.1
Senior subordinated unsecured interim credit facility(5)	2,500.0
Previously Existing Notes	174.8
Capital lease obligations	188.0
Other existing debt(6)	268.8
Total debt	22,712.6
Shareholders' equity	6,778.8
Total capitalization	$ 29,491.4

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

(2) Upon the closing of the Transactions, we entered into a $2,000.0 million senior secured revolving credit facility with a six-year maturity, $200.0 million of which was drawn at that time to fund costs related to the Transactions. As of March 31, 2008, $90.0 million was drawn on the facility (without giving effect to approximately $36.9 million of outstanding letters of credit as of March 31, 2008). See "Description of Other Indebtedness Senior Secured Credit Facilities."

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

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

(4)

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

(5)

The $1,550.0 million senior cash-pay unsecured interim credit facility and the $2,885.1.0 million senior PIK unsecured interim credit facility are scheduled to mature on September 24, 2015. The senior PIK unsecured interim credit facility balance has increased from the inception balance of $2,750.0 million due to accrued interest rolled into principal as of scheduled "payment" dates through March 31, 2008. The $2,500.0 million senior subordinated unsecured interim credit facility is scheduled to mature on March 24, 2016.

(6)

Consists of $259.2 million of borrowings outstanding under lines of credit and $9.6 million of miscellaneous notes payable. We have lines of credit associated with First Data Deutschland, which totaled approximately €160 million (approximately US$254 million as of March 31, 2008), US$122.2 million of which was outstanding as of March 31, 2008. We also have lines of credit associated with Cashcard Australia, Ltd., which totaled approximately 162 million Australian dollars (approximately US$149 million as of March 31, 2008), US$62.2 million of which was outstanding as of March 31, 2008. Finally, we have two credit facilities associated with First Data Polska, which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totaled approximately 245 million Polish zloty (approximately US$110 million as of March 31, 2008), with only an immaterial amount outstanding as of March 31, 2008. In January 2008 and in connection with our newly established joint venture with Allied Irish Banks, p.l.c., of which we own 50.01%, we entered into committed lines of credit for a total of €145 million (approximately US$230 million as of March 31, 2008), all but €10 million of which is available solely for settlement activity purposes, US$75.0 million of which was outstanding as of March 31, 2008.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

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

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

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

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

As described in "Summary Recent Developments"and "Management's Discussion and Analysis of Financial Condition and Results of Operations Significant Subsequent Events" elsewhere in this prospectus, we reached an agreement with JPMorgan to end our joint venture, Chase Paymentech Solutions , of which we own 49% and which is accounted for on the equity method, by the end of 2008. The impact of this expected expiration is not included in the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2007. We do not expect the expiration to have a material impact on our pro forma loss from continuing operations; however, upon the end of the joint venture, the portion of the alliance's business retained by us will subsequently be accounted for on a consolidated basis throughout our financial statements, including in the consolidated statement of operations. Accordingly, both revenues and expenses will increase. For informational purposes and as disclosed in the Chase Paymentech Solutions combined financial statements included elsewhere in this prospectus, the Chase Paymentech Solutions joint venture reported total combined revenue of $1,286.2 million and combined net income of $582.4 million for the year ended December 31, 2007. Such amounts do not reflect items such as amortization associated with intangible assets resulting from purchase accounting recorded by us.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

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

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

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(a)

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

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

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

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

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

(b)

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

(c)

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

(d)

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

(e)

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

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

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

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

(3) Reflects PIK interest on $2,750.0 million of senior PIK interim credit facility scheduled to mature on September 24, 2015. Interest has been calculated at the cap rate as defined by the underlying loan agreement. Interest on the senior PIK interim credit facility up to and including September 30, 2011 will be paid entirely by increasing the principal amount of the outstanding senior PIK interim credit facility or by issuing additional senior notes, as applicable ("PIK interest"). Beginning on October 1, 2011, interest will be payable in cash. Note that the actual principal balance of senior PIK interim credit facility will increase due to incremental accrued interest rolled into principal as of scheduled "payment" dates subsequent to the Transactions. The increasing principal balance will result in higher periodic interest expense than shown in this pro forma adjustment effective with each payment date until interest is paid in cash beginning on October 1, 2011.

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

(f) Represents elimination of debt repayment costs associated with existing debt.

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

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

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

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

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

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

	Predecessor						Successor	
	As of and for the Year Ended December 31,				As of and for the Three Months Ended March 31,	Period from January 1 through September 24,	As of December 31, and period from September 25, through December 31,	As of and for the Three Months Ended March 31,
	2003	2004	2005	2006	2007	2007	2007	2008
					(in millions)			
Statement of Operations Data:								
Revenues	$ 5,432.7	$ 6,633.4	$ 6,526.1	$ 7,076.4	$ 1,836.3	$ 5,772.9	$ 2,278.5	$ 2,126.5
Expenses:								
Cost of services (exclusive of items shown below)(1)	2,423.8	2,741.9	2,307.2	2,493.3	691.4	2,207.3	790.3	756.8
Cost of products sold(1)	201.9	223.3	249.6	281.0	66.7	209.2	87.3	70.9
Selling, general and administrative(1)	816.0	1,061.6	1,010.8	1,129.3	294.8	1,058.8	367.9	304.3
Reimbursable debit network fees, postage and other	772.5	1,084.7	1,283.4	1,467.6	410.9	1,257.5	510.4	478.8
Depreciation and amortization(1)			610.0	619.7	158.8	476.4	367.8	319.1
Other operating expenses, net(2)	35.5	120.3	142.6	5.0	18.3	23.3	(0.2)	
	4,249.7	5,231.8	5,603.6	5,995.9	1,640.9	5,232.5	2,123.5	1,929.9
Operating profit	1,183.0	1,401.6	922.5	1,080.5	195.4	540.4	155.0	196.6
Interest income	6.7	23.1	12.4	55.5	8.0	30.8	17.9	9.0
Interest expense	(81.6)	(116.4)	(190.9)	(248.0)	(34.5)	(103.6)	(584.7)	(517.7)
Other income (expense)(3)	(69.6)	150.1	145.8	22.6	1.0	4.9	(74.0)	(43.2)
Income (loss) before income taxes, minority interest, equity earnings in affiliates and discontinued operations	1,038.5	1,458.4	889.8	910.6	169.9	472.5	(485.8)	(355.3)
Income tax (benefit) expense	193.6	356.5	188.3	203.7	37.4	125.8	(176.1)	(130.5)
Minority interest	(120.8)	(113.8)	(126.9)	(142.3)	(29.1)	(105.3)	(39.0)	(29.0)
Equity earnings in affiliates	140.5	163.2	232.9	283.1	68.3	223.0	46.8	32.1
Income (loss) from continuing operations	$ 864.6	$ 1,151.3	$ 807.5	$ 847.7	$ 171.7	$ 464.4	$ (301.9)	$ (221.7)
Balance Sheet Data:								
Cash and cash equivalents	$ 779.1	$ 708.4	$ 676.4	$ 1,154.2	$ 1,004.3		$ 606.5	$ 701.9
Current and long-term settlement assets	14,551.1	14,995.5	16,076.3	19,149.8	17,350.8		18,228.4	16,000.1
Total assets	25,585.6	32,718.8	34,248.5	34,565.8	32,692.3		52,509.3	50,271.1
Total borrowings (including current	3,571.9	4,604.3	5,354.6	2,516.2	2,378.1		22,573.8	22,712.6

portion of long-term borrowings)								
Total stockholders' equity	4,047.3	8,886.1	8,457.0	10,141.2	10,266.9		6,829.0	6,778.8
Other Financial Data:								
EBITDA(4)	$ 1,627.7	$ 2,257.1	$ 1,863.3	$ 1,944.7	$ 416.4	$ 1,203.2	$ 516.0	$ 524.9
Capital expenditures, net(5)	287.9	380.7	327.4	300.1	97.7	399.2	112.7	94.2
Ratio of earnings to fixed charges(6)	9.77	10.93	5.51	4.76	5.92	5.64	0.28	0.33

(1) Effective in 2008, we revised our Statement of Operations presentation to begin presenting Depreciation and amortization as a separate component of Expenses rather than including it in Cost of services, Cost of products sold and Selling, general

and administrative, respectively. The years ended December 31, 2007, 2006 and 2005 have been conformed to this presentation.

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

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

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

EBITDA is calculated as follows:

	Predecessor						Successor	
	For the Year Ended December 31,				For the Three Months Ended March 31,	For January 1 through September 24,	For September 25, through December 31,	For the Three Months Ended March 31,
	2003	2004	2005	2006	2007	2007	2007	2008
Income (loss) from continuing operations	$ 864.6	$ 1,151.3	$ 807.5	$ 847.7	$ 171.7	$ 464.4	$ (301.9)	$ (221.7)
Interest expense, net	74.9	93.3	178.5	192.5	26.5	72.8	566.8	508.7
Income tax (benefit) expense	193.6	356.5	188.3	203.7	37.4	125.8	(176.1)	(130.5)
Depreciation and amortization(a)	494.6	656.0	689.0	700.8	180.8	540.2	427.2	368.4
EBITDA	$ 1,627.7	$ 2,257.1	$ 1,863.3	$ 1,944.7	$ 416.4	$ 1,203.2	$ 516.0	$ 524.9

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

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

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

income before income taxes plus fixed charges.

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

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

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

Overview

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

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

Segment Realignment

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

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

merchants are made through a card association (such as Visa or MasterCard), a debit network, or another payment network (such as Discover).

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

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

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

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

Presentation

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

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

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

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

Financial Summary for the Three Months Ended March 31, 2008

Significant financial and other measures for the three months ended March 31, 2008 included:

- Total revenues increased 16% from the three months ended March 31, 2007, with Merchant Services segment revenue growing 10%, Financial Services segment revenue growing 1% and International segment revenue growing 23%.

- During the three months ended March 31, 2008 compared to the same period in 2007, domestic merchant transactions increased 12% to 6.5 billion; domestic debit issuer transactions increased 4% to 2.8 billion; and international transactions increased 13% to 1.4 billion, respectively.

- Operating profit for the three months ended March 31, 2008 increased 1 percentage point over the same period in the prior year but was negatively impacted by increased depreciation and amortization principally as the result of merger-related purchase accounting and benefited from increased net investment income among other items.

- A net loss of $221.7 million was generated for the three months ended March 31, 2008 compared to net income of $175.2 million for the three months ended March 31, 2007 most significantly impacted by an increase in interest expense in 2008 of $303.0 million, net of tax, primarily driven by debt issued in connection with the Merger and by an increase in depreciation and amortization of $117.6 million, net of tax, in 2008 primarily as a result of merger-related purchase accounting and benefited from increased net investment income among other items.

Financial Summary for the Year Ended December 31, 2007

This financial summary presents comparative information for the year ended December 31, 2007 on a pro forma basis versus the historical results for the year ended December 31, 2006 and the year ended December 31, 2006 compared to the year ended December 31, 2005. The 2007 discussion of results for the predecessor and successor periods are presented later in this MD&A. We believe the presentation of the 2007 results on a pro forma basis throughout this MD&A is a useful supplement to the historical results as it allows comparative analysis and is generally more indicative of future operations as it comprehends the impact of the Merger discussed below.

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

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

Consolidated EBITDA, representing a measure for debt covenant compliance determination purposes, for the year ended December 31, 2007 was $2,904.4 million. A table describing Consolidated EBITDA and a reconciliation to income (loss) from continuing operations is presented in Capital Resources and Liquidity. Management believes that Consolidated EBITDA is useful to investors to provide additional information regarding items impacting covenant compliance under our credit facilities.

Merger

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

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

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

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

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

Official Check and Money Order Wind-down

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

Acquisitions

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

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

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

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

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

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

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

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

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

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

In April 2008, we signed an agreement to acquire InComm Holdings Inc. ("InComm"), a distributor of stored value gift and prepaid products. The acquisition is expected to close in the second half of 2008. InComm will be reported as part of the Prepaid Services segment.

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

Significant Subsequent Events

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

On May 27, 2008, we announced we had reached an agreement with JPMorgan to end our joint venture, Chase Paymentech Solutions , a global payments and merchant acquiring entity, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service ISO and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements.

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

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

Effective June 10, 2008, Kimberly S. Patmore stepped down from her role as our Chief Financial Officer. Ms. Patmore was succeeded by Philip M. Wall, who was appointed as our Executive Vice President and Chief Financial Officer. Mr. Wall joined us in January 2002 as vice president of Europe card services. In August 2002, Mr. Wall assumed responsibility for all First Data international finance operations and served in that capacity until June 2008.

Effective May 1, 2008, Jeffrey Billat stepped down from his role as our Chief Accounting Officer. Mr. Billat was succeeded by Gregg Sonnen, who was appointed as our Senior Vice President and Chief Accounting Officer. Mr. Sonnen had previously served as our Senior Vice President and Corporate Chief Financial Officer since he joined us in September 2005. Mr. Billat remains with us performing duties in our accounting policy and standards, technical accounting and external reporting area.

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

Companywide Initiatives

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

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

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

2006 Overview

Financial Statement Restatement

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

Spin-off of Western Union

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

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

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

Discontinued Operations

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

Adoption of SFAS 123R

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

Segment Discussion

Merchant Services Segment

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

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

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

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

The purchase and sale of merchant contracts is an ordinary element of our Merchant Services business as is the movement of merchant contracts between us and our merchant alliances, its ISO partners and other third parties. We periodically evaluate our merchant portfolios. We or a merchant alliance may purchase or sell a portfolio of contracts outright. Other times a partner may purchase our interest in a merchant alliance. This gives the partner 100% ownership in the underlying merchant contracts as compared to a partial interest in a joint venture alliance that owns the contracts. Other times the formation of a merchant alliance involves the sale or purchase of an interest in a portfolio of our merchant contracts to the joint venture partner for cash. Management considers these transactions to be in the ordinary course of managing our business, and therefore, the gains from selling these revenue-generating assets are included within the "Product sales and other" component of revenues.

Financial Services Segment

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

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

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

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

International Segment

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

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

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

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

Prepaid Services

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

Integrated Payments Systems

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

The Integrated Payment Systems segment businesses generate investment income from investing funds pending settlement from the sales of official checks and money orders or fee revenue from check processing. As noted above, we are in the process of winding-down the official check and money order business. During 2007, funds pending settlement were invested in tax free instruments issued by municipalities to minimize exposure to credit risks. Such investments were repositioned from long-term to mostly short-term during the year as noted above. In 2008, these investments, were further repositioned into mostly short-term taxable investments, the majority of which were in commercial paper and bank certificates of deposits, as well as some long-term auction-rate securities, the balance of which was approximately $661 million as of February 29, 2008. We pay our agents commissions based on short-term variable rates and the balance of outstanding checks or money orders. We net the commissions paid to agents against the revenue we earn from our investments. Prior to the portfolio repositioning discussed above, we managed interest rate risk through the use of interest rate swap agreements, which converted the fixed rate investments into variable rate, thus hedging the impact of market valuation of the long-term investments. The interest impact of the interest rate swaps associated with the investments were also netted against the revenue earned from the investments during the period which the interest rate swaps qualified for hedge accounting.

All Other and Corporate

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

Industry

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

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

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

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

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

Components of Revenue and Expenses

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

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

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

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

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

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

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

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

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

Results of Operations for the Three Months Ended March 31, 2008 and 2007

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

Consolidated Results

	Successor		Predecessor			
	Three months ended March 31,		Three months ended March 31,		Change	
(in millions)	2008	% of Total Revenue	2007	% of Total Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$1,379.7	64%	$1,267.7	70%	$112.0	9%
Investment income, net	56.0	3%	(30.3)	(2)%	86.3	NM
Product sales and other	212.0	10%	188.0	10%	24.0	13%
Reimbursable debit network fees, postage and other	478.8	23%	410.9	22%	67.9	17%
	$2,126.5	100%	$1,836.3	100%	$290.2	16%
Expenses:						
Cost of services (exclusive of items shown below)	$ 756.8	36%	$ 691.4	37%	$ 65.4	9%
Cost of products sold	70.9	3%	66.7	4%	4.2	6%
Selling, general and administrative	304.3	14%	294.8	16%	9.5	3%
Reimbursable debit network fees, postage and other	478.8	23%	410.9	22%	67.9	17%
Depreciation and amortization	319.1	15%	158.8	9%	160.3	101%
Other operating expenses, net		0%	18.3	1%	(18.3)	NM
	$1,929.9	91%	$1,640.9	89%	$289.0	18%

NM Not Meaningful

Operating revenues overview

Transaction and processing service fees Revenue increased due to the growth of existing clients, increased transaction volumes, acquisitions and the benefit of foreign currency exchange rate movements. This increase was partially offset by price compression and lost business.

Investment income, net The increase in investment income is mostly due to reduced commissions that are netted against earnings on the official check and money order business investment portfolio in the Integrated Payment Systems segment. The reduced commissions were caused by favorable changes in interest rates and modifications to the terms of contracts made in conjunction with the wind-down of the official check and money order business. Investment income also increased as a result of repositioning the Integrated Payment Systems portfolio to taxable investments; however, this increase was more than offset by decreases resulting from lower market interest rates and a decrease in the portfolio balances caused by the wind-down of the official check and money order business. We expect that investment income will decline in future quarters as the official check and money order business continues to wind-down.

Product sales and other Increased for the three months ended March 31, 2008 due to an increase in royalty income of approximately $28 million and the impact of acquisitions partially offset by decreases resulting from a portfolio sale and contract termination fees received in 2007.

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

Operating expenses overview

Cost of services The majority of the increase is due to the impact of acquisitions. Outside professional services expense increased due to global labor sourcing initiatives, consulting expenses and data center consolidation. Check net warranty expense increased in conjunction with increased transactions. Partially offsetting these increases was a decrease in employee related expenses due most significantly to a decrease in share-based compensation resulting from our new equity compensation plan implemented after the Merger as compared to the pre-merger equity compensation plan. Cost of services, as a percentage of transaction and processing service fee revenue, increased slightly as a result of the items noted above.

Cost of products sold Increased due to increased costs associated with the leasing of terminals largely due to acquisitions offset partially by a decrease in costs associated with terminal and software sales due to a decline in sales volumes.

Selling, general and administrative Increased most significantly due to the impact of acquisitions as well as sponsor management fees. Partially offsetting the increase are decreases in share-based compensation expense due to our new equity compensation plan implemented after the Merger as compared to the pre-merger equity compensation plan and legal fees related to the Merger recognized in 2007.

Depreciation and Amortization Increased significantly due to the amortization of identifiable intangible assets recorded in purchase accounting related to the Merger as well as accelerated amortization of customer relationships in the successor period.

Other operating expenses, net

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

During the first quarter 2007, we recorded a charge of $16.3 million related to the impairment of goodwill and intangible assets associated with the wind-down of our official check and money order business.

Interest expense

Interest expense for the three months ended March 31, 2008 was higher than we have experienced in the past due to debt of approximately $22.7 billion at March 31, 2008 incurred primarily as the result of the Merger compared to approximately $2.4 billion as of March 31, 2007. Higher interest rates on the merger related debt also contributed to the increase.

Other income (expense)

(in millions)	**Successor Three months ended March 31, 2008**	**Predecessor Three months ended March 31, 2007**
Investment gains and (losses)	$ 22.1	$ (1.4)
Derivative financial instruments gains and (losses)	(12.8)	
Divestitures, net		1.0
Debt repayment gains and (losses)		1.4
Non-operating foreign currency gains and (losses)	(52.5)	
Other income (expense)	$ (43.2)	$ 1.0

The investment gains for the three months ended March 31, 2008 resulted from the sale of MasterCard stock. The net losses related to derivative financial instruments 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.

For the three months ended March 31, 2008, the net non-operating foreign currency exchange loss related to the mark-to-market of our intercompany loans and the euro-denominated debt issued in connection with the Merger. Historically, intercompany loans were deemed to be of a long-term nature for which settlement was not planned or anticipated in the foreseeable future. Accordingly, the translation adjustments were reported in "Other comprehensive income". Effective in September 2007, we now plan to settle the intercompany loans which results in a benefit or charge to earnings due to movement in foreign currency exchange rates.

Income taxes

FDC's effective tax rate on pretax (loss) income was (37.0%), a tax benefit, and 17.9%, a tax expense, for the three months ended March 31, 2008 and 2007, respectively. The effective tax benefit in 2008 approximated the statutory rate though it was impacted by several items that substantially offset, including a benefit for dividend exclusions offset by an increase in our liability for unrecognized tax benefits. The 2007 effective tax rate was low due to the impact of non-taxable interest income from the Integrated Payment Systems municipal bond portfolio. This non-taxable interest income significantly reduced the effective tax rate in 2007 by reducing the statutory rate by 18 percentage points. Other items that impacted the effective tax rate are not individually significant.

As of March 31, 2008, we anticipate that it is reasonably possible that our liability for unrecognized state tax benefits may significantly decrease within the next twelve months related to the expiration of the statute of limitations and negotiation of settlement agreements in certain states. Based on the potential expiration of certain state statutes of limitations and ongoing negotiations with various state tax authorities, our unrecognized tax benefits could decrease by approximately $14 million, all of which would be recognized as a decrease to goodwill.

Equity earnings in affiliates

The decrease in equity earnings in affiliates for the three months ended March 31, 2008 compared to the same period in 2007 was due to increased amortization in 2008 associated with the value assigned to the identifiable intangible assets of merchant alliances in the preliminary intangible asset valuation resulting from the Merger as well as accelerated amortization of customer relationships in the successor period.

On May 27, 2008, we announced we had reached an agreement with JPMorgan to end the joint venture, Chase Paymentech Solutions , a global payments and merchant acquiring entity, by the end of 2008. In the interim, we and JPMorgan will continue to operate the joint venture. After the transition, we and JPMorgan will operate separate payment businesses. We will continue to provide transaction processing and data commerce solutions for allocated merchants through our current technology platforms. We will assume management of the full-service ISO and Agent Bank unit of the joint venture and will integrate 49% of the joint venture's assets and a portion of the joint venture employees into our existing merchant acquiring business. We have historically accounted for our minority interest in the joint venture under the equity method of accounting. After the transition, the portion of the alliance's business retained by us will be reflected on a consolidated basis throughout the financial statements. As a result, on a pro forma basis, the expiration would not be expected to have a material impact to historical net income (loss) and our historical reported revenues and expenses would increase. Expiration of the alliance will result in the loss of JPMorgan branch referrals and access to the JPMorgan brand. Expiration will also pose the following potential risks: loss of certain processing volume over time, disruption of the business due to the transition of sponsorship and clearing services for the merchants allocated to FDC, and post-expiration competition by JPMorgan, any of which could have a material adverse effect on our operations and results. Upon expiration we will incur an obligation associated with taxes. Based on our summary estimates and assumptions this obligation could be in excess of $200 million. A significant portion of this obligation may be recovered through amortization of increased tax basis generated by this event.

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

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

Consolidated Results

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

*
Calculation not meaningful.

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

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

Operating revenues overview

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

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

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

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

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

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

Operating expenses overview

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

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

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

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

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

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

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

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

Other operating expenses, net

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

2007 Activities

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

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

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

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

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

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

2006 Activities

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

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

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

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

2005 Activities

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

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

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

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

Interest income

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

Interest expense

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

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

Other income (expense)

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

Investment gains and losses

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

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

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

Derivative financial instruments

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

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

Non-operating foreign currency gains and losses

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

Divestitures, net

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

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

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

Debt repayment gains and losses

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

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

Income taxes

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

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

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

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

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

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

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

Minority interest

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

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

Equity earnings in affiliates

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

Segment Results

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

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

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

- The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

- Segment revenue includes equity earnings in affiliates (excluding amortization expense) and intersegment revenue.

- Segment operating profit includes minority interest and equity earnings in affiliates net of related amortization expense.

- Segment operating profit excludes restructuring charges, impairment charges, significant litigation and regulatory settlement charges, other charges, interest expense, other income or expense and income taxes since they are not allocated to the segments for internal evaluation purposes. While these items are generally identifiable to the business segments, they are not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

- Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by corporate that are directly related to a segment are allocated to the respective segment. Administrative and shared service costs are retained by corporate.

Segment Results for the Three Months Ended March 31, 2008 and 2007

Merchant Services Segment Results

	Successor Three months ended March 31, 2008	Successor % of Segment Revenue	Predecessor Three months ended March 31, 2007	Predecessor % of Segment Revenue	Change Amount	Change %
			(in millions)			
Revenues:						
Transaction and processing service fees	$ 476.9	52%	$ 447.6	54%	$ 29.3	7%
Product sales and other	78.2	8%	87.1	10%	(8.9)	(10)%
Reimbursable debit network fees, postage and other	290.9	31%	230.1	27%	60.8	26%
Equity earnings in affiliates	71.9	8%	68.1	8%	3.8	6%
Other revenue	7.9	1%	12.1	1%	(4.2)	(35)%
Total revenue	$ 925.8	100%	$ 845.0	100%	$ 80.8	10%
Operating profit	$ 72.9		$ 195.1		$(122.2)	(63)%
Operating margin	8%		23%		(15) pts	
Key indicators:						
Domestic merchant transactions(a)	6,454.4		5,778.3		676.1	12%

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

Transaction and processing service fees revenue

The increase in acquiring revenue for the three months ended March 31, 2008 compared to the same period in 2007 was driven by increases in transaction volume due to consumer spending at the point of sale and pricing changes.

The spread between the transaction growth rate and the transaction and processing service fee revenue growth rate for the three months ended March 31, 2008 compared to the same period in 2007 narrowed due to the impact of a large merchant re-routing a portion of their debit card transactions to us effective in the fourth quarter of 2006 (contributing to transaction growth in first quarter 2007). Recent shifts towards national discounters and wholesalers partially offset this narrowing trend. This spread is largely impacted by changes in the mix of merchants, shifts in consumer spending patterns and pricing changes that include association releases, acquirer pricing and compression.

Product sales and other revenue

The decrease in product sales and other revenues for the three months ended March 31, 2008 compared to the same period in 2007 was driven by decreased terminal sales and a portfolio sale in the first quarter 2007. The decrease in terminal related sales reflects slowing in equipment demand when many merchants upgraded equipment in recent years to remain compliant with association rules.

Reimbursable debit network fees, postage and other

The increase in reimbursable debit network fees, postage and other for the three months ended March 31, 2008 versus the comparable period in 2007 was due to growth in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks. Debit network fees represent substantially all of the balance within this line item.

Equity earnings

The increase in equity earnings in affiliates for the three months ended March 31, 2008 compared to the same period in 2007 resulted most significantly from increased merchant transaction volume in the merchant alliances. The equity earnings presented as part of revenue at the segment level do not include the impact of amortization of intangible assets which is netted against equity earnings in the Consolidated Statement of Operations.

Operating profit

Merchant Services segment operating profit decreased in the three months ended March 31, 2008 compared to the same periods in 2007 due to an increase of approximately $137 million (affecting the operating profit growth rate by 70 percentage points) in amortization expense resulting from the purchase price assigned to intangible assets from the Merger. An additional decrease of approximately 2 percentage points resulted from the portfolio sale in 2007 mentioned above. During the first quarter of 2007, we incurred a charge when we bought out a revenue sharing agreement as part of a new, larger relationship with Discover. The absence of a similar charge in 2008 benefited the operating profit growth rate by 5 percentage points.

Financial Services Segment Results

	Successor Three months ended March 31, 2008	Successor % of Segment Revenue	Predecessor Three months ended March 31, 2007	Predecessor % of Segment Revenue	Change Amount	Change %
			(in millions)			
Revenues:						
Transaction and processing service fees	$ 496.7	70%	$ 482.9	69%	$ 13.8	3%
Product sales and other	25.1	4%	33.4	5%	(8.3)	(25)%
Reimbursable postage and other	183.0	26%	177.4	26%	5.6	3%
Other revenue	0.7	0%	1.7	0%	(1.0)	(59)%
Total revenue	$ 705.5	100%	$ 695.4	100%	$ 10.1	1%
Operating profit	$ 102.5		$ 144.9		$ (42.4)	(29)%
Operating margin	15%		21%		(6) pts	
Key indicators:						
Domestic debit issuer transactions(a)	2,845.7		2,747.4		98.3	4%
Domestic active card accounts on file (end of period)(b)						
Bankcard	49.9		43.2		6.7	16%
Retail	74.1		69.0		5.1	7%
Total	124.0		112.2		11.8	11%
Domestic card accounts on file (end of period)						
Bankcard	140.1		120.2		19.9	17%
Retail	384.1		337.1		47.0	14%
Debit	114.4		115.2		(0.8)	(1)%
Total	638.6		572.5		66.1	12%

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

(b)

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

Transaction and processing service fees revenue

Components of transaction and processing service fee revenue

(in millions)	Successor Three months ended March 31, 2008	Predecessor Three months ended March 31, 2007	Change Amount	%
Credit card, retail card and debit processing	$ 265.9	$ 248.8	$ 17.1	7%
Check processing	99.0	94.9	4.1	4%
Other revenue	131.8	139.2	(7.4)	(5)%
Total	$ 496.7	$ 482.9	$ 13.8	3%

Credit card, retail card and debit processing revenue

Credit card, retail card and debit processing revenue increased in the three months ended March 31, 2008 compared to the same period in 2007 due to growth of existing clients and acquisitions partially offset by price compression and net lost business. Credit and retail card processing revenue remained relatively flat in the first quarter 2008 compared to the same period last year. The impact of increased accounts on file was substantially offset by price compression. Debit processing revenue increased nearly 11 percentage points in the three months ended March 31, 2008 compared to the same period in 2007 mostly due to the acquisitions of Instant Cash Services® and FundsXpress in March 2007 and June 2007, respectively.

Check processing revenue

The increase in check processing revenue for the three months ended March 31, 2008 compared to the same period in 2007 resulted from an expansion of Electronic Check Acceptance ("ECA") processing into more locations of a large national retailer. This contributed to growth in national accounts which was offset by declines in regional accounts.

Other revenue

Other revenue consists mostly of revenue from our output services, government business and remittance processing. The decrease in other revenue is most significantly due to lost business partially offset by growth of existing clients. The lost business includes statement production, remittance processing and call volumes.

Product sales and other revenue

Product sales and other revenue decreased for the three months ended March 31, 2008 compared to the same period in 2007 due to contract termination fees received in 2007 as well as a decrease in professional service fees and terminal sales in 2008.

Reimbursable postage and other revenue

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

Operating profit

Financial Services segment operating profit decreased for the three months ended March 31, 2008 compared to the same period in 2007 due to an increase of approximately $34 million (negatively impacting the operating profit growth rate by 23 percentage points) in amortization expense resulting from the purchase price assigned to intangible assets from the Merger. Operating profit was further negatively impacted by price compression resulting from contract renewals and lost business partially offset by growth from existing clients and decreases in compensation and other operating expenses.

International Segment Results

	Successor Three months ended March 31,		Predecessor Three months ended March 31,		Change	
	2008	% of Segment Revenue	2007	% of Segment Revenue	Amount	%
			(in millions)			
Revenues:						
Transaction and processing service fees	$ 350.0	79%	$ 281.9	78%	$ 68.1	24%
Product sales and other	71.8	16%	59.3	16%	12.5	21%
Other revenue	22.8	5%	19.5	6%	3.3	17%
Total revenue	$ 444.6	100%	$ 360.7	100%	$ 83.9	23%
Operating profit	$ 21.3		$ 34.2		$ (12.9)	(38)%
Operating margin	5%		9%		(4) pts	
Key indicators:						
International transactions(a)	1,423.2		1,258.5		164.7	13%
International card accounts on file (end of period)(b)	79.4		67.4		12.0	18%

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

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

Summary

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

Revenue growth in the three months ended March 31, 2008 compared to the same period in 2007 was driven by acquisitions, benefit from foreign currency exchange rate movements and growth of existing clients partially offset by lost business and price compression. Acquisitions contributed 10 percentage points to segment revenue growth for the three months ended March 31, 2008 over the comparable period in 2007. The most significant of these acquisitions were First Data Polska in the CESE region and the joint venture with AIB in the WEMEA region. Foreign currency exchange rate movements positively impacted total revenue growth rates by 8 percentage points for the three months ended March 31, 2008 over the comparable period in 2007.

Transaction and processing service fees revenue

Transaction and processing service fees revenue increased in the three months ended March 31, 2008 compared to the same period in 2007 due generally to the factors noted above. Acquisitions impacted growth most significantly followed by foreign currency exchange rate movements and transaction volumes. Revenue growth in WEMEA was due to net new business relating to card processing services and acquisitions. The acquisitions in the WEMEA region provide merchant acquiring services. Revenue growth in CESE was mostly due to foreign currency exchange rate movements and acquisitions partially offset by net lost business. The acquisition in the CESE region provides both merchant acquiring and card processing services across the region. Revenue growth in APAC was due mostly to growth of existing clients and foreign currency exchange rate movements partially offset by net lost business and price compression. Revenue growth in LAC was due mostly to

76

growth from existing clients partially offset by price compression in the card issuing services businesses. Acquisitions and foreign currency exchange rate movement also contributed to growth in the LAC region.

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

Product sales and other revenue

The increase in product sales and other revenue for the three months ended March 31, 2008 over the same period in 2007 resulted from increased terminal-related revenue driven mainly by acquisitions partially offset by a decrease in professional services fees in 2008 due to the completion of projects in 2007.

Operating profit

The segment's operating profit decreased for the three months ended March 31, 2008 compared to the same period in 2007 due to the beneficial impact of the factors described above offset by certain items including the impact of purchase accounting, which was approximately $1.8 million (negatively impacting the operating profit growth rate by approximately 5 percentage points). Also negatively impacting segment operating profit was a credit loss expense recorded as a result of a customer bankruptcy of approximately $6 million (negatively impacting the operating profit growth rate by approximately 18 percentage points), as well as incremental infrastructure and platform consolidation expenses in the WEMEA and CESE regions.

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

As discussed above results of operations reflect the segment realignment.

Merchant Services Segment Results

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

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

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

Transaction and processing service fees revenue and equity earnings in affiliates

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

	Pro Forma	Historical					
		Successor	Predecessor			Percent Change	Historical Percent Change
	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	2005	Pro Forma 2007 vs. Historical 2006	2006 vs. 2005
				(in millions)			
Acquiring revenue	$ 1,791.7	$ 482.7	$ 1,309.0	$ 1,717.2	$ 1,591.2	4%	8%
Processing revenue charged to unconsolidated merchant alliances	190.3	50.9	139.4	193.9	215.6	(2)%	(10)%
Total transaction and processing service fees	1,982.0	533.6	1,448.4	1,911.1	1,806.8	4%	6%
Equity earnings in affiliates	316.4	95.6	220.8	283.3	237.0	12%	20%
Total transaction and processing service fees and equity earnings in affiliates	$ 2,298.4	$ 629.2	$ 1,669.2	$ 2,194.4	$ 2,043.8	5%	7%

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

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

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

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

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

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

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

Equity earnings in affiliates in the 2007 predecessor and successor periods continued to benefit from strong performance by Merchant Service's merchant alliances. Equity earnings in affiliates increased on a 2007 pro forma basis compared to historical 2006 resulted most significantly from increased merchant transaction volume in the merchant alliances. Earnings of an alliance were also improved due to a beneficial change in its portfolio mix and lower processing rates, which negatively impacted processing revenue described directly above. The increase in equity earnings for 2006 compared to 2005 principally resulted from increased transaction volume. The amortization of the intangible asset portion of the excess of our investment balance over our proportionate share of the investee's net book value is not included in the equity earnings reviewed by management as revenue. Such amortization is included in the segment's operating profit.

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

Product sales and other revenue

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

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

Reimbursable debit network fees, postage and other

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

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

Operating profit

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

The segment operating profit decreased in 2007 on a pro forma basis compared to historical 2006 due to the factors discussed above. Increased amortization resulting from contingent payments noted above negatively impacted the operating profit growth rate by approximately 1 percentage point in 2007 on a pro forma basis, but will not have continuing impact as a result of the Merger and the associated affects of purchase accounting. Incentive compensation negatively impacted 2007 pro forma operating profit by approximately 1 percentage point in comparison to historical 2006. The negative impacts of the contingent payments and incentive compensation were offset by savings from the restructuring activities described in "2007 activities" above. The purchase accounting impacts of the annual fees noted in the acquiring revenue discussion above and increased amortization of identifiable intangible assets, both related to the Merger, negatively impacted the operating profit growth rate by 69 percentage points for the 2007 pro forma results.

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

Financial Services Segment Results

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

	Year ended December 31, 2007	2006	2005		
Key indicators:					
Domestic debit issuer transactions(a)	11,651.4	10,572.4	8,988.2	10%	18%
Domestic active card accounts on file (end of period)(b)					
Bankcard	48.4	42.4	30.1	14%	41%
Retail	79.9	74.4	61.8	7%	20%
Total	128.3	116.8	91.9	10%	27%
Domestic card accounts on file (end of period)					
Bankcard	130.7	113.2	63.6	15%	78%
Retail	381.8	331.3	253.4	15%	31%
Debit	122.3	112.9	98.3	8%	15%
Total	634.8	557.4	415.3	14%	34%

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

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

Summary

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

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

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

Transaction and processing service fee revenue

Components of transaction and processing service fee revenue

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

Credit card, retail card and debit processing revenue

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

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

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

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

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

Check processing revenue

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

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

Other revenue

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

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

Product sales and other revenue

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

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

Reimbursable postage and other revenue

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

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

Operating profit

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

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

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

International Segment Results

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

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

(a) International transactions include VISA, MasterCard and other card association merchant acquiring and switching, and debit issuer transactions for clients outside the U.S. Transactions include credit, signature debit and PIN-debit POS, POS gateway and ATM transactions. Transactions for 2006 and 2005 have been adjusted to conform to current year presentation.

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

Summary

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

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

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

Transaction and processing service fee revenue

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

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

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

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

Product sales and other revenue

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

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

Operating profit

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

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

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

Pro Forma Financial Information

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

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

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

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

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

NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

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

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

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

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

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

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

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

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

Unaudited Pro Forma Segment Revenues(a)

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

Unaudited Pro Forma Segment Operating Profit

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

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

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

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

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

(e)

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

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

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

Capital Resources and Liquidity

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

The following discussion highlights our cash flow activities from continuing operations during the three months ended March 31, 2008 and 2007.

Cash and Cash Equivalents

Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. At March 31, 2008 and December 31, 2007, we held $701.9 million and $606.5 million in cash and cash equivalents, respectively. Cash and cash equivalents held outside of the United States at March 31, 2008 and December 31, 2007 was $219.1 million and $203.4 million, respectively.

Cash Flows from Operating Activities from Continuing Operations

Source/(use) (in millions)	**Successor Three months ended March 31, 2008**	**Predecessor Three months ended March 31, 2007**
Net (loss) income from continuing operations	$ (221.7)	$ 171.7
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	368.4	180.8
Other non-cash and non-operating items, net	38.3	(39.5)
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:		
Accounts receivable, current and non-current	240.0	127.9
Other assets, current and non-current	142.1	79.8
Accounts payable and other liabilities, current and non-current	(133.3)	(83.3)
Income tax accounts	(149.8)	7.1
Excess tax benefit from share-based payment arrangement		(12.4)
Net cash provided by operating activities from continuing operations	$ 284.0	$ 432.1

Depreciation and amortization increased in 2008 due to the Merger. Other non-cash and non-operating items and charges include restructuring, impairments and other income (expense) as well as undistributed earnings in affiliates, stock compensation expense and interest expense associated with the senior unsecured PIK term loan that was paid by increasing the principal amount of the loan. The change in 2008 compared to 2007 resulted most significantly from the interest expense associated with the senior unsecured PIK term loan facility and the non-operating foreign currency loss offset partially by a decrease in stock based compensation expense resulting from the Merger.

The change in accounts receivable between years was the result of sources of cash for restructuring certain settlement arrangements, a decrease in receivables due to the wind-down of the official check and money order business and the timing of collections compared to billings. The increased source of cash in other assets was due mostly to increased amortization of deferred financing costs. The change in accounts payable and other liabilities between years resulted from timing of payments and accruals for various liabilities, the most significant impact related to employee liabilities. The change in income tax accounts resulted from a tax benefit in 2008 compared to a tax provision in 2007. We expect approximately $100 million of cash payments during the remainder of 2008 related to restructuring activities and approximately $65 million of cash payments in 2008 related to global sourcing initiatives.

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

Cash Flows from Investing Activities from Continuing Operations

Source/(use) (in millions)	**Successor Three months ended March 31, 2008**	**Predecessor Three months ended March 31, 2007**
Current year acquisitions, net of cash acquired	$ (193.3)	$ (239.9)
Payments related to other businesses previously acquired	(18.3)	(50.8)
Additions to property and equipment, net	(53.4)	(56.7)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(40.8)	(41.0)
Proceeds from the sale of marketable securities	52.3	11.2
Other investing activities	(1.5)	13.5
Net cash used in investing activities from continuing operations	$ (255.0)	$ (363.7)

Acquisitions

During the three months ended March 31, 2008, we entered into a joint venture with AIB, of which we own 50.1% and one other acquisition. During the three months ended March 31, 2007, we acquired 100% of Datawire, Instant Cash, Intelligent Results and a merchant portfolio.

On April 28, 2008, we announced that we had reached an agreement to acquire InComm, subject to customary closing conditions and regulatory approvals, for approximately $980 million, consisting of stock in Holdings and approximately $665 million in cash, plus contingent future payments of up to $250 million over a three-year performance period based on the performance of our combined stored value business. We expect the cash to complete the transaction as announced would come from equity contributions from affiliates of KKR to Holdings subsequently contributed to us and borrowings of approximately $415 million under the revolving credit facility. The parties have agreed to extend the completion date of the transaction in order to complete certain closing conditions and to negotiate and mutually agree upon changes to the merger terms. Subject to our reaching agreement with the sellers on such revised terms, we would expect to close the transaction in the second half of 2008.

Payments Related to Other Businesses Previously Acquired

During the three months ended March 31, 2008 and 2007, payments related to other businesses previously acquired related mostly to contingent consideration largely associated with a merchant alliance. The payment in 2008 was recognized as a part of purchase accounting and did not result in an increase in assets.

Capital Expenditures

We expect to incur capital expenditures of approximately $400 million for the remainder of 2008 including expenditures related to the U.S. data center consolidation.

Proceeds from the Sale of Marketable Securities

Proceeds from the sale of marketable securities for the three months ended March 31, 2008 resulted from the sale of MasterCard shares. Proceeds from the sale of marketable securities for the three months ended March 31, 2007 resulted from the partial liquidation of marketable securities acquired in the Concord merger.

Other Investing Activities

The source of cash from other investing activities for the three months ended March 31, 2007 related to distributions from certain strategic investments and proceeds from the sale of a merchant portfolio and from the sale of investments.

Cash Flows from Financing Activities from Continuing Operations

Source/(use) (in millions)	**Successor Three months ended March 31, 2008**	**Predecessor Three months ended March 31, 2007**
Short-term borrowings, net	$ (15.0)	$ (49.3)
Principal payments on long-term debt	(44.9)	(101.8)
Proceeds from issuance of common stock		61.8
Capital contributed by Parent	105.1	
Excess tax benefit from share-based payment arrangement		12.4
Purchase of treasury shares		(117.1)
Cash dividends		(22.6)
Net cash provided by (used in) financing activities from continuing operations	$ 45.2	$ (216.6)

Short-Term Borrowings, net

The use of cash related to short-term borrowings in 2008 resulted from an additional net $30 million draw on the senior secured revolving credit facility (draws in the first quarter were for short duration) as well as timing of draws and payments on credit lines associated with settlement activity. Subsequent to March 31, 2008, we repaid all amounts outstanding against this facility. The use of cash in 2007 was due to net proceeds and cash outlays related to the issuance and paydown of commercial paper as well as other short-term debt.

Principal Payments on Long-Term Debt

We made payments of $31.9 million related to its term loan facility during the first quarter of 2008. In January 2007, we repurchased $32.4 million of our 4.7% senior notes due August 1, 2013, $30.2 million of our 4.85% senior notes due October 1, 2014, and $28.0 million of our 4.95% senior notes due June 15, 2015.

Payments for capital leases were $11.8 million for the first quarter of both 2008 and 2007.

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

Proceeds from Issuance of Common Stock

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

Capital Contributed by Parent

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

Excess Tax Benefit from Share-based Payment Arrangement

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

Purchase of Treasury Shares

During the first quarter of 2007, we repurchased 4.7 million shares for $123.3 million related to employee benefit plans. The difference between the cost of shares repurchased noted above and the amount reflected in the Consolidated Statements of Cash Flows is due to timing of trade settlements. We did not repurchase any shares under our board authorized stock repurchase programs during the first quarter 2007.

Cash Dividends

We have not paid a cash dividend since the Merger and currently have no intention of paying such a dividend.

Letters and Lines of Credit

We had $36.9 million in outstanding letters of credit at March 31, 2008, of which all expires prior to March 31, 2009 with a one-year renewal option. The letters of credit are held in connection with certain business combinations, lease arrangements and bankcard association agreements. We expect to renew the letters of credit prior to expiration.

We had lines of credit associated with First Data Deutschland which totaled approximately 160 million euro, or approximately $254 million, as of March 31, 2008. We had $122.2 million outstanding against these lines of credit as of March 31, 2008 and the full amount outstanding against these lines of credit as of December 31, 2007.

We have lines of credit associated with Cashcard Australia, Ltd. which are periodically used to fund ATM settlement activity. As of March 31, 2008, the lines of credit totaled approximately 162 million Australian dollars, or approximately $149 million. We had $62.0 million and $54.6 million outstanding against these lines of credit as of March 31, 2008 and December 31, 2007, respectively.

We also have committed lines of credit associated with the AIB joint venture which totaled 145 million euro, or approximately $230 million, as of March 31, 2008. The credit lines are used primarily to fund settlement activity. We had $75.0 million outstanding against these lines of credit as of March 31, 2008.

We have two credit facilities associated with First Data Polska which are periodically used to fund settlement activity. The maximum amount available under these facilities, which varies for peak needs during the year, totals 245 million Polish zloty, or approximately $110 million. We had an immaterial amount outstanding against these lines of credit as of March 31, 2008 and December 31, 2007.

Significant Non-Cash Transactions

During 2008, the principal amount of our senior unsecured PIK term loan facility increased by $67.6 million resulting from the "payment" of accrued interest expense.

Significant non-cash transactions during the three months ended March 31, 2007 included the issuance of approximately 3.4 million shares of restricted stock to certain employees.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2008, we did not engage in any off-balance sheet financing activities.

During the three months ended March 31, 2007, other than facility and equipment leasing arrangements, we did not engage in off-balance sheet financing activities. Rent expense related to synthetic operating leases during that period was $1.4 million. On September 20, 2007, we purchased the buildings and equipment under our synthetic operating lease arrangements as contractually required due to change in control provisions contained in the agreements as the result of the Merger.

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

Cash and Cash Equivalents

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

Cash Flows from Operating Activities from Continuing Operations

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

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

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

The use of cash in accounts receivable in the successor and predecessor periods resulted from restructuring certain settlement arrangements and the timing of collections compared to billings. The 2006 and 2005 trend resulted from differences in timing of collections and billings. The source of cash in other assets for the successor period is largely due to distributions related to equity earnings in affiliates related to the predecessor period. The use of cash in all periods presented for accounts payable and other liabilities resulted from timing of payments and accruals for various liabilities. The use of cash in the successor period in income tax accounts resulted from a tax benefit in part offset by a net tax refund. The source of cash in the predecessor period was related to a higher tax benefit associated with the exercising of options and restricted stock. The source of cash in 2006 was due to a tax benefit associated with the significant number of stock options exercised during the first quarter of 2006. Also included in net cash used in/provided by operating activities in 2007 was a use of cash of approximately $73 million (all but $3 million in the predecessor period) resulting from the payment of Merger-related costs. We expect approximately $125 million of cash payments in 2008 related to restructuring activities, including payments related to the fourth quarter 2007 actions described in the "Merger" section above, and approximately $75 million of cash payments in 2008 related to global sourcing initiatives.

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

Cash Flows from Investing Activities from Continuing Operations

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

Merger

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

Current Year Acquisitions

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

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

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

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

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

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

Payments Related to Other Businesses Previously Acquired

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

Proceeds from Dispositions, net of Expenses Paid

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

Capital Expenditures

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

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

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

Proceeds from the Sale of Marketable Securities

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

Dividend Received from Discontinued Operations

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

Cash Retained by Western Union

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

Other Investing Activities

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

The source of cash for other investing activities in 2006 related to $168.9 million in activity from the date of acquisition for FDD related to a reduction in settlement cash, a $162.2 million reduction in regulatory, restricted and escrow cash balances, $56.2 million of proceeds from the sale of investments and other activity and proceeds of $27.1 million from the sale of corporate aircraft. Partially offsetting these sources were uses related to a contingent payment of $29.9 million related to the 2004 disposition of NYCE (all but $1.6 million of which was accrued at December 31, 2005), a net cash outflow of

$32.6 million associated with the sale of a facility related to the Concord merger, $101.6 million in payments related to certain derivative financial instruments, and a use of $47.7 million resulting from the purchase of investments related to our First Financial Bank and other activity.

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

Cash Flows from Financing Activities from Continuing Operations

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

Short-Term Borrowings, net

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

Principal Payments on Long-Term Debt

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

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

		Principal Amount Repurchased
		(in millions)
Medium-term note due 2007	$	59.8
Medium-term note due 2008		26.9
3.375% Notes due 2008		431.9
3.90% Notes due 2009		87.5
4.50% Notes due 2010		137.3
5.625% Notes due 2011		115.7
4.70% Notes due 2013		428.6
4.85% Notes due 2014		338.3
4.95% Notes due 2015		360.9
	$	1,986.9

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

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

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

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

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

Proceeds from Issuance of Long-Term Debt

On September 24, 2007, we entered into several debt instruments in conjunction with the Merger. Details of each instrument are described below. The senior unsecured cash-pay term loan facility, senior unsecured PIK term loan facility and senior subordinated unsecured term loan facility represent bridge financing (the "bridge facilities"). We may issue note securities to replace these bridge facilities on or before one year from the transaction date. In October 2007, $2.2 billion of the senior unsecured cash-pay term loan facility was repaid upon issuance of $9^7/_8$% senior unsecured cash-pay notes due 2015.

Fees totaling $555.0 million associated with the Merger have been capitalized as deferred financing costs and are reported in the "Other long-term assets" line of the Consolidated Balance Sheet. Approximately $112.5 million of fees were incurred and capitalized on the bridge facilities of which $27.5 million was subsequently recovered upon repayment of the $2.2 billion of senior unsecured cash-pay term loan facility. The terms of the bridge facilities provided for the repayment of all or a diminishing portion of the fees, depending upon timing, if the bridge facilities were refinanced in less than a year. We will incur additional fees when the bridge facilities are extended into long-term loans, exchanged for notes or refinanced with other third parties (of which $44.0 million was incurred upon issuance of the $2.2 billion of $9^7/_8$% senior unsecured cash-pay notes and is included in the $555.0 million balance noted above). The deferred financing costs (other than the $85.0 million which is being amortized over the one year bridge period) are being amortized over the respective terms of the debt instruments.

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

Senior Secured Revolving Credit Facility and Senior Secured Term Loan Facility

We entered into a $2.0 billion senior secured revolving credit facility with a term of six years. We drew $200.0 million against the senior secured revolving credit facility at the time of the Merger and $60 million was outstanding at December 31, 2007. We also entered into a $13.0 billion senior secured term loan facility with a term of seven years. At the merger date, we drew $11,775 million in the form of a U.S. dollar denominated loan and $1,000 million in the form of a euro denominated loan (709.2 million euro). The remainder, $225 million, was available in the form of a delayed draw term loan facility in an amount approximately equal to existing notes remaining outstanding after the tender offers described above were completed. The delayed draw term loan facility may be drawn as the remaining notes are repaid (of which approximately $26 million was drawn in December 2007 when existing notes were repaid).

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

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

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

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

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

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

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

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

All obligations under the senior secured revolving credit facility and senior secured term loan facility are unconditionally guaranteed by substantially all our existing and future, direct and indirect, wholly owned, material domestic subsidiaries other than Integrated Payment Systems Inc. The senior secured facilities contain a number of covenants that, among other things, restrict our ability to incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase our capital stock, make investments, loans or advances, prepay certain indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain indebtedness and change our lines of business. The senior secured facilities also require us to maintain a maximum senior secured leverage ratio and contain certain customary affirmative covenants and events of default, including a change of control beginning at the one year anniversary of debt issuance. We were in compliance with all applicable covenants as of March 31, 2008.

Senior Notes

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

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

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

All obligations under the senior notes are guaranteed on a senior unsecured basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. These notes also contain a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of March 31, 2008.

The terms of the senior notes require us to file this registration statement with the SEC relating to an offer to exchange the notes and guarantees for publicly tradable notes and guarantees having substantially identical terms within 360 days of the original issue date of the notes. Additionally, we are required to use our reasonable best efforts to keep effective the shelf registration statement until the earliest of (i) two years after the original issue date of the notes, (ii) such time as all of the notes have been sold or (iii) the date upon which all notes covered by such shelf registration statement become eligible for resale. If a registration statement is not filed and effective or is not maintained effective as noted above, then additional interest will accrue on the principal amount of the notes at a rate of 0.25% per annum increasing an additional 0.25% per annum after a 90-day period not to exceed 0.5% per annum. Once the registration is effective in accordance with the above requirements such additional interest will cease to accrue. At this time no additional interest has accrued or is expected to be accrued.

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

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

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

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

The senior unsecured term loan facilities contain certain mandatory redemption requirements, such as "excess cash flow" as defined, in certain circumstances. Voluntary repayments are allowed and are subject to certain costs.

All obligations under the senior unsecured term loan facilities are guaranteed on a senior unsecured basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. These senior unsecured term loan facilities also contain a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of March 31, 2008.

Senior Subordinated Unsecured Term Loan Facility

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

The senior subordinated unsecured credit facility contains certain mandatory redemption requirements. Voluntary repayments are allowed and are subject to certain costs.

All obligations under the senior subordinated unsecured term loan facility are guaranteed on a subordinated basis by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. The senior subordinated unsecured term loan facility also contains a number of covenants similar to those described for the senior secured term loan facility noted above, other than covenants relating to maintaining specified ratios. We were in compliance with all applicable covenants as of March 31, 2008.

Holdings' Senior PIK Notes

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

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

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

Covenant Compliance

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

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

October 1, 2012 to September 30, 2013	6.25 to 1.00
Thereafter	6.00 to 1.00

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

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

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

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

	Last Twelve months ended March 31, 2008
Income (loss) from continuing operations	$ (230.9)
Interest expense, net(1)	1,121.7
Income tax (benefit) expense	(218.2)
Depreciation and amortization	1,154.9
EBITDA(14)	1,827.5
Stock based compensation(2)	243.6
Other items(3)	88.9
Debt repayment(4)	17.2
Pretax equivalency adjustment(5)	171.0
Official check and money order EBITDA(6)	(83.8)
Cost of data center, technology and other savings initiatives(7)	105.3
Transaction related fees	70.6
Purchase accounting(8)	41.5
Sponsor's annual management fee	10.3
Pre-acquisition EBITDA of acquired businesses(9)	21.9
Adjusted EBITDA(14)	2,514.0
Projected near-term cost savings(10)	366.5
Adjusted EBITDA plus projected near-term cost savings(14)	2,880.5
Minority interest(11)	145.1
Equity entities taxes, depreciation and amortization(12)	87.3
Other(13)	10.8
Consolidated EBITDA(14)	$ 3,123.7

(1) Includes interest expense and interest income.

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

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

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

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

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

(7) Represents implementation costs associated with initiatives to reduce operating expenses including items such as platform and data center consolidation initiatives in the International segment, expense related to the reorganization of global application development resources, expense associated with domestic data center consolidation initiatives and planned workforce reduction expenses, all of which are considered one-time projects (excludes costs accrued in purchase accounting).

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

(9) Reflects the EBITDA of companies acquired after March 31, 2007 through March 31, 2008, as if these companies had been acquired on April 1, 2007.

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

(11) Reflects minority interest not already accounted for in Other items above.

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

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

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

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

Adjusted EBITDA plus projected near-term cost savings is defined as Adjusted EBITDA further adjusted to reflect cost savings projected to be achieved within twelve months. Management believes the supplementary adjustments are appropriate to provide investors additional information about near term cost cutting initiatives.

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

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

Proceeds from Issuance of Common Stock

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

Excess Tax Benefit from Share-based Payment Arrangements

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

Purchase of Treasury Shares

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

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