CONCORD EFS INC
Form S-4
October 17, 2011
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As filed with the Securities and Exchange Commission on October 17, 2011

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

5565 Glenridge Connector, N.E.

Suite 2000

Atlanta, Georgia 30342

(404) 890-2000

(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

Administrative Headquarters

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. ¨

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. ¨

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. ¨

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 ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross Border Third-Party Tender Offer) ¨

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**
12.625% Senior Notes due 2021	$3,000,000,000	100%	$3,000,000,000	$343,800
Guarantees of 12.625% Senior Notes due 2021(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.

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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
Bankcard Investigative Group Inc.	Delaware	58-2368158	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
BUYPASS Inco Corporation	Delaware	51-0362700	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Call Interactive Holdings LLC	Delaware	45-0492144	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Cardservice International, LLC.	California	95-4207932	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
CESI Holdings, Inc.	Delaware	11-3145051	5565 Glenridge Connector, N.E.

			Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Computing Corporation	Delaware	36-3833854	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Corporate Services, Inc.	Delaware	23-2709591	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord EFS Financial Services, Inc.	Delaware	01-0757630	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord EFS, Inc.	Delaware	04-2462252	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Emerging Technologies, Inc.	Arizona	86-0837769	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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Concord Financial Technologies, Inc.	Delaware	13-4064184	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord One, LLC	Delaware	01-0757619	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Payment Services, Inc.	Georgia	58-1495598	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Processing, Inc.	Delaware	57-1143159	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Concord Transaction Services, LLC	Colorado	20-0187517	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
CTS Holdings, LLC	Colorado	20-0675870	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
CTS, Inc.	Tennessee	52-2251178	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
EFS Transportation Services, Inc.	Tennessee	62-1830443	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
EPSF Corporation	Delaware	51-0380978	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FDFS Holdings, LLC	Delaware	84-1564482	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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FDGS Group, LLC	Delaware	58-2582293	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FDR Ireland Limited	Delaware	98-0122368	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FDR Limited	Delaware	98-0122367	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FDR Missouri Inc.	Delaware	47-0772712	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FDS Holdings, Inc.	Delaware	58-2517182	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
First Data Capital, Inc.	Delaware	58-2436936	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Card Solutions, Inc.	Maryland	75-1300913	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Commercial Services Holdings, Inc.	Delaware	20-5626772	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Communications Corporation	Delaware	22-2991933	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data EC, LLC	Delaware	30-0512868	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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First Data Government Solutions, Inc.	Delaware	59-2957887	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Government Solutions, LP	Delaware	58-2582959	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Latin America Inc.	Delaware	47-0789663	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Merchant Services Corporation	Florida	59-2126793	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Merchant Services Northeast, LLC	Delaware	11-3383565	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
First Data Merchant Services Southeast, L.L.C.	Delaware	11-3301903	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Mobile Holdings, Inc.	Delaware	20-5449819	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Payment Services, LLC	Delaware	26-0359308	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Real Estate Holdings L.L.C.	Delaware	84-1593311	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Resources, LLC	Delaware	47-0535472	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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First Data Retail ATM Services L.P.	Texas	01-0757624	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Secure LLC	Delaware	47-0902841	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Solutions, Inc.	Washington	91-2113799	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Technologies, Inc.	Delaware	04-3125703	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
First Data Voice Services	Delaware	22-2915646	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
FSM Services Inc.	Delaware	58-2517180	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FundsXpress Financial Network, Inc.	Texas	74-2830594	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
FundsXpress, Inc.	Delaware	74-2935781	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Gift Card Services, Inc.	Oklahoma	73-1483616	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Gratitude Holdings LLC	Delaware	41-2077284	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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Instant Cash Services, LLC	Delaware	30-0412561	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Linkpoint International, Inc.	Nevada	95-4704661	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
LoyaltyCo LLC	Delaware	Not applicable	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
MAS Inco Corporation	Delaware	51-0362703	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
MAS Ohio Corporation	Delaware	52-2139525	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
Money Network Financial, LLC	Delaware	36-4483540	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
National Payment Systems Inc.	New York	13-3789541	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
New Payment Services, Inc.	Georgia	20-3848972	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
PayPoint Electronic Payment Systems, LLC	Delaware	82-0569438	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
PaySys International, Inc.	Florida	59-2061461	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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REMITCO LLC	Delaware	82-0580864	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Sagebrush Holdings LLC	Delaware	75-3097583	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Size Technologies, Inc.	California	94-3329671	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Star Networks, Inc.	Delaware	59-3558624	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Star Processing, Inc.	Delaware	23-2696693	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
Star Systems Assets, Inc.	Delaware	33-0886220	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Star Systems, Inc.	Delaware	59-3558623	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Star Systems, LLC	Delaware	33-0886218	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Strategic Investment Alternatives LLC	Delaware	01-0716816	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
TASQ LLC	Delaware	84-1581144	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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TASQ Technology, Inc.	California	68-0345149	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
TeleCheck International, Inc.	Georgia	58-2014182	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
TeleCheck Pittsburgh/West Virginia, Inc.	Pennsylvania	25-1405316	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
TeleCheck Services, Inc.	Delaware	58-2035074	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
Transaction Solutions, LLC	Delaware	82-0547328	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342

			(404) 890-2000
Unified Merchant Services	Georgia	58-2169129	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000
ValueLink, LLC	Delaware	20-0055795	5565 Glenridge Connector, N.E. Suite 2000 Atlanta, Georgia 30342 (404) 890-2000

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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 OCTOBER 17, 2011

PRELIMINARY PROSPECTUS

FIRST DATA CORPORATION

Offer to Exchange (the Exchange Offer)

$3,000,000,000 aggregate principal amount of its 12.625% Senior Notes due 2021 (the exchange notes) which have been registered under the Securities Act of 1933, as amended, (the Securities Act) for any and all of its outstanding unregistered 12.625% Senior Notes due 2021 (the outstanding notes).

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

The Exchange Offer

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

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

The exchange offer expires at 12:00 a.m., New York City time, on , 2011, unless extended. We do not currently intend to extend the expiration date.

The exchange of outstanding notes for exchange notes in the exchange offers will not constitute taxable events to holders for United States federal income tax purposes.

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

Results of the Exchange Offer

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

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

See Risk Factors beginning on page 11 for a discussion of certain risks that you should consider before participating in the exchange offer.

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

The date of this prospectus is , 2011.

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

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BASIS OF PRESENTATION

On April 1, 2007, Omaha Acquisition Corp., a Delaware corporation formed by investment funds associated with Kohlberg Kravis Roberts & Co. L. P. (KKR), merged with and into First Data Corporation (First Data) (the Merger), with First Data continuing as the surviving corporation and an indirect subsidiary of New Omaha Holdings L. P. (the Parent). As a result of the Merger, investment funds associated with or designated by KKR and certain other co-investors indirectly own First Data.

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

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

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

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PROSPECTUS SUMMARY

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

Our Company

We are a global technology and payments processing leader, providing electronic commerce and payment solutions for merchants, financial institutions and card issuers worldwide. We process nearly 1,700 transactions every second, and serve more than six million merchant locations, thousands of card issuers and millions of consumers in 35 countries, with a leading market position in each of our core businesses, we are well-positioned to capitalize on the continued shift from cash and checks to electronic payment transactions.

We have built long-standing relationships with merchants, financial institutions and card issuers globally through superior industry knowledge, product innovation and high-quality, reliable service. As a result, our revenues are highly diversified across customers, products, geography and distribution channels, with no single customer accounting for more than 3% of our 2010 adjusted revenue. We also enter into alliances with banks and other institutions, increasing our broad geographic coverage and presence in various industries. The contracted and stable nature of our revenue base makes our business highly predictable. Our revenue is recurring in nature, as we typically initially enter into multi-year contracts with our merchant, financial institution and card issuer customers.

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

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The Exchange Offer

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

General	In connection with the private placement of the outstanding notes, First Data and the guarantors of the outstanding notes entered into a registration rights agreement pursuant to which we agreed, under certain circumstances, to use our reasonable best efforts to file a registration statement relating to an offer to exchange the outstanding notes for exchange notes and have it declared effective by the SEC within 360 days after the date of original issuance of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes which are identical in all material respects to the outstanding notes except:
	the exchange notes have been registered under the Securities Act;
	the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and
	the additional interest provisions of the registration rights agreement are not applicable.
The Exchange Offer	First Data is offering to exchange $3,000,000,000 aggregate principal amount of its exchange notes which have been registered under the Securities Act for any and all of its outstanding notes.
	You may only exchange outstanding notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
Resale	Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:
	you are acquiring the exchange notes in the ordinary course of your business; and
	you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes.
	If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver this prospectus in

connection with any resale of the exchange notes. See Plan of Distribution.

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	Any holder of outstanding notes who: is our affiliate; does not acquire exchange notes in the ordinary course of its business; or tenders its outstanding notes in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes cannot rely on the position of the staff of the SEC enunciated in *Morgan Stanley & Co. Incorporated* (available June 5, 1991) and *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in *Shearman & Sterling* (available July 2, 1993), or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.
Expiration Date	The exchange offer will expire at 12.00 a.m., New York City time, on , 2011, unless extended by First Data. First Data currently does not intend to extend the expiration date.
Withdrawal	You may withdraw the tender of your outstanding notes at any time prior to the expiration of the exchange offer. First Data will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which First Data may waive. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of such letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of such letter of transmittal, together with your outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company (DTC) and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things: you are not our affiliate within the meaning of Rule 405 under the Securities Act;

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	you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;
	you are acquiring the exchange notes in the ordinary course of your business; and
	if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities, you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender those outstanding notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.
Guaranteed Delivery Procedures	If you wish to tender your outstanding notes and your outstanding notes are not immediately available, or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents, or you cannot comply with the procedures under DTC s Automated Tender Offer Program for transfer of book-entry interests prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.
Effect on Holders of Outstanding Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered outstanding notes pursuant to the terms of the exchange offer, First Data and the guarantors of the outstanding notes will have fulfilled a covenant under the registration rights agreement. Accordingly, there will be no increase in the interest rate on the outstanding notes under the circumstances described in the registration rights agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the indenture, except First Data and the guarantors of the outstanding notes will not have any further obligation to you to provide for the exchange and registration of untendered outstanding notes under the registration rights agreement. To the extent that outstanding notes are tendered and accepted in the exchange offer, the

	trading market for outstanding notes that are not so tendered and accepted could be adversely affected.
Consequences of Failure to Exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, First Data and the guarantors of the notes do not currently anticipate that we will register the outstanding notes under the Securities Act.
Certain United States Federal Income Tax Consequences	The exchange of outstanding notes for exchange notes in the exchange offer will not constitute taxable events to holders for United States federal income tax purposes. See Certain United States Federal Income Tax Consequences.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. See Use of Proceeds.
Exchange Agent	Wells Fargo Bank, National Association is the exchange agent for the exchange offer. The addresses and telephone numbers of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent.

The Exchange Notes

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

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

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- rank equal in right of payment with all of our existing and future senior indebtedness;
- be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and our guarantors obligations under the senior secured credit facilities (including any future obligations thereto) and other secured obligations; and
- be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our subsidiary guarantor).

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

- the exchange notes and related guarantees would have ranked effectively junior in right of payment to $176.3 million of capital leases;
- the exchange notes and related guarantees would have been structurally subordinated to approximately $77.1 million of debt of our non-guarantor subsidiaries, which consists of borrowings under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity; these arrangements are primarily associated with our international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty. As of June 30, 2011, our non-guarantor subsidiaries had additional availability of approximately $290.3 million (of which none was uncommitted);
- the exchange notes and related guarantees would have ranked effectively junior in right of payment to $11,272.9 million of senior secured indebtedness under our senior secured credit facilities and $4,201.8 million of our senior secured notes to the extent of the value of the collateral; we would have had an additional $1,515.3 million of availability under the senior secured credit facilities (without giving effect to $44.9 million of outstanding letters of credit);
- the exchange notes and related guarantees would have ranked effectively equal in right of payment to $4,468.9 million of our senior unsecured notes; and
- the exchange notes and related guarantees would have ranked effectively senior in right of payment to $2,500.0 million of our senior subordinated notes and $57.0 million of other unsecured debt.

Guarantees

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

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guarantees of the notes will be a general senior obligation of each subsidiary guarantor and will:

- rank senior in right of payment to all existing and future subordinated indebtedness of the guarantor subsidiary;
- rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiary;
- be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and the guarantors obligations under the senior secured credit facilities (including any future obligations thereto); and
- be effectively subordinated to all existing and future indebtedness and other liabilities of any subsidiary of a subsidiary guarantor that is not also a guarantor of the notes.

Any guarantee of the exchange notes will be released in the event such guarantee is released under the senior secured credit facilities.

Our non-guarantor subsidiaries accounted for approximately $3,964 million, or 36%, of our consolidated revenue (without giving effect to consolidation adjustments), and $1,037 million, or approximately 38%, of our consolidated EBITDA (without giving effect to consolidation adjustments), in each case for the twelve months ended June 30, 2011. As of June 30, 2011, our non-guarantor subsidiaries had $12,540 million, or approximately 42%, of our total assets (excluding settlement assets) and liabilities (excluding settlement liabilities) of $278 million (an asset balance due to net intercompany accounts with parent and guarantor subsidiaries). Additionally, guarantor subsidiaries hold equity interests in entities that are not consolidated subsidiaries that accounted for $191 million, or approximately 7%, of consolidated EBITDA (without giving effect to consolidation adjustments) for the twelve months ended June 30, 2011. As of June 30, 2011, our non-guarantor subsidiaries had $290 million remaining available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various currencies, the most significant of which are the euro, Australian dollar and Polish zloty. Total amounts outstanding against short-term lines of credit and other arrangements were $77 million as of June 30, 2011.

Optional Redemption

We may redeem the exchange notes, in whole or in part, at any time prior to January 15, 2016, at a price equal to 100% of the principal amount of the exchange notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described under Description of Notes Optional Redemption.

We may redeem the exchange notes, in whole or in part, on or after January 15, 2016, at the redemption prices set forth under Description of Notes Optional Redemption.

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

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	of the notes with the proceeds from one or more public equity offerings at the redemption prices set forth under Description of Notes Optional Redemption.
Change of Control Offer	Upon the occurrence of a change of control, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. See Description of Notes Repurchase at the Option of Holders Change of Control.
Asset Sale Proceeds Offer	Upon the occurrence of a non-ordinary course asset sale, you may have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 100% of their face amount, plus accrued and unpaid interest to the repurchase date. See Description of Notes Repurchase at the Option of Holders Asset Sales.
Certain Covenants	The indenture governing the exchange notes contain covenants limiting our ability and the ability of our restricted subsidiaries to: incur additional debt or issue certain preferred shares; pay dividends on or make other distributions in respect of our capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; enter into certain transactions with our affiliates; and designate our subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of important limitations and exceptions. See Description of Notes.
Original Issue Discount	We will treat the exchange notes as having been issued with original issue discount (OID) for United States federal income tax purposes in an amount equal to the difference between their stated principal amount and the fair market value of the corresponding outstanding notes exchanged therefor on the date of initial issuance of such

	corresponding outstanding notes. U.S. holders (as defined in Certain United States Federal Income Tax Consequences) of the exchange notes will be required to include such OID in gross income on a constant yield to maturity basis in advance of the receipt of cash payment thereof regardless of such holders method of accounting for United States federal income tax purposes. See Certain United States Federal Income Tax Consequences.
No Prior Market	The exchange notes will be freely transferable but will be new securities for which there will not initially be a market. Accordingly,

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we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any such market that may develop.

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

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RISK FACTORS

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

Risks Related to the Exchange Offer

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

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

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

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

We do not intend to apply for a listing of the exchange notes on a securities exchange or on any automated dealer quotation system. There is currently no established market for the exchange notes, and we cannot assure you as to the liquidity of markets that may develop for the exchange notes, your ability to sell the exchange notes or the price at which you would be able to sell the exchange notes. If such markets were to exist, the exchange notes could trade at prices that may be lower than their principal amount or purchase price depending on many factors, including prevailing interest rates, the market for similar notes, our financial and operating performance and other factors. We cannot assure you that an active market for the exchange notes will develop or, if developed, that it will continue. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the exchange notes may experience similar disruptions and any such disruptions may adversely affect the prices at which you may sell your exchange notes.

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

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

Risks Related to Our Indebtedness and Our Business

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

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

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial and increasing portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities; for example, per the terms of our 10.55% PIK Notes (as defined below), we have been permitted to pay interest in-kind with additional notes, but will be required to pay all interest in cash starting March 2012. As of June 30, 2011, we had $710.9 million aggregate principal amount of these 10.55% PIK Notes outstanding. In addition, per the terms of our 8.75%/10.00% PIK Toggle Notes (as defined below), we have been permitted to pay interest in-kind with additional notes, but will be required to pay all interest in cash starting January 2014. As of June 30, 2011, we had $1,000.0 million aggregate principal amount ($991.4 million net of discount) of these 8.75%/10.00% PIK Toggle Notes outstanding;
- exposing us to the risk of increased interest rates because certain of our borrowings, including and most significantly borrowings under our senior secured credit facilities, are at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- making it more difficult for us to obtain network sponsorship and clearing services from financial institutions;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

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

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

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the credit agreement governing our senior secured credit facilities, the indentures governing our 7.375% Senior Secured First Lien Notes due 2019 (the 7.375% Notes), our 8.875% Senior Secured First Lien Notes due 2020 (the 8.875% Notes), our 8.25% Senior Secured Second Lien Notes due 2021 (the 8.25% Notes), our 8.75%/10/00% PIK Toggle Senior Secured Second Lien Notes due 2022 (the 8.75%/10/00% PIK Toggle Notes and, together with the 7.375% Notes, the 8.875% Notes and the 8.25% Notes, the senior secured notes), our 9.875% Senior Unsecured Notes due 2015 (the 9.875% Notes), our 10.55% PIK Senior Unsecured Notes due 2015 (the 10.55% PIK Notes and, together with the 9.875% Notes and the notes, the senior unsecured notes), our 11.25% Senior Subordinated Notes due 2016 (the senior subordinated notes) and the 11.5% Senior PIK Notes due 2016 (the senior PIK notes) of First Data Holdings Inc. (Holdings) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries existing debt levels, the related risks that we will face would increase.

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

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

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

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

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

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

We have been an active business acquirer both in the United States and internationally, and may continue to be active in the future. The acquisition and integration of businesses involves a number of risks. The core risks are in the areas of valuation (negotiating a fair price for the business based on inherently limited diligence) and integration (managing the complex process of integrating the acquired company s people, products, technology and other assets so as to realize the projected value of the acquired company and the synergies projected to be

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

In addition, international acquisitions often involve additional or increased risks including, for example:

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

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

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

The indentures governing our senior secured notes, our senior unsecured notes, our senior subordinated notes, the senior PIK notes of Holdings and the credit agreement governing our senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries ability to, among other things:

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

- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

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

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

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

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

Growth in our Retail and Alliance Services business is derived primarily from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment and the strength of our alliance partnerships with banks and financial institutions and other third parties. A substantial portion of our business is conducted through alliances with banks and other institutions. Our alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance program, we and a bank or other institution form an alliance, either contractually or through a separate legal entity. Merchant contracts may be contributed to the alliance by us and/or the bank or institution. The banks and other institutions generally provide card association sponsorship, clearing and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other relationship. We provide transaction processing and related functions. Both alliance partners may provide management, sales, marketing and other administrative services. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner. We rely on the continuing growth of our merchant relationships, alliances and other distribution channels. There can be no guarantee that this growth will continue. The loss of merchant relationships or alliance and financial institution partners could negatively impact our business and result in a reduction of our revenue and profit.

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

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

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

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

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

We are subject to the credit risk of our merchants being unable to satisfy obligations for which we also may be liable. For example, we and our merchant acquiring alliances are contingently liable for transactions originally acquired by us that are disputed by the card holder and charged back to the merchants. If we or the alliance are unable to collect this amount from the merchant, due to the merchant s insolvency or other reasons, we or the alliance will bear the loss for the amount of the refund paid to the cardholder. We have an active program to manage our credit risk and often mitigate our risk by obtaining collateral. Notwithstanding our program for managing our credit risk, it is possible that a default on such obligations by one or more of our merchants could have a material adverse effect on our business.

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

We are implementing cost improvement and cost containment programs across all of our business segments. While we expect our cost savings initiatives to result in significant cost savings throughout our organization, our estimated savings are based on several assumptions that may prove to be inaccurate, and as a result we cannot assure you that we will realize these cost savings. The failure to achieve our estimated cost savings would negatively affect our results of operations and financial condition.

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

Changes in technology may limit the competitiveness of, and demand for, our services. Our businesses operate in industries that are subject to technological advancements, developing industry standards and changing

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customer needs and preferences. Also, our customers continue to adopt new technology for business and personal uses. We must anticipate and respond to these industry and customer changes in order to remain competitive within our relative markets. For example, the ability to adopt technological advancements surrounding point-of-sale (POS) technology available to merchants could have an impact on our International and Retail and Alliance Services businesses. Any inability to respond to new competitors and technological advancements could impact all of our businesses.

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

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

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

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

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

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

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

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

As of June 30, 2011, we had $11.3 billion aggregate principal amount of variable rate long-term indebtedness, of which interest rate swaps fix the interest rate on $5.0 billion in notional amount. We also had a $750 million fixed to floating swap to preserve the ratio of fixed and floating rate debt that we had prior to the

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April 2011 debt modification and amendment. As a result, as of June 30, 2011, the impact of a 100 basis point increase in interest rates would increase our annual interest expense by approximately $71 million. See the discussion of our interest rate swap transactions in Notes 6 and 11 to our Audited and Unaudited Consolidated Financial Statements, included elsewhere in this prospectus.

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

Our tax returns and positions are subject to review and audit by federal, state, local and international taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting our results of operations. We have established contingency reserves for material, known tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. These reserves reflect what we believe to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While we believe that the reserves are adequate to cover reasonably expected tax risks, there is no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost not in excess of any related reserve. An unfavorable resolution, therefore, could negatively impact our effective tax rate, financial position, results of operations and cash flows in the current and/or future periods. Our exposure to tax audits includes matters involving our former Western Union unit, which was spun off in September 2006. Under the Tax Allocation Agreement executed at the time of the spin-off, Western Union is responsible for all taxes, interest and penalties related to it and must indemnify us against such amounts. We, however, generally have ultimate liability to the relevant tax authorities for such amounts in the event Western Union were to default in its indemnification obligation.

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

Our trademarks, patents and other intellectual property are important to our future success. The FIRST DATA trademark and trade name and the STAR trademark and trade name are intellectual property rights which are individually material to us. These trademarks and trade names are widely recognized and associated with quality and reliable service. Loss of the proprietary use of the FIRST DATA or STAR trademarks and trade names or a diminution in the perceived quality associated with them could harm the growth of our businesses. We also rely on proprietary technology. It is possible that others will independently develop the same or similar technology. Assurance of protecting our trade secrets, know-how or other proprietary information cannot be guaranteed. Our patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or advantage. If we were unable to maintain the proprietary nature of our technologies, we could lose competitive advantages and be materially adversely affected. The laws of certain foreign countries in which we do business or contemplate doing business in the future do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings could prevent us from selling our services or prevent us from preventing others from selling competing services, and thereby may have a material adverse affect on our business and results of operations. Additionally, claims have been made, are currently pending, and other claims may be made in the future, with regard to our technology allegedly infringing on a patent or other intellectual property rights. Unfavorable resolution of these claims could either result in our being restricted from delivering the related product or service or result in a settlement that could be materially adverse to us.

We are the subject of various legal proceedings which could have a material adverse effect on our revenue and profitability.

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

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

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide ranging set of expertise and intellectual capital. For us to successfully compete and grow, we must retain, recruit and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. In addition, we must develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure you that key personnel, including executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

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

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

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

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

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

We depend heavily on the reliability of our processing systems in our core businesses. A system outage or data loss could have a material adverse effect on our business, financial condition and results of operations. Not only would we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Many of our contractual agreements with financial institutions require the payment of penalties if our systems do not meet certain operating standards. To successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include, but are not limited to, fire, natural disaster, unauthorized entry, power loss, telecommunications failure, computer viruses, terrorist acts and war. Although we have taken steps to protect against data loss and system failures, there is still risk that we may lose critical data or experience system failures. We perform the vast majority of disaster recovery operations ourselves, though we utilize select third parties for some aspects of recovery, particularly internationally. To the extent we outsource our disaster recovery, we are at risk of the vendor s unresponsiveness in the event of breakdowns in our systems. Furthermore, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

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

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

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

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

Risks Related to the Exchange Notes

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

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

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

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

Our obligations under the notes and our guarantors obligations under their guarantees of the notes will be unsecured, but our obligations under our senior secured credit facilities and our senior secured notes and each guarantor s obligations under its guarantee of the senior secured credit facilities and our senior secured notes are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of substantially all of our wholly owned U.S. subsidiaries and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our senior secured credit facilities or our senior secured notes, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders

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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 June 30, 2011, we had $15,474.7 million of senior secured indebtedness, which is indebtedness under our senior secured credit facilities and our senior secured notes, not including the availability of an additional $1,515.3 million under our revolving credit facility but without giving effect to approximately $44.9 million of outstanding letters of credit as of June 30, 2011, up to an additional $1,000.0 million of term loan and revolving credit facilities that we are permitted to obtain under our senior secured credit agreement if we are able to obtain loan commitments from banks, $5,000.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and a $750.0 million notional fixed to floating interest rate swap to preserve the ratio of fixed rate and floating rate debt that we held prior to the debt modifications and amendments occurring in April 2011. The indenture governing the notes permits us, our subsidiary guarantors and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

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

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

Our non-guarantor subsidiaries accounted for $3,964 million, or approximately 36%, of our consolidated revenue (without giving effect to consolidation adjustments), and $1,037 million, or approximately 38%, of our consolidated EBITDA (without giving effect to consolidation adjustments), in each case for the twelve months ended June 30, 2011. As of June 30, 2011, our non-guarantor subsidiaries had $12,540 million, or approximately 42%, of our total assets (excluding settlement assets) and liabilities (excluding settlement liabilities) of $278 million (an asset balance due to net intercompany accounts with parent and guarantor subsidiaries). Additionally, guarantor subsidiaries hold equity interests in entities that are not consolidated subsidiaries that accounted for $191 million, or approximately 7%, of consolidated EBITDA (without giving effect to consolidation adjustments) for the twelve months ended June 30, 2011. As of June 30, 2011, our non-guarantor subsidiaries had $290 million remaining available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty. Total amounts outstanding against short-term lines of credit and other arrangements were $77 million as of June 30, 2011.

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

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are subsidiary guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our

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indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

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

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

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

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

- we could be forced into bankruptcy or liquidation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

it could not pay its debts as they become due.

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

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

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

We will treat the exchange notes as having been issued with OID for United States federal income tax purposes in an amount equal to the difference between their stated principal amount and the fair market value of the corresponding outstanding notes exchanged therefor on the date of initial issuance of such corresponding outstanding notes. U.S. holders (as defined in Certain United States Federal Income Tax Consequences) of the exchange notes will be required to include such OID in gross income on a constant yield to maturity basis in advance of the receipt of cash payment thereof regardless of such holders method of accounting for United States federal income tax purposes. See Certain United States Federal Income Tax Consequences.

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

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

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

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

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FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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USE OF PROCEEDS

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

CAPITALIZATION

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

	As of June 30, 2011 (unaudited) (in millions)
Cash and cash equivalents	$ 611.5
Debt(1):	
Senior secured credit facilities:	
Revolving credit facilities(2)	
Term loan facility due 2014(3)	$ 6,600.9
Term loan facility due 2018(3)	4,672.0
7.375% Senior Secured First Lien Notes due 2019	734.0
8.875% Senior Secured First Lien Notes due 2020	493.7
8.25% Senior Secured Second Lien Notes due 2021	1,982.7
8.75%/10.00% PIK Toggle Senior Secured Second Lien Notes due 2022	991.4
9.875% Senior Unsecured Notes due 2015	783.5
12.625% Senior Unsecured Notes due 2021	2,974.5
10.55% PIK Senior Unsecured Notes due 2015	710.9
11.25% Senior Subordinated Notes due 2016	2,500.0
Pre-Merger Notes(4)	57.0
Capital Leases	176.3
Other existing debt(5)	77.1
Total debt	22,754.0
Total First Data Corporation stockholders equity	392.7
Total capitalization	$ 23,146.7

(1) Neither we nor our subsidiaries provide credit support for Holdings obligations under its $1,482.1 million of senior PIK notes. As a result, the senior PIK notes of Holdings are not indebtedness of ours or our subsidiaries.

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

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

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

(5) Consists of $77.1 million of borrowings outstanding under lines of credits. As of June 30, 2011 we had additional availability of $290.3 million (of which none was uncommitted) under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are primarily associated with international operations and are in various functional currencies, the most significant of which are the euro, Australian dollar and Polish zloty.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data of the Successor as of December 31, 2008, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 have been derived from our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. The selected historical consolidated financial data of the Predecessor as of December 31, 2006 and for the year ended December 31, 2006 and the period from January 1, 2007 through September 24, 2007 as well as the selected historical consolidated financial data of the Successor as of December 31, 2007 and for the period from September 25, 2007 through December 31, 2007 have been derived from our audited consolidated financial statements and related notes thereto not included in this prospectus. The selected historical consolidated financial data for the six months ended June 30, 2010 and June 30, 2011 and as of June 30, 2011 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus.

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

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

	Predecessor		Successor					
	Year ended December 31, 2006	Period from January 1, 2007 through September 24, 2007	Period from September 25, 2007 through December 31, 2007	Year ended December 31, 2008	2009	2010	For the Six Months Ended June 30, 2010	2011
Statement of operations data:								
Revenues	$ 7,076.4	$ 5,772.9	$ 2,278.5	$ 8,811.3	$ 9,313.8	$ 10,380.4	$ 5,016.8	$ 5,294.0
Operating expenses(a)	5,990.9	5,209.2	2,123.7	8,032.6	8,869.3	9,782.2	4,765.6	4,944.5
Other operating expenses(b)(c)	5.0	23.3	(0.2)	3,255.6	289.7	81.5	34.4	31.0
Interest expense	(248.0)	(103.6)	(584.7)	(1,964.9)	(1,796.4)	(1,796.6)	(899.8)	(904.6)
Net (loss) income from continuing operations(c)	990.0	569.7	(262.9)	(3,608.0)	(1,014.6)	(846.9)	(330.6)	(312.7)
Depreciation and amortization(d)	700.8	540.2	427.2	1,559.6	1,553.8	1,526.0	753.8	725.0
Balance sheet data (at year-end):								
Total assets	$ 34,565.8		$ 52,509.3	$ 38,176.1	$ 39,735.4	$ 37,544.1	$ 37,991.5	$ 37,290.3
Total current and long-term settlement assets	19,149.8		18,228.4	8,662.9	7,351.0	7,059.1	6,991.1	7,126.3
Total liabilities	24,312.7		45,609.2	35,773.8	34,408.4	33,456.1	33,539.7	33,426.4
Settlement obligations	19,166.5		18,228.4	8,680.6	7,394.7	7,058.9	7,025.3	7,125.2
Long-term borrowings	2,294.3		21,953.5	22,075.2	22,304.9	22,438.8	22,261.9	22,584.3
Other long-term liabilities(e)	1,098.3		3,306.2	2,920.6	2,648.3	2,153.3	2,303.9	1,850.1
Redeemable noncontrolling interests					226.9	28.1	27.1	45.4
Total equity	10,253.1		6,900.1	2,402.3	5,100.1	4,059.9	4,424.7	3,818.5

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

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

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

You should read the following discussion of our results of operations and financial condition with the Selected Historical Consolidated Financial Data and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the Risk Factors section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements.

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

Overview

First Data Corporation, with global headquarters and principal executive offices in Atlanta, Georgia, operates electronic commerce businesses providing services that include merchant transaction processing and acquiring services; credit, retail and debit card issuing and processing services; prepaid card services; and check verification, settlement and guarantee services.

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

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

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

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

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

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

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

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

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

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

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

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

Other. Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934 (the Exchange Act). As allowed by the SEC, our policy is to not include in management s assessment of internal controls the internal controls of acquired companies in the year of acquisition if we deem that an assessment could not be adequately accomplished in the normal course of business.

Segment Discussion

Retail and Alliance Services segment. The Retail and Alliance Services segment is comprised of businesses that provide services which facilitate the merchants ability to accept credit, debit, stored-value and loyalty cards and checks. The segment s merchant processing and acquiring services include authorization, transaction capture, settlement, chargeback handling and internet-based transaction processing and are the largest component of the segment s revenue. A majority of these services pertain to transactions in which consumer payments to merchants are made through a card association (such as Visa or MasterCard), a debit network (such as STAR or Interlink), or another payment network (such as Discover). Many of the segment s services are offered through alliance arrangements. Financial results of the merchant alliance strategy appear both in the Transaction and processing service fees revenue and Equity earnings in affiliates line items of the Consolidated Statements of Operations. We evaluate the Retail and Alliance Services segment based on our proportionate share of the results of these alliances. Refer to Segment Results below for a more detailed discussion.

Merchant processing and acquiring revenues are driven most significantly by the number of transactions, dollar volumes of those transactions and trends in consumer spending between national, regional and local merchants. Consumers continue to increase the use of credit, debit and stored-value cards in place of cash and paper checks. Internet payments continue to grow but account for a small portion of the segment s transactions. While transactions over the internet may involve increased risk, these transactions typically generate higher profits for us. We continue to enhance our fraud detection and other systems to address such risks.

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

Financial Services segment. The Financial Services segment provides issuer card and network solutions and payment management solutions for recurring bill payments. Financial Services also offers services to improve customer communications, billing, online banking and consumer bill payment. Issuer card and network solutions includes credit, retail and debit card processing, debit network services (including the STAR Network), and output services for financial institutions and other organizations offering credit cards, debit cards and retail private label cards to consumers and businesses to manage customer accounts. Output services include statement and letter printing, embossing and mailing services. The segment also provides remittance processing services, information services and other payment services such as remote deposit, clearing services and processing for payments which occur in such forms as checks, ACH, wire transfer and stored-value cards. The segment s largest components of revenue consist of fees for account management, transaction authorization and posting and network switching.

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

Debit processing revenue is derived mostly from the processing of transactions where we could receive multiple fees for a transaction, depending on our role. Within the Financial Services segment, domestic debit issuer transactions have been the fastest growing type of transaction as we continue to see a shift to the use of debit cards from credit cards, checks and cash, with the decrease in use of checks negatively affecting our remittance processing business.

The underlying economic drivers of card issuance are population demographics and employment. Strengthening in the economy typically results in an improved credit risk profile, allowing card issuers to be more aggressive in their marketing campaigns to issue more cards. Conversely, a weakening in the economy typically results in a tightening of the credit market with fewer consumers qualifying for credit.

International segment. The International segment businesses provide the following services outside of the U.S.: credit, retail, debit and prepaid card processing, merchant acquiring and processing; ATM and POS processing, driving, acquiring and switching services; and card processing software. The primary service offerings of the International segment are substantially the same as those provided in the Retail and Alliance Services and Financial Services segments. The largest components of the segment s revenue are fees for facilitating the merchant s ability to accept credit, retail and debit cards by authorizing, capturing, and settling merchants credit, retail, debit, stored-value and loyalty card transactions as well as for transaction authorization and posting, network switching and account management.

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

Industry

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

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Bank industry consolidation impacts existing and potential clients in our service areas. Our alliance strategy could be impacted negatively as a result of such consolidations, especially where the banks involved are committed to merchant processing businesses that compete with us. Conversely, if an existing alliance bank partner acquires a new merchant business, this could result in such business being contributed to the alliance. Bank consolidation has led to an increasingly concentrated client base in the industry, resulting in a changing client mix for Financial Services as well as increased price compression. Bank consolidations impacted us, specifically the Financial Services and Retail and Alliance Services segments, during 2010 and 2009. In 2010 and 2009 the Financial Services segment was negatively impacted by the consolidation of JPMorgan Chase and Washington Mutual which is discussed in more detail in the Segment Results discussion below. The Retail and Alliance Services segment and Financial Services segment were positively impacted by The PNC Financial Services Group (PNC) and National City Corporation consolidation. If bank consolidations continue in 2011, we could be impacted positively or negatively depending on our relationship with the bank.

Components of Revenue and Expenses

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

Transaction and processing service fees. Transaction and processing service fee revenue is comprised of fees related to merchant acquiring; check processing; credit, retail and debit card processing; output and remittance processing; and payment management services. Revenues are based on a per transaction fee, a percentage of dollar volume processed, accounts on file or some combination thereof. These revenues represent approximately 60% of our 2010 revenue and are most reflective of our core business performance. Merchant related services revenue is comprised primarily of fees charged to merchants and processing fees charged to alliances accounted for under the equity method. Merchant discount revenue from credit card and signature debit card transactions acquired from merchants is recorded net of interchange and assessments charged by the credit card associations. Check services revenues include check verification, settlement and guarantee fees which are charged on a per transaction basis or as a percentage of the face value of the check. Card services revenue related to credit and retail card processing is comprised primarily of fees charged to the client based on cardholder accounts on file, both active and inactive. Card services revenue for output services consists of fees for printing statements and letters and embossing plastics. Debit processing and network service fees included in Card services revenues are typically based on transaction volumes processed. Other services revenue includes all other types of transactional revenue not specifically related to the classifications noted above.

Product sales and other. Sales and leasing of POS devices in the Retail and Alliance Services and International segments are the primary drivers of this revenue component, providing a recurring revenue stream. This component also includes contract termination fees, royalty income and gain/loss from the sale of merchant portfolios, all of which occur less frequently but are considered a part of ongoing operations. Also included within this line item is revenue recognized from custom programming and system consulting services, software licensing and maintenance revenue generated primarily from the VisionPLUS software in the International segment, software licensing and maintenance revenue in All Other and Corporate and investment income generated by invested settlement assets, realized net gains and losses and, if applicable, impairment losses from such assets within the Retail and Alliance Services, Financial Services and International segments and All Other and Corporate. This revenue is recorded net of official check agents commissions.

Reimbursable debit network fees, postage and other. Debit network fees from personal identification number (PIN) debit card transactions acquired from merchants are recorded gross with the associated network fee recorded in the corresponding expense caption, principally within the Retail and Alliance Services segment. In addition, the reimbursable component and the offsetting expense caption include postage, telecommunications and similar costs that are passed through to customers principally within the Financial Services segment. Reimbursable debit network fees, postage and other revenue and the corresponding expense are not included in segment results.

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

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

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

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

Results of Operations

Consolidated Results of Operations for the Three and Six Months Ended June 30, 2011 and 2010.

The following discussion for both consolidated results and segment results are for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010. Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2011	2010	%	2011	2010	%
Revenues:						
Transaction and processing service fees	$ 1,593.4	$ 1,557.3	2%	$ 3,076.4	$ 3,005.5	2%
Product sales and other	217.4	207.5	5%	414.3	402.3	3%
Reimbursable debit network fees, postage and other	939.0	849.9	10%	1,803.3	1,609.0	12%
	2,749.8	2,614.7	5%	5,294.0	5,016.8	6%
Expenses:						
Cost of services (exclusive of items shown below)	719.5	752.8	(4)%	1,436.0	1,508.3	(5)%
Cost of products sold	92.5	99.7	(7)%	183.3	175.0	5%
Selling, general and administrative	438.6	395.9	11%	850.3	774.6	10%
Reimbursable debit network fees, postage and other	939.0	849.9	10%	1,803.3	1,609.0	12%
Depreciation and amortization	329.8	347.4	(5)%	671.6	698.7	(4)%
Other operating expenses, net(a)	18.4	22.2	*	31.0	34.4	*
	2,537.8	2,467.9	3%	4,975.5	4,800.0	4%
Interest income	1.9	1.4	36%	3.8	3.4	12%
Interest expense	(462.3)	(450.9)	3%	(904.6)	(899.8)	1%
Other income (expense)(b)	(1.4)	24.8	*	(27.7)	33.0	*
Income tax benefit	(88.1)	(122.4)	(28)%	(236.1)	(260.5)	(9)%
Equity earnings in affiliates	33.5	33.3	1%	61.2	55.5	10%
Net loss	(128.2)	(122.2)	5%	(312.7)	(330.6)	(5)%
Less: Net income attributable to noncontrolling interests	47.6	49.0	(3)%	80.2	80.7	(1)%
Net loss attributable to First Data Corporation	$ (175.8)	$ (171.2)	3%	$ (392.9)	$ (411.3)	(4)%

* Calculation not meaningful

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

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

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

Operating revenues overview.

Transaction and processing service fees. Revenue increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to growth in merchant transactions and dollar volumes both domestically and internationally, growth in debit issuer transactions, new business and foreign currency exchange rate movements. Partially offsetting these increases were decreases due to price compression, changes in merchant and pricing mix, lower overall check volumes and lost business. Foreign currency exchange rate movements positively impacted the transaction and processing service fees growth rates for the three and six-month periods by approximately 2 and 1 percentage points, respectively.

Product sales and other. Revenue increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 mainly resulting from an increase in equipment sales internationally due in part to new regulations, increases in the leasing business domestically and internationally resulting from new lease originations as well as fees associated with lease renewals and a bulk terminal sale to a customer in the first quarter of 2011. Foreign currency exchange rate movements also positively affected the product sales and other growth rates for the three and six-month period compared to the prior year by approximately 2 and 1 percentage points, respectively. Partially offsetting these increases for the six months ended June 30, 2011 compared to the same periods in 2010 were decreases related to higher domestic terminal sales in the prior year due to new regulations and decreased professional services revenue due to the completion of prior year projects. In addition, investment income decreased for the six-month period compared to the prior year due to a net loss of $1.7 million recognized on the sale of student loan auction rate securities (SLARS) and bonds in 2011 compared to a gain of $3.3 million recognized in the first quarter of 2010 and a decrease in portfolio balances caused by the wind down of the official check business.

Reimbursable debit network fees, postage and other. Revenue and expense increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to growth of PIN-debit transaction volumes as well as an increase in debit network fees resulting from rate increases imposed by the debit networks. Partially offsetting these increases for the six-month period compared to the prior year were decreases in postage due to lower print volumes resulting from a significant print job in 2010 as well as lost business and movement to online statements.

Operating expenses overview.

Cost of services. Expenses decreased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to decreases in certain costs associated with the BAMS alliance, outside professional services and net check warranty expense. Certain costs associated with the BAMS alliance decreased driven by lower technology costs. Net check warranty expense decreased due to lower check volumes. Merchant credit losses also contributed to the decrease for the six months ended June 30, 2011 compared to the same period in 2010 due to a lower level of merchant delinquencies. These decreases were partially offset by increases due to foreign currency exchange rate movements which negatively affected the growth rates for the three and six-month periods ended June 30, 2011 compared to the prior year by approximately 2 and 1 percentage points, respectively.

Cost of products sold. Expenses decreased for the three months ended June 30, 2011 compared to the same period in 2010 due most significantly to the write-off of international leasing receivables in the second quarter of 2010 as well as higher domestic terminal sales in the prior year due to new regulations. Partially offsetting the decreases were increases in hardware replacements and deployments internationally associated with new regulations, contract extensions and new customers in 2011, growth in the leasing business both domestically and internationally and foreign currency exchange rate movements. Expenses increased for the six-month period compared to the prior year by the items impacting the three-month period noted above as well as a bulk terminal

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sale to a customer in the first quarter of 2011. The international leasing receivable write-off in 2010 positively affected the expense growth rates for the three and six-month periods compared to prior year by approximately 11 and 6 percentage points, respectively, while foreign currency exchange rate movements negatively impacted the growth rates by approximately 3 and 1 percentage points, respectively.

Selling, general and administrative. Expenses increased for the three and six months ended June 30, 2011 compared to same periods in 2010 due most significantly to growth in payments made to ISOs due to us increasing the number of independent sales organizations (ISOs) and an increase in ISO transaction volumes. Foreign currency exchange rate movements also contributed to the increase in expenses and negatively impacted the growth rates for the three and six-month periods compared to the prior year by approximately 2 and 1 percentage points, respectively.

Depreciation and amortization. Expenses decreased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to certain assets becoming fully amortized and a decrease in the amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in the prior period. These decreases were partially offset by increases due to newly capitalized assets and foreign currency exchange rate movements. Foreign currency exchange rate movements negatively impacted the growth rates for the three and six-month periods compared to the prior year by 2 and 1 percentage points, respectively.

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

Three months ended June 30, 2011		Pretax Benefit (Charge)				
(in millions)	**Approximate Number of Employees**	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Totals**
Restructuring charges	260	$ (1.2)	$ (0.4)	$ (16.0)	$ (1.6)	$ (19.2)
Restructuring accrual reversal		0.1		0.2	0.5	0.8
Total pretax charge, net of reversals		$ (1.1)	$ (0.4)	$ (15.8)	$ (1.1)	$ (18.4)

Six months ended June 30, 2011		Pretax Benefit (Charge)				
(in millions)	**Approximate Number of Employees**	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Totals**
Restructuring charges	520	$ (2.7)	$ (5.6)	$ (22.5)	$ (2.8)	$ (33.6)
Restructuring accrual reversal		0.8		0.9	0.9	2.6
Total pretax charge, net of reversals		$ (1.9)	$ (5.6)	$ (21.6)	$ (1.9)	$ (31.0)

Three months ended June 30, 2010		Pretax Benefit (Charge)				
(in millions)	**Approximate Number of Employees**	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Totals**
Restructuring charges	580	$ (6.0)	$ (1.7)	$ (6.3)	$ (13.3)	$ (27.3)
Restructuring accrual reversal		0.1	0.5	1.9	0.9	3.4
Litigation and regulatory settlements			1.7			1.7
Total pretax charge, net of reversals		$ (5.9)	$ 0.5	$ (4.4)	$ (12.4)	$ (22.2)

Six months ended June 30, 2010		Pretax Benefit (Charge)				
(in millions)	**Approximate Number of Employees**	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Totals**
Restructuring charges	720	$ (6.7)	$ (7.1)	$ (12.7)	$ (17.4)	$ (43.9)

Restructuring accrual reversal	0.3	0.7	4.2	2.3	7.5
Litigation and regulatory settlements		2.0			2.0
Total pretax charge, net of reversals	$ (6.4)	$ (4.4)	$ (8.5)	$ (15.1)	$ (34.4)

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We recorded restructuring charges during the three and six months ended June 30, 2011 and 2010 in connection with management s alignment of the business with strategic objectives. Similar initiatives are expected to occur in the future periods resulting in additional restructuring charges. Restructuring charges in 2010 also resulted from domestic site consolidations as well as the termination of certain management positions across the organization including the reorganization of executive officers. We estimate cost savings resulting from 2011 restructuring activities of approximately $17 million in 2011 and approximately $36 million on an annual basis.

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

(in millions)	Employee Severance	Facility Closure
Remaining accrual as of January 1, 2011	$ 38.7	$ 0.2
Expense provision	33.6	
Cash payments and other	(34.2)	
Changes in estimates	(2.5)	(0.1)
Remaining accrual as of June 30, 2011	$ 35.6	$ 0.1

Interest expense. Interest expense increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to higher average interest rates and debt balances resulting primarily from the August 2010 and April 2011 debt modifications and amendments as well as the December 2010 debt exchange. Partially offsetting these increases was a decrease resulting from the expiration of interest rate swaps with a notional balance of $2.5 billion.

We utilize interest rate swaps to hedge our interest payments on a portion of our variable rate debt from fluctuations in interest rates. While certain of these swaps do not qualify for hedge accounting, they continue to be effective economically in eliminating variability in interest rate payments. Additionally, we utilize a fixed to floating interest rate swap, which does not qualify for hedge accounting, to preserve the ratio of fixed rate and floating rate debt that we held prior to the debt modifications and amendments discussed below in Capital Resources and Liquidity. The fair value adjustments for interest rate swaps that do not qualify for hedge accounting as well as interest rate swap ineffectiveness are recorded in the Other income (expense) line item of the Consolidated Statements of Operations and totaled benefits of $9.4 million and $4.4 million for the three and six months ended June 30, 2011 and charges of $17.3 million and $46.3 million for the three and six months ended June 30, 2010, respectively.

Other income (expense).

(in millions)	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Investment gains	$	$	$	$ 1.8
Derivative financial instruments gains (losses)	6.2	(2.1)	(5.1)	(26.8)
Divestitures, net	(0.9)		(0.9)	20.0
Non-operating foreign currency (losses) and gains	(6.7)	26.9	(21.7)	38.0
Other income (expense)	$ (1.4)	$ 24.8	$ (27.7)	$ 33.0

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Derivative financial instruments gains and (losses). The net gains and losses for the three and six months ended June 30, 2011 and 2010 were due most significantly to the fair value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges.

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

Non-operating foreign currency (losses) and gains. The net gains and losses related to the fair value adjustment for our intercompany loans and our euro-denominated debt.

Income taxes. Our effective tax rates on pretax loss were tax benefits of 40.7% and 43.0%, for the three and six months ended June 30, 2011, respectively, and 50.0% and 44.1% for the same periods in 2010. The effective tax rate for the three and six months ended June 30, 2011 was higher than the federal statutory rate primarily due to net income attributable to noncontrolling interests for which there was no tax expense provided, state tax benefits and foreign income taxed at lower effective rates, partially offset by an increase in our valuation allowance against foreign tax credits. The three-month period was also affected by an increase in our liability for unrecognized tax benefits. The effective tax rate for the six months ended June 30, 2011 was additionally impacted by a net benefit relating to tax effects of foreign exchange gains and losses on intercompany notes.

The effective tax rates for the three and six months ended June 30, 2010 were higher than the federal statutory rate primarily due to a decrease in our liability for unrecognized tax benefits, net income attributable to noncontrolling interests for which there was no tax expense provided and state tax benefits partially offset by an overall detriment relating to tax effects of foreign exchange gains and losses on intercompany notes and a detriment relating to a tax law change in Greece.

The balance of our liability for unrecognized tax benefits, net of the federal benefit on state income taxes, was approximately $540 million as of June 30, 2011, including accrued interest, penalties and approximately $132 million of income tax liabilities for which The Western Union Company is required to indemnify us. As of June 30, 2011, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may decrease by approximately $57 million within the next twelve months as the result of the possible closure of our 2003 and 2004 federal tax years, potential settlements with certain states and the lapse of the statute of limitations in various state jurisdictions. The potential decrease relates to various federal and state tax benefits including research and experimentation credits and certain amortization, loss and stock warrant deductions.

Equity earnings in affiliates. Equity earnings in affiliates increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due to volume growth associated with our merchant alliances.

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

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

The following discussion for both consolidated results and segment results are for the year ended December 31, 2010 compared to the year ended December 31, 2009 as well as for the year ended December 31, 2009 compared to the year ended December 31, 2008. Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

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

* Calculation not meaningful.

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

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

Operating revenues overview.

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

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

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

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

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

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

Revenues and expense increased in 2009 compared to 2008 most significantly due to the incremental impact of the BAMS alliance and the net impact of the CPS and WFMS alliance transactions described above which benefited the reimbursable debit network fees, postage and other growth rate by 11 and 19 percentage points, respectively. Also contributing to the increase was continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks and an increase in postage rates. Partially offsetting these increases was a decrease in print and plastic volumes as a result of the termination of services discussed above as well as the reduction in the number of accounts and account activity due to adverse economic conditions. The termination of services impacted the reimbursable debit network fees, postage and other revenue growth rate by 3 percentage points.

Operating expenses overview.

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

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

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

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

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

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

Depreciation and Amortization. Expense decreased in 2010 compared to 2009 due to amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in prior periods. Also contributing is accelerated amortization recorded in 2009 related to intangible assets associated with the termination of services noted above. These decreases are partially offset by increases due to newly capitalized assets and assets associated with the BAMS alliance.

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

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

2010 Activities.

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

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

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

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

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

2009 Activities.

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

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

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

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

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

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

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

2008 Activities.

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

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

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

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

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

Other income (expense).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The IRS completed its examination of our U.S. federal consolidated income tax returns for 2003 and 2004 and issued a Notice of Deficiency (the Notice) in December 2008. The Notice claims that we and our subsidiaries, which included Western Union during the years at issue, owe significant additional taxes, interest and penalties with respect to a variety of adjustments. We and Western Union agree with several of the adjustments in the Notice. Additionally, during 2010 the IRS conceded certain of the adjustments. As to the adjustments that remain in dispute, for 2003 such issues represent total taxes and penalties allegedly due of approximately $31 million, of which $8 million relates to us and $23 million relates to Western Union, and for 2004 such issues represent total taxes and penalties allegedly due of approximately $91 million, all of which relates to Western Union. We estimate that the total interest due (pretax) on such amounts for both years is approximately $53 million through December 31, 2010, of which $4 million relates to us and $49 million relates to Western Union. As to the disputed issues, we and Western Union are contesting the asserted deficiencies in U.S. Tax Court; however, in the fourth quarter of 2010 all disputed issues were assigned to IRS Appeals and currently are being reviewed in that forum for possible resolution. We believe that we have adequately reserved for the disputed issues and final resolution of those issues will not have a material adverse effect on our financial position or results of operations.

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

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

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

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

Segment results.

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

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

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

The business segment measurements provided to and evaluated by the chief operating decision maker are computed in accordance with the following principles:

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

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

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

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

  - stock based compensation expense is excluded;

  - official check and money order businesses EBITDA are excluded;

  - cost of data center technology and savings initiatives are excluded and represent implementation costs associated with initiatives to reduce operating expenses including items such as platform and data center consolidation initiatives in the International segment, expenses related to the reorganization of global application development resources, expenses associated with domestic data center consolidation initiatives and planned workforce reduction expenses, expenses related to the conversion of certain BAMS merchant clients onto First Data platforms, as well as certain platform development and other costs directly associated with the termination of the CPS alliance, all of which are considered nonrecurring projects (excludes costs accrued in purchase accounting);

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

  - KKR related items are excluded and represent items related to the merger with an affiliate of KKR primarily resulting from annual sponsor fees for management, consulting, financial and other advisory services and the effect of purchase accounting associated with the merger on EBITDA which is primarily the result of revenue recognition adjustments.

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

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

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Segment Results for the Three and Six Months Ended June 30, 2011 and 2010.

Retail and Alliance Services segment results.

(in millions)	Three months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 740.9	$ 750.2	(1)%
Product sales and other	102.8	103.5	(1)%
Segment revenue	$ 843.7	$ 853.7	(1)%
Segment EBITDA	$ 352.2	$ 344.9	2%
Segment margin	42%	40%	2 pts
Key indicators:			
Domestic merchant transactions (a)	9,059.6	8,459.9	7%

(in millions)	Six months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 1,405.0	$ 1,401.8	0%
Product sales and other	203.5	189.1	8%
Segment revenue	$ 1,608.5	$ 1,590.9	1%
Segment EBITDA	$ 637.7	$ 594.2	7%
Segment margin	40%	37%	3 pts
Key indicators:			
Domestic merchant transactions(a)	17,431.1	16,120.3	8%

(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. Transactions in the prior year have been adjusted to conform to current year presentation.

Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Three months ended June 30, 2011	2010	Change %
Acquiring revenue	$ 556.0	$ 554.5	0%
Check processing revenue	83.8	95.7	(12)%
Prepaid revenue	67.7	69.9	(3)%
Processing fees and other revenue from alliance partners	33.4	30.1	11%
Total transaction and processing service fees revenue	$ 740.9	$ 750.2	(1)%

(in millions)	Six months ended June 30, 2011	2010	Change %
Acquiring revenue	$ 1,047.0	$ 1,036.4	1%
Check processing revenue	164.7	184.1	(11)%
Prepaid revenue	129.6	124.0	5%
Processing fees and other revenue from alliance partners	63.7	57.3	11%
Total transaction and processing service fees revenue	$ 1,405.0	$ 1,401.8	0%

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Acquiring revenue. Acquiring revenue increased in the three and six months ended June 30, 2011 compared to the same periods in 2010 due to increases in merchant transactions and dollar volumes, new sales and pricing increases primarily for regional merchants. These increases were substantially offset by decreases resulting from the impact of merchant mix on transactions and dollar volumes (discussed below), the affect of shifts in pricing mix, merchant attrition and price compression largely related to national merchants and ISO portfolios.

Transaction growth outpaced revenue growth for the periods presented as a result of lower revenue per transaction driven by the factors noted above. A greater proportion of transaction growth was driven by national merchants and merchants affiliated with ISOs rather than the more profitable regional merchants which contributed to lower revenue per transaction. The average ticket size of signature based transactions was flat for the three months ended June 30, 2011 as compared to the same period in 2010. Changes in consumer spending patterns could impact average ticket size. As electronic transactions continue to penetrate smaller ticket industries, such as quick service restaurants and similar merchants, and consumers become more comfortable making smaller ticket purchases electronically, average ticket mix could change over time.

Check processing revenue. Check processing revenue decreased in the three and six months ended June 30, 2011 versus the comparable periods in 2010 due most significantly to the impact of merchant mix and lower overall check volumes with regional merchants resulting from check writer and merchant attrition. While check volumes with national merchants have grown for the six-month period compared to prior year due to new business, these merchants generate lower processing revenue per check.

Prepaid revenue. Prepaid revenue decreased in the three months ended June 30, 2011 compared to the same period in 2010 due to lower revenue from sales of promotional gift cards driven by a specific direct marketing campaign in 2010 as well as a change in merchant mix resulting from increased card shipments to merchants that generate less revenue per card. Prepaid revenue increased in the six months ended June 30, 2011 compared to the same period in 2010 due most significantly to higher transaction volumes within the payroll distribution program related to existing customers and new business.

Processing fees and other revenue from alliance partners. The increase in processing fees and other revenue from alliance partners in the three and six months ended June 30, 2011 compared to same periods in 2010 resulted from new business, increased volumes and transaction growth within our merchant alliances.

Product sales and other revenue. Product sales and other revenue decreased slightly in the three months ended June 30, 2011 versus the comparable period in 2010 due to a decline in terminal sales and rentals resulting from higher terminal demand in the prior year from new regulations largely offset by an increase in leasing attributable to new clients and increased fees from lease renewals. Product sales and other revenue increased in the six months ended June 30, 2011 versus the comparable period in 2010 mainly resulting from increased equipment sales due to a bulk terminal sale to a customer in the first quarter of 2011 as well as increases in the leasing business resulting from portfolio growth and increased fees from lease renewals.

Segment EBITDA. Expense reductions associated with the revenue items noted above contributed to the increase in the Retail and Alliance Services segment EBITDA in the three and six months ended June 30, 2011 compared to the same periods in 2010. Lower net warranty expense resulting from the decrease in check volumes noted above benefited the segment EBITDA growth rates for both the three and six-month periods ended June 30, 2011 compared to the prior year by 2 percentage points. In addition, decreased technology and operations costs resulting from reduced headcount and operational efficiencies benefited segment EBITDA growth rates by 1 and 1 percentage points for the three and six months ended June 30, 2011. Also contributing to the increase in segment EBITDA for the six months ended June 30, 2011 compared to the same period ended 2010 were decreased credit losses due to a lower level of merchant delinquencies which benefited the segment EBITDA growth rate by 1 percentage point.

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Financial Services segment results.

(in millions)	Three months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 337.7	$ 341.5	(1)%
Product sales and other	6.9	9.9	(30)%
Segment revenue	$ 344.6	$ 351.4	(2)%
Segment EBITDA	$ 142.5	$ 134.6	6%
Segment margin	41%	38%	3 pts
Key indicators:			
Domestic debit issuer transactions (a)	3,313.0	3,086.6	7%

(in millions)	Six months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 669.2	$ 679.8	(2)%
Product sales and other	13.0	17.7	(27)%
Segment revenue	$ 682.2	$ 697.5	(2)%
Segment EBITDA	$ 279.2	$ 267.7	4%
Segment margin	41%	38%	3 pts
Key indicators:			
Domestic debit issuer transactions(a)	6,360.2	5,988.5	6%
Domestic active card accounts on file (end of period)(b)	114.2	113.8	0%
Domestic card accounts on file (end of period)(c)	681.6	674.4	1%

(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 bankcard and retail accounts that had a balance or any monetary posting or authorization activity during the last month of the quarter.

(c) Domestic card accounts on file include credit, retail and debit card accounts as of the last day of the last month of the period.

Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Three months ended June 30, 2011	2010	Change %
Credit card, retail card and debit processing	$ 229.8	$ 234.9	(2)%
Output services	54.3	51.6	5%
Other revenue	53.6	55.0	(3)%
Total	$ 337.7	$ 341.5	(1)%

(in millions)	Six months ended June 30, 2011	2010	Change %
Credit card, retail card and debit processing	$ 450.9	$ 465.6	(3)%
Output services	110.6	105.4	5%
Other revenue	107.7	108.8	(1)%
Total	$ 669.2	$ 679.8	(2)%

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Credit card, retail card and debit processing revenue. Credit card and retail card processing revenue was negatively impacted for the three and six months ended June 30, 2011 versus the comparable periods in 2010 due to net lost business, a decline in active accounts from existing customers and price compression. Growth in domestic active card accounts on file benefited from net new account conversions but was adversely impacted by a decline in active accounts from existing customers.

Debit processing revenue was relatively flat for the three and six months ended June 30, 2011 versus the comparable periods in 2010 due to debit issuer transaction growth from existing customers substantially offset by net lost business and price compression.

Debit issuer transaction growth in the three and six months ended June 30, 2011 compared to the same periods in 2010 resulted from growth of existing clients due in part to the shift to debit cards from cash and checks, and new business partially offset by lost business.

During 2010, we received notification from a large financial institution that it will not renew its debit processing agreement at the end of the contract term. However, the client subsequently extended its processing contract through the deconversion period. Deconversion is expected to begin in late 2011 and will continue into 2012. We have also received notification of termination from various other financial institutions that are less significant individually, which are scheduled to deconvert throughout 2011. Including the large financial institution, these agreements represented approximately 6% of the segment s credit card, retail card and debit processing revenue for 2010. At June 30, 2011, we had approximately 38 million accounts in the pipeline for conversion, the majority of which are retail accounts that are expected to convert during the first quarter of 2012 that will partially offset the impact of the deconversions noted above.

Output services revenue. Output services revenue increased for the three and six months ended June 30, 2011 versus the comparable periods in 2010 due most significantly to net new business partially offset by lower print volumes from existing customers. The six-month period ended June 30, 2011 also benefited compared to prior year from internal growth from existing customers related to plastics.

Other revenue. Other revenue consists mostly of revenue from remittance processing, information services and online banking and bill payment services. The decrease in other revenue for the three and six-month periods compared to the same periods in the prior year resulted from a decrease in remittance processing and information services volumes offset by net new business primarily in remittance processing.

Product sales and other revenue. Product sales and other revenue decreased for the three and six months ended June 30, 2011 versus the comparable periods in 2010 due to a decline in professional services revenue resulting from projects that were completed in 2010 as well as a decline in the recognition of contract termination fees.

Segment EBITDA. Financial Services segment EBITDA increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 due most significantly to decreased technology and operations costs resulting from reduced headcount and operational efficiencies as well as a billing adjustment recorded in the second quarter of 2010 partially offset by the adverse impact of the items noted in the revenue discussion above. The decrease in technology and operations costs benefited the segment EBITDA growth rates for both the three and six-month periods ended June 30, 2011 versus the comparable periods in 2010 by 11 and 10 percentage points, respectively. Segment EBITDA growth rates benefited 4 and 2 percentage points for the three and six months ended June 30, 2011, respectively, compared to the prior year because of the second quarter 2010 billing adjustment.

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International segment results.

(in millions)	Three months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 341.5	$ 297.6	15%
Product sales and other	100.3	82.5	22%
Equity earnings in affiliates	9.7	7.0	39%
Segment revenue	$ 451.5	$ 387.1	17%
Segment EBITDA	$ 119.1	$ 73.0	63%
Segment margin	26%	19%	7 pts
Key indicators:			
International transactions(a)	1,876.8	1,635.3	15%

(in millions)	Six months ended June 30, 2011	2010	Change %
Revenues:			
Transaction and processing service fees	$ 665.2	$ 598.7	11%
Product sales and other	184.8	166.3	11%
Equity earnings in affiliates	16.8	13.8	22%
Segment revenue	$ 866.8	$ 778.8	11%
Segment EBITDA	$ 210.8	$ 151.1	40%
Segment margin	24%	19%	5 pts
Key indicators:			
International transactions(a)	3,596.1	3,163.5	14%
International card accounts on file (end of period)(b)	92.5	87.6	6%

(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. Segment revenue benefited during the three and six months ended June 30, 2011 versus the comparable periods in 2010 most significantly from growth in the merchant acquiring businesses due to growth from existing clients primarily in the merchant acquiring alliances in the United Kingdom, transaction growth in Argentina and increased terminal sales and leasing. The card issuing businesses grew due to foreign currency exchange rate movements as well as new business primarily in the United Kingdom and Egypt substantially offset by lost business, price compression, decreases in volumes primarily in Greece, and decreased professional services revenue resulting from projects completed in 2010. Foreign currency exchange rate movements benefited the total segment revenue growth rate in the three and six months ended June 30, 2011 by 10 and 6 percentage points, respectively, compared to the same periods in 2010. Inflationary pressures in Argentina also impacted revenues and expenses.

Transaction and processing service fees revenue. Transaction and processing service fees revenue includes merchant related services and card services revenue. Merchant related services revenue encompasses merchant acquiring and processing revenue, debit transaction revenue, POS/ATM transaction revenue and fees from switching services. Card services revenue represents monthly managed service fees for issued cards. Merchant related services transaction and processing service fee revenue represented approximately 59% and 58% and card services revenue represented approximately 41% and 42% of total transaction and processing service fees revenue for the three and six months ended June 30, 2011, respectively.

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Transaction and processing service fees revenue increased in the three and six months of 2011 compared to the same periods in 2010 due to the items noted above in the Summary discussion. The lost card issuing business noted above most significantly impacted Canada, Australia and central Europe. Foreign currency exchange rate movements benefited the transaction and processing service fees growth rate for the three and six months ended June 30, 2011 versus the comparable periods in 2010 by 11 and 7 percentage points, respectively.

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 impact of foreign exchange rate movements, the mix of transaction types and price compression.

Product sales and other revenue. Product sales and other revenue increased for the three and six months ended June 30, 2011 versus the same periods in 2010 due to growth in terminal sales and leasing revenue as a result of new clients, growth from existing clients in Argentina, United Kingdom, Canada and Germany and new terminal requirements and lease renewals in the United Kingdom partially offset by a decrease in professional services revenue resulting from completion of projects in Australia.

Segment EBITDA. Segment EBITDA increased in the three and six months ended June 30, 2011 compared to the same periods in 2010 due to the impact of the revenue items noted above, the write-off of leasing receivables in the second quarter of 2010, a decrease in incentive compensation compared to the prior year and the impact of foreign currency exchange rate movements (as noted in the revenue discussion above). Segment EBITDA growth rates for the three and six-month periods in 2011 compared to the same periods in 2010 benefited 15 and 7 percentage points, respectively, from a second quarter 2010 write-off of leasing receivables incorrectly recognized in prior years. Segment EBITDA growth also benefited 13 and 7 percentage points for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010 from the impact of foreign currency exchange rate movements.

Segment Results for the Years Ended December 31, 2010, 2009 and 2008.

Retail and Alliance Services segment results.

	Year ended December 31,			Percent Change	
(in millions)	**2010**	**2009**	**2008**	**2010 vs. 2009**	**2009 vs. 2008**
Revenues:					
Transaction and processing service fees	$ 2,923.9	$ 2,720.1	$ 2,894.2	7%	(6)%
Product sales and other	390.9	342.7	383.0	14%	(11)%
Segment revenue	$ 3,314.8	$ 3,062.8	$ 3,277.2	8%	(7)%
Segment EBITDA	$ 1,322.3	$ 1,193.5	$ 1,407.8	11%	(15)%
Segment Margin	40%	39%	43%	1pt	(4)pts
Key indicators:					
Domestic merchant transactions(a)	34,604.9	28,257.8	26,856.9	22%	5%

(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 POS. Domestic merchant transactions for 2008 include 100% of the CPS alliance transactions through the November 1, 2008 termination date. Subsequent to the termination of the alliance, domestic merchant transactions include transactions related to our 49% proportionate share of the alliance s assets rather than 100% of alliance activity. In addition, domestic merchant transactions include activity for JPMorgan Chase merchants that continue to process on our platforms. The domestic merchant transactions continue to reflect all WFMS alliance transactions despite the deconsolidation described above. Domestic merchant transactions for 2009 and 2010 also include all of the transactions related to merchants contributed by BofA to the BAMS alliance since the alliance was formed on June 26, 2009.

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Transaction and processing service fees revenue.

	Year ended December 31,			Percent Change	
(in millions)	**2010**	**2009**	**2008**	**2010 vs. 2009**	**2009 vs. 2008**
Acquiring revenue	$ 2,169.7	$ 2,075.2	$ 2,160.7	5%	(4)%
Check processing revenue	370.7	358.3	380.2	3%	(6)%
Prepaid revenue	263.2	214.4	228.6	23%	(6)%
Processing fees and other revenue from alliance partners	120.3	72.2	124.7	67%	(42)%
Total transaction and processing service fees revenue	$ 2,923.9	$ 2,720.1	$ 2,894.2	7%	(6)%

Acquiring revenue. Acquiring revenue increased in 2010 compared to 2009 due to increases in merchant transaction and dollar volumes, new sales and a card association fee increase which only benefited the third quarter of 2010. Partially offsetting these increases were merchant attrition and price compression. The card association fee increase noted above benefited the acquiring revenue growth rate in 2010 by 1 percentage point. Price compression remains within our historical three to five percent range.

Acquiring revenue decreased in 2009 compared to 2008 due to economic weakness and resulting changes in consumer spending patterns, merchant attrition, and price compression. The changes in spending patterns in 2009 compared to 2008 resulted in a decrease to the average ticket size of signature based transactions and a shift from smaller, more profitable merchants to national discounters and wholesalers. Price compression in 2009 was within our historical three to five percentage range. Also in 2009, we experienced a shift from credit card usage to the use of PIN debit cards resulting in less revenue per transaction. These effects were partly offset by increased transaction volume, new sales and higher fee-related income.

Transactions are not comparable year over year due to the items noted in (a) above. Transaction growth outpaced revenue growth for the periods presented as a result of a greater proportion of growth being driven by national merchants and merchants affiliated with ISOs rather than the more profitable regional merchants which caused lower revenue per transaction. Changes in consumer spending patterns and new national business in 2010 resulted in a decrease to the average ticket size of signature based transactions but a slightly higher transaction mix towards such transactions in 2010 compared to 2009. As electronic transactions continue to penetrate smaller ticket industries, such as quick service restaurants and similar merchants, and consumers become more comfortable making smaller ticket purchases electronically, average ticket mix could change over time. The difference between transaction growth and revenue growth in 2009 compared to 2008 was also impacted by adverse economic conditions including lower average ticket size. Credit and signature based debit transaction growth slightly outpaced PIN-debit transaction growth in 2010 versus 2009.

Check processing revenue. Check processing revenue increased in 2010 versus 2009 due most significantly to new business in 2010, mostly national merchants. Partially offsetting the increase were lower overall check volumes from existing customers and merchant attrition, primarily regional merchants.

Check processing revenue decreased in 2009 compared to 2008 resulting from a decrease in overall check volumes, particularly with the regional merchants, and, to a lesser extent, a shift in transactions to national merchants which have lower processing revenue due to volume.

Prepaid revenue. Prepaid revenue increased in 2010 compared to 2009 most significantly due to higher transaction volumes within the payroll distribution program as well as an increase in card shipments to existing clients.

Prepaid revenue decreased in 2009 compared to 2008 due to transaction volume and card shipment declines as a result of an adverse economy. Partially offsetting the decrease was an increase due to new business.

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Processing fees and other revenue from alliance partners. The increase in processing fees and other revenue from alliance partners in 2010 compared to 2009 resulted most significantly from the processing fees related to the BAMS alliance as well as increased transactions and rate increases. The decrease in processing fees and other revenue from alliance partners in 2009 versus 2008 was due to the termination of the CPS alliance partially offset by processing fees related to the BAMS alliance.

Product sales and other revenue. Product sales and other revenue increased in 2010 versus 2009 mainly resulting from increased volumes due in part to increased demand for terminals as a result of new regulations, increased sales to existing clients and new business. Product sales and other revenue decreased in 2009 compared to 2008 due to a decrease in investment income.

Segment EBITDA. The impact of the revenue items noted above contributed to the increase in the Retail and Alliance Services segment EBITDA in 2010 compared to 2009. The card association fee increase noted above benefited the segment EBITDA growth rate in 2010 versus 2009 by 2 percentage points. Also contributing to the increase in segment EBITDA in 2010 compared to 2009 were decreased credit losses due to a lower level of merchant delinquencies as well as a decrease in net check warranty expense driven by improvements in collection rates. Partially offsetting the increases were decreases due to higher operational and technology costs, higher incentive compensation accruals and fees paid for processing transactions associated with merchants contributed to BAMS by BofA. The negative impact resulting from third-party processing fees will gradually reverse over time as we convert merchants to our platform. Higher incentive compensation impacted the segment EBITDA growth rate in 2010 by 1 percentage point.

In addition to the impact of the items noted above in the revenue discussion, Retail and Alliance Services segment EBITDA in 2009 compared to 2008 was negatively impacted by increased credit losses due to a higher level of merchant failures and bankruptcy filings and by the negative impact of the BAMS alliance due to third-party processing of the bank contributed merchants in the short-term. Increased credit losses negatively impacted segment EBITDA growth rates by 3 percentage points for 2009 compared to 2008. Partially offsetting these decreases was an increase due to lower incentive compensation in 2009 that contributed 1 percentage point to the segment EBITDA growth rate for 2009 compared to 2008 as well as general reductions in work force.

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Financial Services segment results.

(in millions)	Year ended December 31, 2010	2009	2008	Percent Change 2010 vs. 2009	2009 vs. 2008
Revenues:					
Transaction and processing service fees	$ 1,362.2	$ 1,379.8	$ 1,480.4	(1)%	(7)%
Product sales and other	46.8	63.0	37.1	(26)%	70%
Segment revenue	$ 1,409.0	$ 1,442.8	$ 1,517.5	(2)%	(5)%
Segment EBITDA	$ 553.0	$ 645.3	$ 753.1	(14)%	(14)%
Segment margin	39%	45%	50%	(6)pts	(5)pts
Key indicators:					
Domestic debit issuer transactions(a)	12,201.2	12,222.5	12,042.2	0%	1%
Domestic active card accounts on file (end of period)(b)					
Bankcard	47.8	48.3	50.5	(1)%	(4)%
Retail	70.7	72.6	77.1	(3)%	(6)%
Total	118.5	120.9	127.6	(2)%	(5)%
Domestic card accounts on file (end of period)(c)					
Bankcard	127.3	123.2	131.0	3%	(6)%
Retail	398.4	385.3	379.4	3%	2%
Debit	129.9	153.3	126.8	(15)%	21%
Total	655.6	661.8	637.2	(1)%	4%

(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 bankcard and retail accounts that had a balance or any monetary posting or authorization activity during the last month of the quarter.

(c) Domestic card accounts on file include credit, retail and debit card accounts as of the last day of the last month of the period.

Summary. Our results were adversely impacted in 2010 compared to 2009 and in 2009 versus 2008 by the termination of services by Washington Mutual beginning in March 2009. The deconversion of Washington Mutual Bank, including contract termination fees recognized during the periods, negatively impacted the total segment revenue growth rates by 5 and 1 percentage points in 2010 compared to 2009 and 2009 compared to 2008, respectively.

During 2010, we received notification from a large financial institution that it will not renew its debit processing agreement at the end of the contract term. Deconversion is not expected to begin until late 2011 and will continue into late 2012. We have also received notification of termination from various other financial institutions that are less significant individually, which are scheduled to deconvert throughout 2011. Including the large financial institution, these agreements represented approximately 4% of segment revenue for 2010. At December 31, 2010, we had approximately 38 million accounts in the pipeline for conversion, the majority of which are retail accounts that are expected to convert during the second half of 2011 and partially offset the impact of the deconversions noted above.

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Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Year ended December 31, 2010	2009	2008	Percent Change 2010 vs. 2009	2009 vs. 2008
Credit card, retail card and debit processing	$ 924.7	$ 972.0	$ 1,019.9	(5)%	(5)%
Output services	219.5	242.5	285.1	(9)%	(15)%
Other revenue	218.0	165.3	175.4	32%	(6)%
Total	$ 1,362.2	$ 1,379.8	$ 1,480.4	(1)%	(7)%

Credit card, retail card and debit processing revenue. Credit card and retail card processing revenue was negatively impacted in 2010 versus 2009 and in 2009 compared to 2008 due to the decline in active accounts from existing customers and price compression partially offset by net new business. As a result of the adverse economic conditions credit card issuers have been more selective with whom they issue cards as discussed above and consumers were using their cards less frequently resulting in fewer active credit and retail card accounts.

Growth in debit issuer transactions in 2010 compared to 2009 and 2009 versus 2008 was primarily offset by transactions lost as a result of the Washington Mutual deconversion. Debit issuer transactions excluding the impact of the Washington Mutual Bank deconversion grew in 2010 and 2009 compared to the prior years due in part to the shift to debit cards from credit cards, cash and checks.

Debit processing revenue decreased in 2010 versus 2009 and in 2009 compared to 2008 due to lost business, including the Washington Mutual Bank deconversion and price compression partially offset by debit transaction growth from existing customers and new business. The Financial Services segment Credit card, retail card and debit processing revenue growth rate was negatively impacted by 3 percentage points in both 2010 compared to 2009 and 2009 versus 2008, respectively, as a result of the termination of services provided to Washington Mutual Bank. The impact of the deconversion on revenue was partially offset in total Financial Services segment revenue by the recognition of contract termination fees in the Product sales and other line in the Consolidated Statements of Operations. Washington Mutual Bank represented approximately 7% of transaction and processing service fees revenue for the segment in 2008.

Output services revenue. Output services revenue decreased in 2010 versus 2009 due most significantly to net lost business, decreases in print mail and plastics volumes from existing customers as a result of credit card issuers being more selective in issuing credit and price compression. Most of the lost business relates to Washington Mutual Bank which negatively impacted the output services revenue growth rate by 8 percentage points for the year ended December 31, 2010 compared to the same period in 2009.

Output services revenue decreased in 2009 compared to 2008 due to lost business and decreases in print mail and plastics volumes from existing customers as a result of the reduction in the number of accounts and account activity due to adverse economic conditions. Partially offsetting these decreases were increases due to additional print and plastics volumes as a result of new business. Most of the lost business relates to Washington Mutual Bank, which represented 17% of output services revenue in 2008. The output services revenue growth rate was negatively impacted by 9 percentage points for 2009 compared to 2008 as a result of the lost business with Washington Mutual Bank.

Other revenue. Other revenue consists mostly of revenue from remittance processing and online banking and bill payment services.

Other revenue increased in 2010 compared to 2009 due most significantly to the inclusion of the information services businesses in the Financial Services segment prospectively beginning January 1, 2010 which impacted the other revenue growth rate in 2010 versus 2009 by 23 percentage points. Other revenue also

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increased due to new business in remittance processing and online banking and bill payment services. Partially offsetting these increases were decreases due to lower remittance and check processing volumes resulting from the shift from paper to electronic forms of payment, lost business and the wind down of an existing product.

Other revenue decreased in 2009 compared to 2008 due to lost business and lower remittance and check processing volumes due to adverse economic conditions and the shift from paper to electronic forms of payment. The wind-down of an existing product also contributed to the decrease. These declines were partially offset by the addition of a new client in the remittance business as well as growth in online banking and bill payment revenue.

Product sales and other revenue. Product sales and other revenue decreased in 2010 versus 2009 and increased in 2009 compared to 2008 due most significantly to the recognition of termination fees related to the termination of services with Washington Mutual Bank, the most significant of which were recognized in the second quarter of 2009.

Segment EBITDA. Financial Services segment EBITDA decreased in 2010 compared to 2009 due to the impact of the items noted in the revenue discussion above as well as higher incentive compensation, higher operational and technology costs and a billing adjustment. Higher incentive compensation negatively impacted the segment EBITDA growth rate in 2010 versus 2009 by 1 percentage point. The billing adjustment negatively impacted the segment EBITDA growth rate for the same period by 1 percentage point.

In addition to the items noted in the revenue discussion above, Financial Services segment EBITDA decreased in 2009 compared to 2008 due most significantly to higher costs as a result of technology contractor services (including costs related to compliance with new credit card regulations) as well as higher technology cost allocations. Also impacting segment EBITDA was lower incentive compensation which benefited the growth rate by 2 percentage points. The contract termination fees related to the Washington Mutual Bank agreement termination discussed above offset the impact of losing the processing services such that the termination had no impact on segment EBITDA. The termination would have otherwise affected the segment EBITDA growth rate by 4 percentage points in 2009 compared to 2008.

International segment results.

	Year ended December 31,			Percent Change	
(in millions)	**2010**	**2009**	**2008**	**2010 vs. 2009**	**2009 vs. 2008**
Revenues:					
Transaction and processing service fees	$ 1,237.5	$ 1,197.1	$ 1,324.3	3%	(10)%
Product sales and other	353.9	344.9	338.5	3%	2%
Equity earnings in affiliates	29.4	30.1	33.2	(2)%	(9)%
Segment revenue	$ 1,620.8	$ 1,572.1	$ 1,696.0	3%	(7)%
Segment EBITDA	$ 329.8	$ 398.7	$ 433.3	(17)%	(8)%
Segment Margin	20%	25%	26%	(5)pts	(1)pt
Key indicators:					
International transactions(a)	6,724.1	5,826.8	5,397.2	15%	8%
International card accounts on file (end of period)(b)	88.8	80.9	80.1	10%	1%

(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. Segment revenue in 2010 versus 2009 benefited from growth in the merchant acquiring businesses partially offset by declines in the card issuing businesses. Revenue increased due to growth from existing clients primarily in the card issuing businesses in Argentina as well as the merchant acquiring alliances in the United Kingdom, new card issuing business mostly in the United Kingdom, an acquisition in India and foreign currency exchange rate movements. Partially offsetting these increases were decreases due to lost business and price compression primarily in the card issuing businesses. Foreign currency exchange rate movements benefited the segment revenue growth rate in 2010 compared to 2009 by 1 percentage point. We formed a merchant acquiring alliance with ICICI Bank, ICICI Merchant Services, in December 2009 which positively impacted the segment revenue growth rate in 2010 versus 2009 by 1 percentage point.

Segment revenue decreased in 2009 compared to 2008 due to foreign currency exchange rate movements, price compression and lost business. Foreign currency exchange rate movements negatively impacted the segment revenue growth rate by 9 percentage points for 2009 compared to 2008. Partially offsetting these decreases were new business and growth from existing clients.

Transaction and processing service fee revenue. Transaction and processing service fees revenue includes merchant related services and card services revenue. Merchant related services revenue encompasses merchant acquiring and processing revenue, debit transaction revenue, POS/ATM transaction revenue and fees from switching services. Card services revenue represents monthly managed service fees for issued cards. Merchant related services transaction and processing service fee revenue represented approximately 57% and card services revenue represented approximately 43% of total transaction and processing service fee revenue for 2010.

Transaction and processing service fees revenue increased in 2010 compared to 2009 due to the items noted above in the Summary discussion. The lost business noted above most significantly impacted the card issuing businesses in the United Kingdom, Australia and Canada. Foreign currency exchange rate movements benefited the transaction and processing service fee growth rate in 2010 versus 2009 by 1 percentage point.

Transaction and processing service fees revenue decreased in 2009 compared to 2008 due generally to the same items noted above in the Summary discussion. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees revenue growth rate by 9 percentage points for 2009 compared to 2008. The majority of the lost business noted above impacted the United Kingdom, Canada and Germany in 2009, a significant portion of which related to the wind-down of a United Kingdom issuing contract assumed by us in a previous year. Partially offsetting these decreases was an increase due to regulation changes in Australia allowing direct charging of transaction fees to customers in 2009, new business and growth from existing clients.

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 impact of foreign exchange rate movements, the mix of transaction types and price compression.

Product sales and other revenue. Product sales and other revenue increased in 2010 versus 2009 due to growth in terminal sales and leasing revenue as a result of new clients and growth from existing clients in Argentina and Canada. Partially offsetting this increase was a decrease in professional services revenue resulting from completion of projects and net lost business.

Product sales and other revenue increased in 2009 compared to 2008 due mostly to new license fee revenue and new business partially offset by decreased equipment and terminal sales.

Segment EBITDA. Segment EBITDA decreased in 2010 compared to 2009 due to the write-off of leasing receivables in the second and third quarters of 2010, the write-off of terminal inventory in the third quarter of 2010, higher operational and technology costs, price compression and higher incentive compensation. The write-off of leasing receivables incorrectly recognized in prior years and the write-off of terminal inventory negatively impacted the segment EBITDA growth rate in 2010 versus 2009 by 5 percentage points. In addition, segment EBITDA growth benefited 2 percentage points in 2010 compared to 2009 from the impact of foreign currency exchange rate movements (as noted in the revenue discussion above).

Segment EBITDA decreased in 2009 compared to 2008 due to foreign currency exchange rate movements and price compression (as noted in the revenue discussion above) as well as other items that were not individually significant. Foreign currency exchange rate movements adversely impacted the segment EBITDA growth rate by 11 percentage points in 2009 compared to 2008. Partially offsetting these decreases were benefits related to reduced headcount, growth from existing clients and lower incentive compensation in 2009.

Capital Resources and Liquidity

Our source of liquidity is principally cash generated from operating activities supplemented as necessary on a short-term basis by borrowings against our revolving credit facility. 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 the business.

The following discussion highlights changes in our debt structure as well as our cash flow activities and the sources and uses of funding during the six months ended June 30, 2011 and 2010.

Debt modifications and amendments. On March 24, 2011, we executed a 2011 Extension Amendment (the Extension Amendment) relating to our credit agreement, dated as of September 24, 2007, as amended and restated as of September 28, 2007, as further amended as of August 10, 2010, among FDC, the several lenders from time to time parties thereto and Credit Suisse AG as administrative agent (the Credit Agreement). The Credit Agreement, as amended pursuant to the Extension Amendment, is referred to herein as the Amended Credit Agreement.

The Extension Amendment, which became effective on April 13, 2011, among other things:

(i) resulted in the extension of the maturity date of $1.0 billion, after giving effect to the reduction discussed below, of our revolving credit commitments (the Revolver Extension) under the Amended Credit Agreement to the earliest of: (x) June 24, 2015, if on such date the aggregate outstanding principal amount of our 9.875% senior notes due 2015 and 10.55% senior PIK notes due 2015 exceeds $750.0 million,
(y) December 31, 2015, if on such date the aggregate outstanding principal amount of our 11.25% senior subordinated notes due 2016 exceeds $750.0 million and (z) September 24, 2016;

(ii) resulted in the extension of the maturity date of approximately $5.0 billion of term loans (consisting of approximately $4.5 billion of dollar denominated term loans and an amount of euro denominated term loans the dollar equivalent of which is approximately $0.5 billion (the Term Loan Extension)) under the Amended Credit Agreement to March 24, 2018;

(iii) provided for an increase in the interest rate applicable to the revolving credit loans subject to the Revolver Extension and the term loans subject to the Term Loan Extension to a rate equal to, at our option, either (x) LIBOR for deposits in the applicable currency plus 400 basis points or (y) with regard to dollar denominated borrowings, a base rate plus 300 basis points;

(iv) provided for an increase in the commitment fee payable on the undrawn portion of the revolving credit commitments subject to the Revolver Extension to 75 basis points; and

(v) provided us with the ability to reduce the revolving credit commitments subject to the Revolver Extension while maintaining the revolving credit commitments not subject to the Revolver Extension in their original amount.

Immediately after the effectiveness of such amendments, we effected a permanent reduction of the revolving credit commitments that are subject to the Revolver Extension in an amount equal to $254.1 million.

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Debt offering. On April 13, 2011, we issued and sold $750 million aggregate principal amount of 7.375% senior secured notes due June 15, 2019. Interest on the notes will be payable semi-annually on June 15 and December 15 of each year, commencing on December 15, 2011. In accordance with the terms of our Amended Credit Agreement, we used the net proceeds from the offering to repay approximately $735 million of our outstanding senior secured term loans, including $0.3 billion of the $5.0 billion that was extended until 2018 under the Extension Amendment discussed above.

Debt restructuring and related financing costs. In connection with the debt modification and amendments and the debt offering discussed above, we incurred costs of $38.8 million, a significant portion of which was recorded as discounts on the debt and will be amortized to interest expense over the remaining terms of the loans.

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 June 30, 2011 and December 31, 2010, we held $611.5 million and $509.5 million in cash and cash equivalents, respectively.

Included in cash and cash equivalents are amounts held by IPS that are not available to fund any operations outside of the IPS business. In addition, cash and cash equivalents also includes amounts held by the BAMS alliance, which is consolidated by us, that are not available to fund operations outside of the alliance. At June 30, 2011 and December 31, 2010, the cash and cash equivalents held by IPS and the BAMS alliance totaled $167.8 million and $127.0 million, respectively. All other domestic cash balances, to the extent available, are used to fund our short-term liquidity needs.

Cash and cash equivalents also includes amounts held outside of the U.S. at June 30, 2011 and December 31, 2010 totaling $207.0 million and $200.6 million, respectively. As of June 30, 2011, there was approximately $50 million of cash and cash equivalents held outside of the U.S. that could be used for general corporate purposes. We plan to fund any cash needs throughout the remainder of 2011 within the International segment with cash held by the segment, but if necessary, could fund such needs using cash from the U.S., subject to satisfying debt covenant restrictions.

Cash flows from operating activities.

Source/(use) (in millions)	**Six months ended June 30, 2011**	**2010**
Net loss	$ (312.7)	$ (330.6)
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	725.0	753.8
Charges related to other operating expenses and other income (expense)	58.7	1.4
Other non-cash and non-operating items, net	(1.2)	138.3
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:		
Accounts receivable, current and long-term	291.6	264.8
Other assets, current and long-term	80.0	149.6
Accounts payable and other liabilities, current and long-term	64.6	(225.8)
Income tax accounts	(271.2)	(327.9)
Net cash provided by operating activities	$ 634.8	$ 423.6

Cash flows provided by operating activities for the periods presented resulted from normal operating activities and reflect the timing of our working capital requirements.

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Our operating cash flow is impacted by our level of debt. Approximately $514 million and $691 million in cash interest were paid during the six months ended June 30, 2011 and 2010, respectively.

Our operating cash flows are impacted by fluctuations in working capital. During 2011, such fluctuations included, most significantly, sources related to the collection of receivables, distributions of earnings received from alliances and the funding of certain settlement arrangements resulting from timing as well as changes in how we fund the arrangements including utilizing settlement assets to prefund some amounts. Such sources were offset by uses of cash associated with timing of payments for various liabilities including the semi-annual payments of interest on our long-term debt discussed above and incentive compensation earned in 2010.

During 2010, fluctuations in working capital included sources of cash related to the utilization of settlement assets to prefund certain settlement arrangements, the collection of receivables and distributions of earnings received from alliances. Such sources were offset by uses associated with the timing of prefunding certain settlement arrangements, timing of payments for various liabilities including semi-annual payments of interest on long-term debt and incentive compensation earned in 2009.

Operating cash flows for the six months ended June 30, 2011 and 2010 were impacted by us being in a net operating loss carryforward position for U.S. federal income tax purposes. As a result, we have not received cash for any of the income tax benefit recorded in the respective six-month periods related to U.S. federal income taxes.

Cash flows from operating activities increased for the six months ended June 30, 2011 compared to the same period in 2010 due primarily to a decrease in payments for various liabilities, the most significant of which were interest payments as a result of our December 2010 debt exchange. Payments on the new notes are made semi-annually in January and July with the first and only payment for 2011 occurring in July 2011. This increase was partially offset by a net decrease in cash flows from operating activities resulting from the utilization of settlement assets to prefund certain settlement arrangements which began most significantly in the second quarter of 2010.

We anticipate funding operations throughout the remainder of 2011 primarily with cash flows from operating activities and by closely managing discretionary capital and other spending; however, any shortfalls would be supplemented as necessary by borrowings against our revolving credit facility.

Cash flows from investing activities.

Source/(use) (in millions)	**Six months ended June 30, 2011**	**Six months ended June 30, 2010**
Current period acquisitions	$ (13.3)	$ (0.9)
Payments related to other businesses previously acquired		(1.3)
Proceeds from dispositions, net of expenses paid and cash disposed	1.7	21.2
Additions to property and equipment	(111.8)	(95.4)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(103.7)	(82.0)
Other investing activities	0.7	18.0
Net cash used in investing activities	$ (226.4)	$ (140.4)

Acquisitions and dispositions. We may finance acquisitions through a combination of internally generated funds, short-term borrowings and equity of our parent company. We may also consider using long-term borrowings subject to restrictions on our debt agreements. All acquisitions during the periods presented were

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funded from cash flows from operating activities or from the reinvestment of cash proceeds from the sale of other assets. Although we consider potential acquisitions from time to time, our plan for the remainder of 2011 does not include funding of material acquisitions. We may have to fund up to $160 million to one of our merchant alliance partners for referrals contributed to the alliance though the timing and amount of such funding is uncertain**.**

During the six months ended June 30, 2010, proceeds from dispositions related most significantly to the receipt of a contingent payment associated with our sale of a merchant acquiring business in Canada in the fourth quarter of 2009.

We continue to manage our portfolio of businesses and evaluate the possible divestiture of businesses that do not match our long-term growth objectives.

Capital expenditures. Capital expenditures are estimated to be approximately $400 million for the full year in 2011 and are expected to be funded by cash flows from operations. If, however, cash flows from operating activities are insufficient, we will decrease our discretionary capital expenditures or utilize our revolving credit facility.

Other investing activities. The source of cash in 2010 related to a decrease in regulatory, restricted and escrow cash balances.

Cash flows from financing activities.

	Six months ended June 30,	
Source/(use) (in millions)	**2011**	**2010**
Short-term borrowings, net	$ (110.1)	$ 8.3
Debt modification and related financing costs	(39.7)	
Principal payments on long-term debt	(35.0)	(119.5)
Proceeds from sale-leaseback transactions	7.3	
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	(131.2)	(86.7)
Purchase of noncontrolling interest		(213.3)
Redemption of Parent s redeemable common stock	(0.3)	(0.8)
Cash dividends		(14.9)
Net cash used in financing activities	$ (309.0)	$ (426.9)

Short-term borrowings, net. The cash activity related to short-term borrowings in 2011 and 2010 resulted primarily from net paydowns and borrowings on our credit lines used principally to prefund settlement activity.

We utilize our revolving credit facility on a short-term basis to fund investing or operating activities when cash flows from operating activities are not sufficient. We believe the capacity under our senior secured revolving credit facility is sufficient to meet our short-term liquidity needs. Our senior secured revolving credit facility can be used for working capital and general corporate purposes.

An affiliate of Lehman Brothers Holdings Inc. provided a commitment in the amount of $230.6 million of our revolving credit facility. After filing for bankruptcy in September 2008, the affiliate did not participate in requests for funding under the Credit Agreement. In June 2011, the commitment was terminated. In addition, as discussed above, the aggregate revolving credit commitments were reduced by $254.1 million in April 2011.

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As of June 30, 2011, our senior secured revolving credit facility had commitments from financial institutions to provide $1,515.3 million of credit. As of June 30, 2011 and December 31, 2010, we had no borrowings outstanding against the facility other than the letters of credit discussed below. Therefore, as of June 30, 2011, $1,470.4 million remained available under this facility. The maximum amounts outstanding against this facility during the six months ended June 30, 2011 was approximately $43 million.

Debt modification and related financing costs. We paid $18.6 million in fees related to the December 2010 debt exchange and $21.1 million in fees related to the April 2011 debt modification and amendments during the first six months of 2011.

Principal payments on long-term debt. We made principal payments of $64.1 million related to our senior secured term loan facility during the six months ended June 30, 2010. Also, in June 2010, we paid off our 4.50% note due 2010 for $13.1 million. In conjunction with a debt modification in August 2010 as well as with the modification and amendment discussed above, proceeds from the issuance of new notes were used to prepay portions of the principal balances of our senior secured term loans which satisfied the future quarterly principal payments until March 2018.

Payments for capital leases totaled $35.0 million and $42.3 million for the six months ended June 30, 2011 and 2010, respectively.

As of August 11, 2011, our long-term corporate family rating from Moody s was B3 (stable). The long-term local issuer credit rating from Standard and Poor s was B (stable). The long-term issuer default rating from Fitch was B (stable). Our current level of debt may impair our ability to get additional funding beyond our revolving credit facility if needed.

Proceeds from sale-leaseback transactions. We may, from time to time, enter into sale-leaseback transactions as a means of financing previously or recently acquired fixed assets, primarily equipment.

Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests. Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests primarily represent distributions of earnings.

Purchase of noncontrolling interests. The use of cash in 2010 relates to the redemption amount paid to the third party investor in Rockmount Investments, LLC to redeem its interest in the BAMS alliance.

Cash dividends. We paid cash dividends to First Data Holdings Inc. in 2010.

Letters, lines of credit and other.

	Total Available		Total Outstanding	
(in millions)	**As of June 30, 2011**	**As of December 31, 2010**	**As of June 30, 2011**	**As of December 31, 2010**
Letters of credit(a)	$ 500.0	$ 500.0	$ 44.9	$ 51.9
Lines of credit and other(b)	$ 367.4	$ 428.3	$ 77.1	$ 180.3

(a) Up to $500 million of our senior secured revolving credit facility is available for letters of credit. Outstanding letters of credit are held in connection with certain business combinations, lease arrangements, bankcard association agreements and other security agreements. The maximum amount of letters of credit outstanding during the six months ended June 30, 2011 was approximately $52 million. All letters of credit expire prior to March 18, 2012 with a one-year renewal option. We expect to renew most of the letters of credit prior to expiration.

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(b) As of June 30, 2011, represents $293.3 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available in various currencies to fund settlement and other activity for our international operations. We cannot use these lines of credit for general corporate purposes. Certain of these arrangements are uncommitted but, as of the dates presented, we had borrowings outstanding against them.

In the event one or more of the aforementioned lines of credit becomes unavailable, we will utilize our existing cash, cash flows from operating activities or our revolving credit facility to meet our liquidity needs.

Significant non-cash transactions. During the six months ended June 30, 2011 and 2010, the principal amount of our 10.55% PIK Notes increased by $35.6 million and $176.6 million, respectively, resulting from the payment of accrued interest expense. Beginning October 1, 2011, the interest on our senior PIK notes due 2015 will be required to be paid in cash and the first such payment will be due in March 2012.

During the six months ended June 30, 2011 and 2010, we entered into capital leases totaling approximately $116 million and $45 million, respectively.

Guarantees and covenants. As of June 30, 2011, we are in compliance with all applicable covenants, including our sole financial covenant with Consolidated Senior Secured Debt of $12,065.4 million, Consolidated EBITDA of $2,629.1 million and a Ratio of 4.59 to 1.00 compared to the maximum ratio allowed by the covenant of 6.75 to 1.00. On October 1, 2011, the maximum ratio allowed by the covenant will decrease to 6.50 to 1.00.

The calculation of Consolidated EBITDA under our senior secured term loan facility is as follows:

(in millions)	Last twelve months ended June 30, 2011
Net loss attributable to First Data Corporation	$ (1,003.4)
Interest expense, net(1)	1,793.2
Income tax benefit	(299.4)
Depreciation and amortization(2)	1,497.2
EBITDA(16)	1,987.6
Stock based compensation(3)	18.1
Restructuring, net(4)	70.8
Non-operating foreign currency (gains) and losses(5)	38.4
Derivative financial instruments (gains) and losses(6)	36.6
Other items(7)	17.1
Official check and money order EBITDA(8)	27.5
Cost of alliance conversions and other technology initiatives(9)	45.7
KKR related items(10)	34.0
Debt issuance costs(11)	14.3
Projected near-term cost savings and revenue enhancements(12)	148.0
Net income attributable to noncontrolling interests(13)	174.4
Equity entities taxes, depreciation and amortization(14)	14.8
Other(15)	1.8
Consolidated EBITDA(16)	$ 2,629.1

(1) Includes interest expense and interest income.

(2) Includes amortization of initial payments for new contracts, which is recorded as a contra-revenue within Transaction and processing service fees of $39.6 million and amortization related to equity method investments, which is netted within the Equity earnings in affiliates line of $70.3 million.

(3) Stock based compensation recognized as expense.

(4) Represents restructuring charges in connection with management s alignment of the business with strategic objectives.

(5) Includes net gains and losses related to the fair value adjustments of our intercompany loans and our euro-denominated debt.

(6) Due most significantly to the fair value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges.

(7) Includes items such as impairments, litigation and regulatory settlements, investment gains and losses, net divestitures and other as applicable to the period presented.

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

(9) Represents costs directly associated with the termination of the CPS alliance and expenses related to the conversion of certain BAMS alliance merchant clients onto First Data platforms, all of which are considered business optimization projects, and other technology initiatives.

(10) Represents KKR annual sponsorship fees for management, consulting, financial and other advisory services.

(11) Debt issuance costs represent non-capitalized costs associated with issuing debt and modifying our debt structure.

(12) Reflects cost savings and revenue enhancements projected to be achieved within twelve months on an annualized basis. Includes cost savings initiatives associated with the business optimization projects and other technology initiatives described in Note 9, the BAMS alliance, operations and technology initiatives, headcount reductions and other addressable spend reductions.

(13) Net income attributable to noncontrolling interests in restricted subsidiaries.

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

(15) Includes non-capitalized merger and acquisition costs and losses on equity method investments.

(16) EBITDA is defined as net income (loss) attributable to First Data Corporation before net interest expense, income taxes, depreciation and amortization. EBITDA is not a recognized term under U.S. generally accepted accounting principles (GAAP) and does not purport to be an alternative to net income (loss) attributable to First Data Corporation 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. 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.

Consolidated EBITDA (or debt covenant EBITDA) is defined as EBITDA adjusted to exclude certain 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 impact future operating results and adjusted to include near-term cost savings projected to be achieved within twelve months on an annualized basis (see Note 12 above). Consolidated EBITDA is further adjusted to add net income attributable to noncontrolling interests of certain non-wholly-owned subsidiaries and exclude other miscellaneous adjustments that are 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 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.

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Off-Balance Sheet Arrangements

During the six months ended June 30, 2011 and 2010, we did not engage in any off-balance sheet financing activities.

Contractual Obligations

In April 2011, as discussed above within Capital Resources and Liquidity, we amended our credit agreement to, among other things, provide for the extension of approximately $5.0 billion of our outstanding senior secured term loans from 2014 to 2018. Additionally, we issued $750 million aggregate principal amount of 7.375% Notes. The net proceeds from the new notes were used to pay down a portion of our senior secured term loans, including $0.3 billion of the $5.0 billion that was extended until 2018. The combined effect of these events did not materially impact the total amount of our outstanding obligations but extended the maturity of approximately $5.4 billion of obligations from 2014 to 2018 and after.

The following discussion highlights changes in our debt structure as well as our cash flow activities and the sources and uses of funding during the years ended December 31, 2010, 2009 and 2008. Refer to Note 8 to our Audited Consolidated Financial Statements in this prospectus for additional information regarding our debt structure.

Debt modifications.

Senior secured credit facilities. On August 10, 2010, we amended our senior secured credit facilities to, among other things:

(i) allow for us to incur additional secured indebtedness or additional unsecured indebtedness so long as certain restrictions are met pertaining to repayment of existing debt, issuance limits and ranking;

(ii) exclude from the calculation of consolidated senior secured debt (and hence from the maintenance covenant) certain indebtedness secured by a lien ranking junior to the liens securing our obligations under our senior secured credit facilities; and

(iii) subject to the requirement to make such offers on a pro rata basis to all lenders within a particular class of loans, allow us to agree with individual lenders to extend the maturity of their term loans or revolving commitments, and for us to pay increased interest rates or otherwise modify the terms of their loans or revolving commitments in connection with such an extension.

The amendment became effective, including the changes to the credit agreement described above, on August 20, 2010 following our issuance of $510.0 million in new notes and using the net cash proceeds therefrom to prepay a like amount of our secured term loans. Refer to the 8.875% Notes section below.

8.875% Notes. On August 20, 2010, we issued $510.0 million of 8.875% Notes due August 15, 2020. Interest on the notes is payable on February 15 and August 15 of each year, commencing on February 15, 2011. The proceeds from this issuance, net of discount and underwriting fees of $17.8 million, were $492.2 million, of which $489.7 million was used to prepay a portion of the senior secured term loans in accordance with the terms of our senior secured credit facilities as described above with the remainder used to pay costs associated with the issuance.

Debt exchange. On December 17, 2010, we completed our private exchange offers (Debt Exchange), in which we offered to exchange our 9.875% Notes and our 10.55% PIK Notes, subject to the maximum exchange amount of $6.0 billion, for the new securities, payable (i) 50% in new 8.25% Notes or, in new 8.75%/10.00% PIK Toggle Notes (the second lien notes), and (ii) 50% in new 12.625% Senior Unsecured Notes due 2021 (the 12.625% Notes). The maximum aggregate principal amount of 8.75%/10.00% PIK Toggle Notes issuable in the exchange offers was $1.0 billion. The following table presents the results of the debt exchange.

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Debt Exchange	Amounts (in millions)
Notes exchanged	
9.875% Notes	$ 2,966.5
10.55% PIK Notes	3,035.1
Total amount exchanged(a)	$ 6,001.6
Notes issued	
8.25% Notes	$ 1,999.7
8.75%/10.00% PIK Toggle Notes	1,000.0
12.625% Notes	3,000.0
Total amount issued(a)	$ 5,999.7

(a) The difference between the total amount exchanged and the total amount issued relates primarily to a discount of the notes issued for exchanges subsequent to the early tender date.

We recorded $53.8 million in fees in conjunction with the debt exchange. The fees were recorded as a discount on the new notes and will be amortized to interest expense over the remaining term of the loans.

Second lien notes. Interest on the 8.25% Notes will be payable in cash, will accrue at the rate of 8.25% per annum and is payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2011. The 8.25% cash-pay notes mature on January 15, 2021.

Cash interest on the 8.75%/10.00% PIK Toggle Notes will accrue at a rate of 8.75% per annum and PIK interest will accrue at a rate of 10.00% per annum. The initial interest payment on the 8.75%/10.00% PIK Toggle Notes will be payable in cash. For any interest period thereafter through and including the interest period ending January 15, 2014, we may elect to pay interest on the 8.75%/10.00% PIK Toggle Notes (i) entirely in cash, (ii) entirely by increasing the aggregate principal amount of the outstanding 8.75%/10.00% PIK Toggle Notes or by issuing PIK notes (PIK Interest), or (iii) on 50% of the outstanding aggregate principal amount of the 8.75%/10.00% PIK Toggle Notes in cash and on 50% of the outstanding aggregate principal amount of the outstanding 8.75%/10.00% PIK Toggle Notes by increasing the aggregate principal amount of the outstanding 8.75%/10.00% PIK Toggle Notes or by issuing PIK notes (Partial PIK Interest). After January 15, 2014, all interest on the 8.75%/10.00% PIK Toggle Notes will be payable in cash. The 8.75%/10.00% PIK Toggle Notes mature on January 15, 2022.

12.625% Notes. Interest on the 12.625% Notes will be payable in cash, will accrue at the rate of 12.625% per annum, and is payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2011. The 12.625% Notes mature on January 15, 2021.

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, 2010 and 2009, we held $509.5 million and $737.0 million in cash and cash equivalents, respectively.

Included in cash and cash equivalents are amounts held by IPS that are not available to fund any operations outside of the IPS business. In addition, cash and cash equivalents also includes amounts held by the BAMS alliance, which is consolidated by us, that are not available to fund operations outside of the alliance. At December 31, 2010 and 2009, the cash and cash equivalents held by IPS and the BAMS alliance totaled $127.0 million and $345.1 million, respectively. All other domestic cash balances, to the extent available, are used to fund our short-term liquidity needs.

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Cash and cash equivalents also includes amounts held outside of the U.S. at December 31, 2010 and 2009 totaling $200.6 million and $247.1 million, respectively. As of December 31, 2010, there was approximately $60 million of cash and cash equivalents held outside of the U.S. that could be used for general corporate purposes. We plan to fund any cash needs in 2011 within the International segment with cash held by the segment, but if necessary, could fund such needs using cash from the U.S., subject to satisfying debt covenant restrictions.

Cash flows from operating activities.

	Year ended December 31,		
Source/(use) (in millions)	**2010**	**2009**	**2008**
Net loss	$ (846.9)	$ (1,014.6)	$ (3,608.0)
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	1,526.0	1,553.8	1,559.6
Charges related to other operating expenses and other income (expense)	97.4	350.5	3,267.0
Other non-cash and non-operating items, net	265.6	306.2	37.9
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:			
Accounts receivable, current and long-term	224.7	288.8	(86.4)
Other assets, current and long-term	298.3	215.6	297.4
Accounts payable and other liabilities, current and long-term	(386.1)	(42.8)	(99.1)
Income tax accounts	(424.3)	(657.9)	(768.8)
Excess tax benefit from share-based payment arrangement			(13.1)
Net cash provided by operating activities	$ 754.7	$ 999.6	$ 586.5

Cash flows provided by operating activities for the periods presented resulted from normal operating activities and reflect the timing of our working capital requirements.

Our operating cash flow is impacted by our level of debt. Approximately $1,494.9 million, $1,412.2 million and $1,424.7 million in cash interest was paid during 2010, 2009 and 2008, respectively. Cash interest payments in 2011 are expected to be similar to interest paid in 2010. Using December 31, 2010 balances, a 10 percent increase in interest rates on an annualized basis would increase interest expense by approximately $2.6 million.

Our operating cash flows are impacted by fluctuations in working capital. During 2010, such fluctuations included, most significantly, sources related to the utilization of settlement assets to prefund certain settlement arrangements, the collection of receivables and distributions of earnings received from alliances. Such sources were offset by uses associated with the timing of prefunding certain settlement arrangements, timing of payments for various liabilities including tax payments, severance payments and incentive compensation earned in 2009.

Operating cash flows for all years were impacted by us being in a net operating loss carryforward position for U.S. federal income tax purposes. As a result, we have not received cash for any of the income tax benefit recorded in the respective years related to U.S. federal income taxes. We were able to carry back most of the net operating loss from the period in 2007 subsequent to the merger with an affiliate of KKR and received a cash benefit in 2008.

Cash flows from operating activities decreased in 2010 compared to 2009 due most significantly to the $246 million out of period collection in 2009 described below, the timing of payments on liabilities and collections of receivables as well as the timing of prefunding described above partially offset by a source in 2010 resulting from the utilization of settlement assets for prefunding also described above.

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During 2009, sources of cash were associated with the timing of prefunding certain settlement arrangements, collection of receivables and distributions of earnings received from alliances. Such sources were offset by uses associated with timing of payments for various liabilities including incentive compensation earned in 2008. The formation of BAMS negatively impacted working capital in 2009 due most significantly to the prefunding of associated settlement arrangements and timing of collections of receivables offset by sources from other prefunding arrangements and the timing of payments on various expenses incurred by the alliance. Cash flows from operating activities for the year ended December 31, 2009 included a source of cash of $246 million which resulted from funding of domestic settlement obligations which should have been received from a card association on December 31, 2008 but was not received until the first business day of 2009 due to a file transfer delay.

Cash flows from operating activities increased in 2009 compared to 2008 due most significantly to the $246 million out of period collection and the timing of prefunding both described above.

The most significant sources of cash in 2008 were associated with the collection of receivables, distributions of earnings associated with certain affiliates and the timing of certain settlement arrangements. Offsetting these sources were uses of cash associated with the $246 million out of period collection described above and payments for various liabilities the most significant of which included interest payments on long-term debt, incentive compensation payments, pension plan contributions to the United Kingdom pension plan and income taxes.

We anticipate funding operations throughout 2011 primarily with cash flows from operating activities and by closely managing discretionary capital and other spending; however, any shortfalls would be supplemented as necessary by borrowings against our revolving credit facility.

Cash flows from investing activities.

	Year ended December 31,		
Source/(use) (in millions)	**2010**	**2009**	**2008**
Current period acquisitions, net of cash acquired	$ (3.2)	$ (86.5)	$ (188.7)
Payments related to other businesses previously acquired	(1.4)	(14.7)	(35.6)
Proceeds from dispositions, net of expenses paid and cash disposed	21.2	88.1	215.1
Proceeds from sale of property and equipment	5.5	29.4	
Additions to property and equipment, net	(210.1)	(199.1)	(283.9)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(159.6)	(180.0)	(163.9)
Proceeds from the sale of marketable securities	0.3	3.9	74.9
Other investing activities	18.1	(48.7)	(1.3)
Net cash used in investing activities	$ (329.2)	$ (407.6)	$ (383.4)

Acquisitions and dispositions. We finance acquisitions through a combination of internally generated funds, short-term borrowings and equity of our parent company. We may consider using long-term borrowings subject to restrictions in our debt agreements. Although we consider potential acquisitions from time to time, our plan for 2011 does not include funding of material acquisitions. All acquisitions during the periods presented were funded from cash flows from operating activities or from the reinvestment of cash proceeds from the sale of other assets other than the acquisition of our proportionate share of the BAMS alliance and CPS discussed in significant non-cash transactions below. Purchases of noncontrolling interests are classified as financing activities as noted below.

We continue to manage our portfolio of businesses and evaluate the possible divestiture of businesses that do not match our long-term growth objectives. For a more detailed discussion on acquisitions and dispositions in 2010, 2009 and 2008 refer to Note 3 to the Audited Consolidated Financial Statements included in this prospectus.

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For 2009 and 2008, payments related to other businesses previously acquired related mostly to contingent consideration associated with a merchant alliance for which there will be no additional payments. Additionally, no significant payments associated with other businesses are anticipated.

During 2010, proceeds from dispositions related most significantly to the receipt of a contingent payment associated with our sale of a merchant acquiring business in Canada in the fourth quarter of 2009. The source of cash in proceeds from dispositions in 2009 resulted from selling the merchant acquiring business mentioned above and selling our debit and credit card issuing and acquiring processing business in Austria in the third quarter of 2009. The source of cash in proceeds from dispositions in 2008 resulted from selling our interest in Early Warning Services, which had been accounted for under the equity method, and selling our subsidiary Active Business Services Ltd. both in the third quarter of 2008 as well as from selling our subsidiary Peace in October 2008 and from reducing our ownership interest in the alliance with Wells Fargo in December 2008 as described in Overview above.

Capital expenditures. Capital expenditures are estimated to be approximately $400 million in 2011 and are expected to be funded by cash flows from operations. If, however, cash flows from operating activities are insufficient, we will decrease our discretionary capital expenditures or utilize our revolving credit facility. During 2009, we entered into sale leaseback transactions for certain equipment which resulted in proceeds from the sale of approximately $22 million.

Capital expenditures in 2010 and 2009 decreased from 2008 as a result of us managing our discretionary capital spending.

Proceeds from the sale of marketable securities. Proceeds from the sale of marketable securities in 2008 resulted from the sale of MasterCard shares and the sale of one additional investment.

Other investing activities. The source of cash in 2010 related to a decrease in regulatory, restricted and escrow cash balances. The use of cash from other investing activities in 2009 related primarily to a $28.0 million contribution to the PNC alliance and a $21.0 million increase in regulatory and restricted cash balances.

The use of cash from other investing activities in 2008 related mostly to $12.3 million in illiquid money market funds reclassified from cash and cash equivalents in December 2008 and other items not individually significant. These were mostly offset by a source of cash related to proceeds from the sale of merchant portfolios and the redemption of VISA stock.

Cash flows from financing activities.

	Year ended December 31,		
Source/(use) (in millions)	**2010**	**2009**	**2008**
Short-term borrowings, net	$ 75.1	$ (206.1)	$ (41.9)
Proceeds from issuance of long-term debt			100.4
Debt modification and related financing costs	(61.2)		
Principal payments on long-term debt	(220.4)	(243.1)	(326.8)
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	(216.1)	(10.0)	(150.9)
Contributions from noncontrolling interests		193.0	
Purchase of noncontrolling interest	(213.3)		(78.4)
Redemption of Parent s redeemable common stock	(2.5)		
Capital contributed by Parent			126.8
Excess tax benefit from share-based payment arrangement			13.1
Cash dividends	(14.9)		(1.8)
Net cash used in financing activities	$ (653.3)	$ (266.2)	$ (359.5)

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Short-term borrowings, net. The source of cash related to short-term borrowings in 2010 resulted primarily from net borrowings on our credit lines used to prefund settlement activity. The use of cash related to short-term borrowings in 2009 and 2008 resulted from a net $18.0 million and $42.0 million, respectively, payment on the senior secured revolving credit facility as well as the timing of draws and payments on credit lines associated with settlement activity.

We have a senior secured revolving credit facility that currently has commitments from nondefaulting financial institutions to provide $1,769.4 million of credit. We have no amounts outstanding as of December 31, 2010 and 2009. As of December 31, 2010, $1,717.5 million remained available under this facility after considering the letters of credit issued under the facility. The maximum amount outstanding against this facility during 2010 was approximately $345 million with an additional $54 million in letters of credit.

We utilize our revolving credit facility on a short-term basis to fund investing or operating activities when cash flows from operating activities are not sufficient. We believe the capacity under our senior secured revolving credit facility is sufficient to meet our short-term liquidity needs. The senior secured revolving credit facility can be used for working capital and general corporate purposes. There are multiple institutions that have nondefaulting commitments under this facility with none representing more than approximately 17% of the remaining capacity.

Proceeds from issuance of long-term debt. In 2008, we received $100.4 million from our senior secured term loan facility as a result of a draw on our delayed draw term loan when an equal amount of existing notes were repaid. As of December 31, 2008, our ability to draw on our delayed draw term loan expired.

Debt modification and related financing costs. The issuance of the 8.875% senior secured notes described above was accounted for as a modification resulting in only the net effect of the issuance being reflected as a use of cash. We paid a net amount of $24.1 million in fees related to the modification. We also paid a net amount of $37.1 million for costs incurred during the fourth quarter of 2010 related to the debt exchange described above which was accounted for as a modification.

Principal payments on long-term debt. During 2010, 2009 and 2008, we made payments of $96.2 million, $129.0 million and $128.4 million related to our senior secured term loan facility, respectively. In August 2010, in conjunction with the debt modification noted above, $489.7 million of our proceeds from the issuance of the senior notes described below were used to prepay a portion of the principal balances and satisfy the above described future quarterly principal payments of our senior secured term loans. As a result of the prepayment, we have satisfied the quarterly principal payments related to these loans until September 2014.

Also during 2010, we paid off our 4.50% note due 2010 for $13.1 million. During 2009, we paid $10.7 million related to a note due in 2009. During 2008, we paid $81.7 million related to notes due in 2008 and repurchased $18.7 million in debt (par value of $30 million). In addition, we paid $34.1 million in debt restructuring fees in each of the three periods presented.

Payments for capital leases totaled $76.9 million, $68.2 million and $57.1 million for 2010, 2009 and 2008, respectively.

Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests. Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests primarily represent distributions of earnings. The increase in 2010 from 2009 is primarily the result of distributions associated with the BAMS alliance. The decrease in 2009 from 2008 is primarily the result of the deconsolidation of WFMS as discussed in Overview above.

Contributions from noncontrolling interest. Activity in 2009 represents the cash contribution from Rockmount to BAMS. The contribution represents the cash contributed by the third-party investor that controlled Rockmount. For additional information regarding the BAMS alliance, refer to the Overview section above.

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Purchase of noncontrolling interest. The use of cash in 2010 relates to the redemption amount paid to the third-party investor in Rockmount to redeem our interest in the BAMS alliance. For information concerning our purchase of noncontrolling interests in 2008, refer to Note 3 to the Audited Consolidated Financial Statements included in this prospectus.

Capital contributed by parent. During 2008, we received capital contributions from our parent company, Holdings, comprised of the proceeds from purchases of shares in Holdings by certain of our management employees. We used these contributions to fund operations.

Excess tax benefit from share-based payment arrangement. The excess tax benefit from share-based payment arrangement in 2008 represents the exercise of Western Union stock options and restricted stock held by our employees. This is also reflected in the Cash Flows from Operating Activities from Continuing Operations section above.

Cash dividends. We paid cash dividends to Holdings in 2010 and 2008 to fund employee stock repurchases under the employee stock program and other miscellaneous, minor operational needs.

Letters, lines of credit and other.

	Total Available		Total Outstanding	
	As of December 31,		As of December 31,	
(in millions)	2010	2009	2010	2009
Letters of credit(a)	$ 500.0	$ 500.1	$ 51.9	$ 39.7
Lines of credit and other(b)	$ 428.3	$ 565.1	$ 180.3	$ 109.2

(a) Up to $500 million of our senior secured revolving credit facility is available for letters of credit, of which $51.9 million and $39.6 million of letters of credit were issued under the facility as of December 31, 2010 and 2009, respectively. An additional $0.1 million of letters of credit were outstanding associated with other arrangements as of December 31, 2009. Outstanding letters of credit are held in connection with certain business combinations, lease arrangements, bankcard association agreements and other security agreements. All letters of credit expire prior to December 10, 2011 with a one-year renewal option. We expect to renew most of the letters of credit prior to expiration.

(b) As of December 31, 2010, represents $277.7 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available in various currencies to fund settlement and other activity for our international operations. We cannot use these lines of credit for general corporate purposes. Certain of these arrangements are uncommitted but, as of the dates presented, we had borrowings outstanding against them.

In the event one or more of the aforementioned lines of credit becomes unavailable, we will utilize our existing cash, cash flows from operating activities or our revolving credit facility to meet our liquidity needs.

Significant non-cash transactions. In December 2010, we exchanged $3.0 billion of our 9.875% Notes and $3.0 billion of our 10.55% PIK Notes for $2.0 billion of 8.25% Notes, $1.0 billion of 8.75%/10.00% PIK Toggle Notes and $3.0 billion of 12.625% Notes.

Prior to the 2010 exchange described above and during 2009 and 2008, the principal amount of our 10.55% PIK Notes increased by $362.5 million, $333.0 million and $197.4 million, respectively, resulting from the payment of accrued interest expense. Beginning October 1, 2011, the interest on this PIK term loan facility will be required to be paid in cash and the first such payment will be due in March 2012.

During 2010, 2009 and 2008, we entered into capital leases totaling approximately $65 million, $105 million and $89 million, respectively.

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The following summary details our exchange offerings during 2008 and 2009:

September 2008 Exchanged substantially all of the remaining balance of our 9.875% senior unsecured cash-pay term loan bridge loans due 2015, all of our 10.55% senior unsecured PIK term loan bridge loans due 2015 and 11.25% senior subordinated unsecured term loan bridge loans due 2016 for senior notes, senior PIK notes and senior subordinated notes, respectively, in each case having substantially identical terms and guarantees with the exception of interest payments being due semi-annually on March 31 and September 30 of each year instead of quarterly.

October 2008 Exchanged the $2.2 billion aggregate principal amount of our 9.875% Notes for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes are freely tradable. Substantially all of the notes were exchanged effective October 21, 2008.

March 2009 Exchanged the remaining balance of our 9.875% senior unsecured cash-pay term loan bridge loans due 2015 that was not previously exchanged for senior notes identical to those described above.

September 2009 Exchanged aggregate principal amounts of $3.2 billion of our 10.55% PIK Notes, $2.5 billion of our 11.25% senior subordinated notes and $1.6 billion of our 9.875% Notes (which constituted all such notes outstanding at that date) for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes are freely tradable. Substantially all of the notes were exchanged effective September 9, 2009.

There were no expenditures, other than professional fees, or receipts of cash associated with the registration statements or exchange offers described above.

On June 26, 2009, we entered into an alliance with BofA and Rockmount as discussed in the Overview section above. Our and BofA s direct contributions to the alliance consisted of non-cash assets and liabilities.

On November 1, 2008, we and JPMorgan Chase terminated our merchant alliance, CPS, which was our largest merchant alliance. We received our proportionate 49% share of the assets of the alliance, including domestic merchant contracts, an equity investment in Merchant Link, a full-service ISO and Agent Bank unit, and a portion of the employees.

The receipt of our proportionate share of CPS was accounted for as a business combination and was a non-cash transaction.

Guarantees and covenants. All obligations under the senior secured revolving credit facility and senior secured term loan facility are unconditionally guaranteed by substantially all existing and future, direct and indirect, wholly owned, material domestic subsidiaries other than IPS. 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 or our parent company s 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 not to exceed a maximum senior secured leverage ratio and contain certain customary affirmative covenants and events of default, including a change of control. The senior secured term loan facility also requires mandatory prepayments based on a percentage of our excess cash flow.

All obligations under the senior secured notes, senior unsecured notes and senior subordinated notes are similarly guaranteed in accordance with their terms by each of our domestic subsidiaries that guarantee obligations under our senior secured term loan facility described above. These notes and facilities also contain a number of covenants similar to those described for the senior secured obligations noted above. We are in compliance with all applicable covenants as of December 31, 2010 and anticipate that we will remain in compliance in future periods.

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Although all of the above described indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to numerous qualifications and exceptions, the most significant of which is the ability to incur indebtedness in connection with our settlement operations. We believe that the indebtedness that can be incurred under these exceptions as well as additional credit under the senior secured revolving credit facility is sufficient to satisfy our intermediate and long-term needs.

Covenant compliance. Under the senior secured revolving credit and term loan facilities, certain limitations, restrictions and defaults could occur if we are not able to satisfy and remain in compliance with specified financial ratios. We have agreed that 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, 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

The breach of this covenant could result in a default under the senior secured revolving credit facility and the senior secured term loan credit facility and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration could also result in a default under the indentures for the senior secured notes, existing senior unsecured notes and existing senior subordinated notes.

In determining Consolidated EBITDA, EBITDA is calculated by reference to net 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 our ability to comply with our financing covenants.

The calculation of Consolidated EBITDA under the senior secured term loan facility is as follows (in millions):

	Last twelve months ended December 31, 2010
Net loss attributable to First Data Corporation	$ (1,021.8)
Interest expense, net(1)	1,788.8
Income tax benefit	(323.8)
Depreciation and amortization(2)	1,526.0
EBITDA(14)	1,969.2
Stock based compensation(3)	16.1
Other items(4)	97.4
Official check and money order EBITDA(5)	21.2
Cost of technology and savings initiatives(6)	56.3
KKR related items(7)	28.5
Debt issuance costs(8)	10.7
Divested business(9)	(1.1)
Projected near-term cost savings and revenue enhancements(10)	255.0
Net income attributable to noncontrolling interests(11)	174.9
Equity entities taxes, depreciation and amortization(12)	13.8
Other(13)	2.8
Consolidated EBITDA(14)	$ 2,644.8

(1) Includes interest expense and interest income.

(2) Includes amortization of initial payments for new contracts, which is recorded as a contra-revenue within Transaction and processing service fees of $38.6 million and amortization related to equity method investments, which is netted within the Equity earnings in affiliates line of $73.0 million.

(3) Stock based compensation recognized as expense.

(4) Other items include net restructuring, impairments, litigation and regulatory settlements, investment gains and losses, derivative financial instruments gains and losses, net divestitures, non-operating foreign currency gains and losses and other as applicable to the period presented.

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

(6) Represents costs directly associated with the termination of the CPS alliance and expenses related to the conversion of certain BAMS alliance merchant clients onto First Data platforms, all of which are considered business optimization projects.

(7) Represents KKR annual sponsor fees for management, consulting, financial and other advisory services.

(8) Debt issuance costs represent costs associated with issuing debt and modifying our debt structure.

(9) Reflects the release of reserves related to a previously divested company.

(10) Reflects cost savings and revenue enhancements projected to be achieved within twelve months on an annualized basis, principally in connection with cost savings initiatives described in Note 6 and the BAMS alliance.

(11) Net income attributable to noncontrolling interests in restricted subsidiaries.

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

(13) Includes non-capitalized merger and acquisitions costs and losses on equity method investments.

(14) EBITDA is defined as net income (loss) attributable to First Data Corporation before 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 net income (loss) attributable to First Data Corporation 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. 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.

Consolidated EBITDA (or debt covenant EBITDA) is defined as EBITDA adjusted to exclude certain 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 impact future operating results and adjusted to include near-term cost savings projected to be achieved within twelve months on an annualized basis principally in connection with cost savings initiatives described in Note 6 above. Consolidated EBITDA is further adjusted to add net income attributable to noncontrolling interests of certain non-wholly-owned subsidiaries and exclude other miscellaneous adjustments that are 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 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.

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Off-balance sheet arrangements. During 2010, 2009 and 2008, we did not engage in any off-balance sheet financing activities.

Contractual obligations. Our contractual obligations as of December 31, 2010 are as follows (in millions):

		Payments Due by Period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Borrowings(a)	$ 33,524.1	$ 1,574.8	$ 3,152.5	$ 15,931.8	$ 12,865.0
Capital lease obligations(b)	139.8	65.9	51.0	21.5	1.4
Operating leases	267.1	58.3	80.6	37.9	90.3
Pension plan contributions(c)	29.1	29.1			
Purchase obligations(d):					
Technology and telecommunications(e)	892.8	491.0	326.9	46.6	28.3
All other(f)	480.0	179.9	67.1	73.3	159.7
Other long-term liabilities	19.4	14.1	4.8	0.4	0.1
	$ 35,352.3	$ 2,413.1	$ 3,682.9	$ 16,111.5	$ 13,144.8

(a) Includes future cash interest payments on long-term borrowings through scheduled maturity dates. Includes $991 million of PIK toggle notes for which it is assumed we will pay interest in cash. Also includes $11,951.0 million of variable rate debt. Also includes the impact of interest rates swaps that convert $5,000 million of the variable rate debt to fixed rates. The swaps expire in 2012. Interest payments for the variable rate debt and the associated interest rate swaps were calculated using interest rates as of December 31, 2010.

(b) Includes future payments on capital leases, including interest expense, through scheduled expiration dates.

(c) The amount of pension plan contributions depends upon various factors that cannot be accurately estimated beyond a one-year time frame.

(d) Many of our contracts contain clauses that allow us to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Certain contracts also have an automatic renewal clause if we do not provide written notification of our intent to terminate the contract. Obligations under certain contracts are usage-based and are, therefore, estimated in the above amounts. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.

(e) Technology and telecommunications includes obligations related to hardware purchases, which includes purchases of ATMs and terminals, software licenses, hardware and software maintenance and support, technical consulting services and telecommunications services.

(f) Other includes obligations related to materials, data, non-technical contract services, facility security, investor management fees, maintenance and marketing promotions.

As of December 31, 2010, we had approximately $542 million of tax contingencies comprised of approximately $557 million included in long-term income taxes payable in the Other long-term liabilities line of the Consolidated Balance Sheets, including approximately $130 million of income tax liabilities for which Western Union is required to indemnify us, and approximately $15 million recorded as a reduction of our deferred tax liability. Timing of tax payments is dependent upon various factors which cannot be reasonably estimated at this time.

Critical Accounting Policies

Stock-based compensation. We have a stock incentive plan for certain of our and our affiliates management employees (stock plan). This stock plan is at the Holdings level which owns 100% of our equity interests. The stock plan provides the opportunity for certain management employees to purchase shares in Holdings and then receive a number of stock options or restricted stock based on a multiple of their investment in such shares. The plan also allows for us to award shares and options to certain management employees. The expense associated with this plan is recorded by us. We use the Black-Scholes option pricing model to measure the fair value of stock option awards. We chose the Black-Scholes model based on our experience with the model and the determination that the model could be used to provide a reasonable estimate of the fair value of awards with terms such as those issued by Holdings. Option-pricing models require estimates of a number of key valuation inputs including expected volatility, expected dividend yield, expected term and risk-free interest rate. Certain of these inputs are more subjective due to Holdings being privately held and thus not having objective historical or public information. The most subjective inputs are the expected term, expected volatility and determination of share value. The expected term is determined using probability weighted expectations and expected volatility is determined using a selected group of guideline companies as surrogates for Holdings.

On a quarterly basis, we estimate the fair value of Holdings common stock. Periodically, a third-party valuation firm provides assistance with certain key assumptions and performs calculations using the valuation methods discussed below. All key assumptions and valuations were determined by and are the responsibility of management. We rely on the results of a discounted cash flow analysis but also consider the results of a market approach. The discounted cash flow analysis is dependent on a number of significant management assumptions regarding our and Holdings expected future financial results as well as upon estimates of an appropriate cost of capital. A sensitivity analysis is performed in order to establish a narrow range of estimated fair values for the shares of Holdings common stock. The market approach consists of identifying a set of guideline public companies. Multiples of historical and projected EBITDA determined based on the guideline companies is applied to Holdings EBITDA in order to establish a range of estimated fair value for the shares of Holdings common stock. We consider the results of both of these approaches, placing primary reliance on the discounted cash flow analysis. The concluded range of fair values is also compared to the value determined by the Board of Directors for use in transactions, including stock sales and repurchases. After considering all of these estimates of fair value, we then determine a single estimated fair value of the stock to be used in accounting for stock-based compensation.

During the years ended December 31, 2010, 2009 and 2008, time options and performance options were granted under the stock plan. The time options and performance options have a contractual term of 10 years. Time options vest equally over a three to five year period from the date of issuance and performance options vest based upon us achieving certain EBITDA targets. The options also have certain accelerated vesting provisions upon a change in control, a qualified public offering, or certain termination events. During 2010, we modified the terms of our plan and due to the nature of call rights and vesting conditions associated with the options and awards, we will recognize expense associated with the modifications and future grants only upon the occurrence of certain events. Refer to Note 13 to the Audited Consolidated Financial Statements included in this prospectus for details regarding our stock-based compensation plan.

Reserve for merchant credit losses and check guarantees. With respect to the merchant acquiring business, our merchant customers (or those of our unconsolidated alliances) have the liability for any charges properly reversed by the cardholder. In the event, however, that we are not able to collect such amounts from the merchants due to merchant fraud, insolvency, bankruptcy or another reason, we may be liable for any such reversed charges. Our risk in this area primarily relates to situations where the cardholder has purchased goods or services to be delivered in the future such as airline tickets.

Our obligation to stand ready to perform is minimal in relation to the total dollar volume processed. We require cash deposits, guarantees, letters of credit or other types of collateral from certain merchants to minimize this obligation. Collateral held by us is classified within Settlement assets and the obligation to repay the collateral if it is not needed is classified within Settlement obligations on our Consolidated Balance Sheets. The amounts of collateral held by us and our unconsolidated alliances are as follows (in millions):

As of December 31,	**2010**	**2009**
Cash and cash equivalents collateral	$ 481.9	$ 717.4
Collateral in the form of letters of credit	108.4	123.7
Total collateral	$ 590.3	$ 841.1

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We also utilize a number of systems and procedures to manage merchant risk. Despite these efforts, we historically have experienced some level of losses due to merchant defaults.

Our contingent obligation relates to imprecision in our estimates of required collateral. A provision for this obligation is recorded based primarily on historical experience of credit losses and other relevant factors such as economic downturns or increases in merchant fraud. Merchant credit losses are included in Cost of services in our Consolidated Statements of Operations. The following table presents the aggregate merchant credit losses incurred compared to total dollar volumes processed:

	Year ended December 31,		
	2010	2009	2008
FDC and consolidated and unconsolidated alliances credit losses (in millions)	$ 78.2	$ 92.0	$ 40.4
FDC and consolidated alliances credit losses (in millions)	$ 71.3	$ 89.7	$ 35.0
Total dollar volume acquired (in billions)	$ 1,520.4	$ 1,271.3	$ 1,437.9

The reserve recorded on our Consolidated Balance Sheets only relates to the business conducted by our consolidated subsidiaries. The reserve for unconsolidated alliances is recorded only in the alliances respective financial statements. We have not recorded any reserve for estimated losses in excess of reserves recorded by the unconsolidated alliances nor have we identified needs to do so. The following table presents the aggregate merchant credit loss reserves (in millions):

As of December 31,	2010	2009
FDC and consolidated and unconsolidated alliances merchant credit loss reserves	$ 43.2	$ 46.5
FDC and consolidated alliances merchant credit loss reserves	$ 39.9	$ 45.9

We believe the recorded reserve approximates the fair value of the contingent obligation.

The credit loss reserves, both for the unconsolidated alliances and us, are comprised of amounts for known losses and a provision for losses incurred but not reported (IBNR). These reserves primarily are determined by performing a historical analysis of chargeback loss experience. Other factors are considered that could affect that experience in the future. Such items include the general economy and economic challenges in a specific industry or those affecting certain types of clients. Once these factors are considered, we or the unconsolidated alliance establishes a rate (percentage) that is calculated by dividing the expected chargeback (credit) losses by dollar volume processed. This rate is then applied against the dollar volume processed each month and charged against earnings. The resulting reserve balance is then compared to requirements for known losses and estimates for IBNR items. Historically, this estimation process has proven to be materially accurate and we believe the recorded reserve approximates the fair value of the contingent obligation.

The majority of the TeleCheck Services, Inc. (TeleCheck) business involves the guarantee of checks received by merchants. If the check is returned, TeleCheck is required to purchase the check from the merchant at its face value and pursue collection from the check writer. A provision for estimated check returns, net of anticipated recoveries, is recorded at the transaction inception based on recent history. The following table presents the accrued warranty and recovery balances (in millions):

As of December 31,	2010	2009
Accrued warranty balances	$ 13.4	$ 16.6
Accrued recovery balances	$ 29.8	$ 32.5

Accrued warranties are included in Other current liabilities and accrued recoveries are included in Accounts receivable in the Consolidated Balance Sheets.

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We establish an incremental liability (and deferred revenue) for the fair value of the check guarantee. The liability is relieved and revenue is recognized when the check clears, is presented to TeleCheck, or the guarantee period expires. The majority of the guarantees are settled within 30 days. The incremental liability was approximately $0.9 million and $2.5 million as of December 31, 2010 and 2009, respectively. The following table details the check guarantees of TeleCheck.

	Year ended December 31,		
	2010	2009	2008
Aggregate face value of guaranteed checks (in billions)	$ 47.6	$ 42.7	$ 43.4
Aggregate amount of checks presented for warranty (in millions)	$ 405.3	$ 366.2	$ 404.4
Wa			