FIRST DATA CORP
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PROSPECTUS

FIRST DATA CORPORATION

Offer to Exchange (the "Exchange Offers")

\$1,550,000,000 aggregate principal amount of its $9^{7}/_{8}$% Senior Cash-Pay Notes due 2015 (the "exchange senior cash-pay notes"), \$3,180,162,544 of its $10^{11}/_{20}$% Senior PIK Notes due 2015 (the "exchange senior PIK notes" and, together with the exchange senior cash-pay notes, the "exchange senior notes") and \$2,500,000,000 of its $11^{1}/_{4}$% Senior Subordinated Notes due 2016 (the "exchange senior subordinated notes" and, together with the exchange senior notes, 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 $9^{7}/_{8}$% Senior Cash-Pay Notes due 2015 (the "outstanding senior cash-pay notes"), its outstanding unregistered $10^{11}/_{20}$% Senior PIK Notes due 2015 (the "outstanding senior PIK notes" and, together with the outstanding senior cash-pay notes, the "outstanding senior notes") and its outstanding unregistered $11^{1}/_{4}$% Senior Subordinated Notes due 2016 (the "outstanding senior subordinated notes" and, together with the outstanding senior notes, the "outstanding notes"), respectively.

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

The Exchange Offer

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.

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

The exchange offer expires at 11:59 p.m., New York City time, on September 4, 2009, 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 Offers

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 applicable 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 offers, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

See "Risk Factors" beginning on page 14 for a discussion of certain risks that you should consider before participating in the exchange offers.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offers 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 August 10, 2009.

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

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

Unless the context requires otherwise, in this prospectus, "First Data," "FDC," the "company," "we," "us" and "our" refer to First Data Corporation and its 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, but do not refer to First Data's $2.2 billion aggregate principal amount of registered $9^7/_8$% senior cash-pay notes due 2015 (the "existing $9^7/_8$% senior notes"). References to the "senior cash-pay notes" refer to the outstanding senior cash-pay notes and the exchange senior cash-pay notes, but do not refer to the existing $9^7/_8$% senior notes. References to the "senior notes" refer to the outstanding senior notes and the exchange senior notes. References to the "senior subordinated notes" refer to the outstanding senior subordinated notes and the exchange senior subordinated notes. References to the "senior PIK notes" refer to the outstanding senior PIK notes and the exchange senior PIK notes.

PROSPECTUS SUMMARY

This summary highlights key aspects of the information contained elsewhere in this prospectus and may not contain all of the information you should consider before investing in the 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 leading provider of electronic commerce and payment solutions for merchants, financial institutions and card issuers globally. We have operations in 36 countries, serving more than 5.3 million merchant locations and more than 2,000 card issuers and their customers. With a wide geographic presence and a broad product offering, we are well-positioned to capitalize on the continued shift from cash and checks to electronic payment transactions.

We have built long-standing relationships with merchants, financial institutions and card issuers globally through superior industry knowledge and high-quality, reliable service. As a result, our revenue is highly diversified across customers, products, geography and distribution channels, with no single customer accounting for more than 3.0% of our 2008 consolidated revenue (excluding reimbursables). We also enter into alliances with banks and other institutions, increasing our broad geographic coverage and presence in various industries. The contracted and stable nature of our revenue base makes our business highly predictable. Our revenue is recurring in nature, as we typically initially enter into multi-year contracts with our merchant, financial institution and card issuer customers.

Recent Developments

Economic Conditions

General economic conditions in the United States and other areas of the world weakened in the second half of 2008 with a dramatic acceleration in the fourth quarter which continued into 2009. Many of our businesses rely in part on the number and size of consumer transactions which have been challenged by a weakened United States and world economy and difficult credit markets. Broad slowdowns in consumer spending had a material impact on first quarter 2009 revenues and profits. We experienced increased credit losses during the first quarter of 2009 compared to both the first quarter of 2008 and the fourth quarter of 2008 resulting from a higher level of merchant failures and bankruptcy filings generally attributable to challenges in the current economic environment. We believe this trend could potentially continue if current economic conditions persist or worsen during the remainder of 2009. In addition, our revenues and operating profit during the first quarter of 2009 as compared to the same period in 2008 were adversely impacted by consumer spending shifting to large discount merchants. The shift to large discount merchants had less of an effect in the first quarter 2009 compared to the fourth quarter 2008 due to a higher percentage of sales that occurred at large discount merchants during the holiday season. Also as a result of the current economic conditions in the United States, credit card issuers have been reducing credit limits and closing accounts and are more selective with regard to whom they issue credit cards. This reduction in the number of accounts and account activity adversely impacted our Financial Services segment results in the three months ended March 31, 2009. A continuation of the economic slowdown could adversely impact our future revenues and profits.

Banc of America Merchant Services

On June 29, 2009, Bank of America N.A. and we announced the formation of a new company, Banc of America Merchant Services, LLC. Banc of America Merchant Services will provide clients with a comprehensive suite of payment products including credit, debit, and prepaid cards as well as merchant loyalty, prepaid, check and e-commerce solutions.

We own a 48.45% direct voting interest in Banc of America Merchant Services and Bank of America owns a 46.55% direct voting interest. The remaining stake in Banc of America Merchant Services is a 5% non-voting interest held by Rockmount Investments, LLC, an investment vehicle controlled by a third-party investor. We own a 40% non-controlling interest in Rockmount Investments, LLC.

Bank of America's and our contributions to the newly formed company were principally comprised of merchant acquiring contract rights and relationships and sales forces. Rockmount Investment's contribution was in the form of cash.

Banc of America Merchant Services will be consolidated by us and will be reported in the Retail and Alliance Services segment.

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.

The Exchange Offer

On September 24, 2008, First Data issued in a private placement $1,550,000,000 aggregate principal amount of outstanding senior cash-pay notes, $3,014,939,663 aggregate principal amount of outstanding senior PIK notes ($3,180,162,544 aggregate principal amount as of the date of this prospectus due to PIK interest subsequently paid) and $2,500,000,000 aggregate principal amount of outstanding senior subordinated notes.

General	In connection with the private placement of the outstanding notes, First Data and the guarantors of the outstanding notes entered into registration rights agreements pursuant to which we agreed, under certain circumstances, to use our reasonable best efforts to file a registration statement relating to offers 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 applicable 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 agreements; and the additional interest provisions of the registration rights agreements are not applicable.
The Exchange Offers	First Data is offering to exchange: $1,550,000,000 aggregate principal amount of its exchange senior cash-pay notes which have been registered under the Securities Act for any and all of its outstanding senior cash-pay notes; $3,180,162,544 aggregate principal amount of its exchange senior PIK notes which have been registered under the Securities Act for any and all of its outstanding senior PIK notes; and $2,500,000,000 aggregate principal amount of its exchange senior subordinated notes which have been registered under the Securities Act for any and all of its outstanding senior subordinated 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 Securities and Exchange Commission (the "SEC") set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offers in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by you (unless you are our "affiliate" within the meaning of Rule 405 under the Securities Act)

	without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that: you are acquiring the exchange notes in the ordinary course of your business; and you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes. If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any resale of the exchange notes. See "Plan of Distribution." Any holder of outstanding notes who: is our affiliate; does not acquire exchange notes in the ordinary course of its business; or tenders its outstanding notes in the exchange offers 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 offers will expire at 11:59 p.m., New York City time, on September 4, 2009, 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 applicable 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 applicable exchange offer.
Conditions to the Exchange Offers	Each exchange offer is subject to customary conditions, which First Data may waive. See "The Exchange Offers Conditions to the Exchange Offers."
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offers, you must complete, sign and date the applicable accompanying letter of transmittal, or a facsimile of such letter of transmittal, according to the instructions contained in this prospectus and

	the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of such letter of transmittal, together with your outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company ("DTC") and wish to participate in the exchange offers, you must comply with the Automated Tender Offer Program procedures of DTC by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things: you are not our "affiliate" within the meaning of Rule 405 under the Securities Act; you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; you are acquiring the exchange notes in the ordinary course of your business; and if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities, you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the applicable 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 Offers 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 offers, First Data and the guarantors of the outstanding notes will have fulfilled a covenant under the applicable registration rights agreement. Accordingly, there will be no increase in the applicable interest rate on the outstanding notes under the circumstances described in the registration rights agreements. If you do not tender your outstanding notes in the applicable exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the applicable 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 applicable registration rights agreement. To the extent that outstanding notes are tendered and accepted in the exchange offers, 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 applicable 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 offers, First Data and the guarantors of the notes do not currently anticipate that they will register the outstanding notes under the Securities Act.
Certain United States Federal Income Tax Consequences	The exchange of outstanding notes for exchange notes in the exchange offers 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 offers. See "Use of Proceeds."
Exchange Agent	Wells Fargo Bank, National Association is the exchange agent for the exchange offers. The addresses and telephone numbers of the exchange agent are set forth in the section captioned "The Exchange Offers 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 applicable registration rights agreement.

Issuer	First Data Corporation
Securities Offered	\$1,550,000,000 aggregate principal amount of exchange senior cash-pay notes \$3,180,162,544 aggregate principal amount of exchange senior PIK notes \$2,500,000,000 aggregate principal amount of exchange senior subordinated notes
Maturity Date	The exchange senior notes will mature on September 24, 2015. The exchange senior subordinated notes will mature on March 31, 2016.
Interest Rate	Interest on the exchange senior cash-pay notes will be payable in cash and will accrue at a rate of $9^7/_8$% per annum. Interest on the exchange senior PIK notes will accrue at the rate of $10^{11}/_{20}$% per annum that will be paid entirely by increasing the principal amount of the exchange senior PIK notes or by issuing exchange senior PIK notes ("PIK interest") for any interest payment period up to and including September 30, 2011. Beginning on October 1, 2011, interest subsequently due on the exchange senior PIK notes will be payable in cash. Interest on the exchange senior subordinated notes will be payable in cash and will accrue at a rate of $11^1/_4$% per annum.
Interest Payment Dates	We will pay interest on the exchange notes on March 31 and September 30. Interest began to accrue from the issue date of the notes.
Ranking	The exchange senior notes will be unsecured senior obligations and will: rank senior in right of payment to all existing and future subordinated indebtedness (including the senior subordinated notes); rank equal in right of payment with all of our existing and future senior indebtedness (including the existing $9^7/_8$% senior notes and the senior notes); be effectively junior, 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 junior in right of payment to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries).

As of March 31, 2009, the exchange senior notes and related guarantees would have been ranked effectively junior to (1) approximately $12,784.5 million of secured indebtedness under our senior secured credit facilities, (2) $211.1 million of other secured debt, which represents capital leases, and (3) an additional $1,634.4 million of available capacity under our senior secured revolving credit facility (without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009).

As of March 31, 2009, the exchange senior notes and related guarantees would have been structurally subordinated to (1) $7,500.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and €91.1 million and $115.0 million Australian dollars, respectively, notional of cross currency swaps that serve as net investment hedges (which represented a net negative mark to market (liability) of $510.8 million as of March 31, 2009) and (2) $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts, if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty.

The exchange senior subordinated notes will be unsecured senior subordinated obligations and will:

rank senior in right of payment to all existing and future indebtedness expressly subordinated to the exchange senior subordinated notes offered hereby;

rank equal in right of payment with all of our existing and future senior subordinated indebtedness;

rank junior in right of payment to our and the guarantors' existing and future senior indebtedness (including obligations under our senior secured credit facilities, the existing $9^{7}/_{8}$% senior notes and the senior notes); and

be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries).

As of March 31, 2009, the exchange senior subordinated notes and related guarantees would have been effectively subordinated to (1) approximately $19,714.7 million of senior indebtedness under our senior secured credit facilities, the existing $9^{7}/_{8}$% senior notes and the senior notes, (2) $211.1 million of other secured debt, which represents capital leases, and (3) an additional $1,634.4 million of available capacity under our senior secured revolving credit facility (without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009).

As of March 31, 2009, the exchange senior subordinated notes and related guarantees would have been subordinated to (1) $7,500.0 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and €91.1 million and $115.0 million Australian dollars, respectively, notional of cross currency swaps that serve as net investment hedges (which represented a negative mark to market (liability) of $510.8 million as of March 31, 2009) and (2) $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts, if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty.

Guarantees

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

- rank senior in right of payment to all existing and future subordinated indebtedness of the guarantor subsidiary, including their guarantees under our senior subordinated notes;
- rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiary, including their guarantees under our senior notes and their guarantees of the existing $9^{7}/_{8}$% senior notes;
- be effectively subordinated, to the extent of the value of the assets securing such indebtedness, to our and the guarantors' obligations under the senior secured credit facilities (including any future obligations thereto); and
- be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of any subsidiary of a guarantor that is not also a guarantor of the notes.

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

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

- rank senior in right of payment to all existing and future indebtedness of the guarantor expressly subordinated to the senior subordinated notes;
- rank equally in right of payment with all existing and future senior subordinated indebtedness of the guarantor;
- rank junior in right of payment to our and the guarantors' obligations under our senior secured credit facilities, the existing $9^{7}/_{8}$% senior notes and the senior notes; and
- be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any subsidiary of a guarantor that is not also a guarantor of the notes.

Our non-guarantor subsidiaries accounted for approximately $353.3 million, or 17.0%, of our consolidated revenue for the three months ended March 31, 2009, and approximately $5,894.1 million, or 20.5%, of our total assets excluding settlement assets as of March 31, 2009.

Optional Redemption	We may redeem any series of exchange notes, in whole or in part, at any time prior to September 30, 2011, at a price equal

	to 100% of the principal amount of the exchange notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium," as described under "Description of Senior Notes Optional Redemption" and "Description of Senior Subordinated Notes Optional Redemption." We may redeem any series of exchange notes, in whole or in part, on or after September 30, 2011, at the redemption prices set forth under "Description of Senior Notes Optional Redemption" and "Description of Senior Subordinated Notes Optional Redemption." Additionally, from time to time on or before September 30, 2010, we may choose to redeem up to 35% of the principal amount of each series of the exchange senior notes and the exchange senior subordinated notes with the proceeds from one or more public equity offerings at the redemption prices set forth under "Description of Senior Notes Optional Redemption" and "Description of Senior Subordinated Notes Optional Redemption." At the end of any "accrual period" (as defined in Section 1272(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code")) ending after September 24, 2012 (each, an "Optional Interest Repayment Date"), we may pay in cash all accrued but unpaid interest and all accrued but unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) on the senior PIK notes then outstanding up to, in the aggregate, the "Optional Interest Repayment Amount," (as defined below) (each such redemption, an "Optional Interest Repayment"). The "Optional Interest Repayment Amount" shall mean, as of each Optional Interest Repayment Date, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the senior PIK notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the senior PIK notes multiplied by (ii) the "yield to maturity" (as defined in Treasury regulation Section 1.1272-1(b)(1)(i)) of the senior PIK notes, minus (c) $50,000,000. On the applicable interest payment date with respect to the senior PIK notes closest to March 31, 2015, we will repay in full an amount of senior PIK notes equal to $50,000,000.
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 Senior Notes

	Repurchase at the Option of Holders Change of Control" and "Description of Senior Subordinated 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 Senior Notes Repurchase at the Option of Holders Asset Sales" and "Description of Senior Subordinated Notes Repurchase at the Option of Holders Asset Sales."
Certain Covenants	The indentures 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 Senior Notes" and "Description of Senior Subordinated Notes."
Voting	The senior notes will be treated along with the existing $9^7/_8$% senior notes as a single class for voting purposes. The senior subordinated notes will be treated as a single class for voting purposes.
Original Issue Discount	Interest on the senior PIK notes will be paid in PIK interest for each interest period up to and including September 30, 2011. As a result, for United States federal income tax purposes, none of the interest payments on the senior PIK notes will be qualified stated interest. Consequently, the senior PIK notes will be treated as having been issued with original issue discount, and U.S. holders (as defined in "Certain United States Federal Income Tax Consequences") will be required to include the original issue discount in gross income for United States federal income tax purposes on a constant yield to maturity basis, regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes or whether interest is paid currently in cash.

	If the senior cash-pay notes or senior subordinated notes were to be treated as having been issued with original issue discount, a U.S. holder of those notes would be subject to similar tax treatment. For more information about the application of the original issue discount rules, 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, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any such market that may develop. The current holders of the outstanding notes have informed us that they currently intend to make a market in the exchange notes; however, they are not obligated to do so, and they may discontinue any such market-making activities at any time without notice.

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

RISK FACTORS

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

Risks Related to the Exchange Offers

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 offers, 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 applicable 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 Offers" and "The Exchange Offers" for information about how to tender your outstanding notes.

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

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

We are offering the exchange notes to the holders of the outstanding notes. The outstanding notes were issued in a private placement in September 2008 to institutional investors and are eligible for trading in the PORTAL market.

We do not intend to apply for a listing of the exchange notes on a securities exchange or on any automated dealer quotation system. There is currently no established market for the exchange notes, and we cannot assure you as to the liquidity of markets that may develop for the exchange notes, your ability to sell the exchange notes or the price at which you would be able to sell the exchange notes. If such markets were to exist, the exchange notes could trade at prices that may be lower than their principal amount or purchase price depending on many factors, including prevailing interest rates, the market for similar notes, our financial and operating performance and other factors. 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 offers must deliver a prospectus in connection with resales of the exchange notes.

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

Risks Related to Our Indebtedness

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

We are highly leveraged. The following chart shows our level of indebtedness and certain other information as of March 31, 2009.

	(in millions)
Senior secured credit facilities(1)	
Revolving credit facility	$ 135.0
Term loan facility	12,649.5
Existing 9 7/8% senior notes(2)	2,200.0
Outstanding senior cash-pay notes(2)	1,550.0
Outstanding senior PIK notes(2)	3,180.2
Outstanding senior subordinated notes(2)	2,500.0
Capital lease obligations and other debt(3)	409.5
Total	$ 22,624.2

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(1) Our senior secured credit facilities consist of (a) a $2,000.0 million senior secured revolving credit facility with a term through the third quarter of 2013 and $135.0 million of which was outstanding as of March 31, 2009 (without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009) and (b) a $13,000.0 million senior secured term loan facility with an ultimate maturity of September 24, 2014. The principal balance of the term loan facility was $12,649.5 million as of March 31, 2009 and is net of quarterly installment payments of 1% annual principal amortization of the original funded principal amount and also reflects the foreign exchange impact of the euro-demoninated portion. See "Description of Other Indebtedness Senior Secured Credit Facilities."

(2) The $2,200.0 million existing 9 7/8% senior notes, the $1,550.0 million outstanding senior cash-pay notes and the $3,180.2 million outstanding senior PIK notes are scheduled to mature on September 24, 2015. The $2,500.0 million outstanding senior subordinated notes are scheduled to mature on March 31, 2016.

(3) Consists primarily of $73.8 million of our 3.9% Notes due 2009, 4.5% Notes due 2010, 5.625% Notes due 2011, 4.7% Notes due 2013, 4.85% Notes due 2014 and 4.95% Notes due 2015 that were outstanding prior to the Merger and remain outstanding as of March 31, 2009 (net of purchase price adjustments to reflect debt at fair market value effective with the Merger)(the "Previously Existing Notes"), $211.1 million of capital lease obligations and $124.4 million of borrowings outstanding against lines of credit associated with our non-guarantor subsidiaries and other settlement activity funding provided by a joint venture partner on an uncommitted basis. We have $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and

other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted, but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty.

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

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under our senior secured credit facilities, will be at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indentures 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 as a result of our increased leverage;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

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

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

At March 31, 2009, we had $12,784.5 million aggregate principal amount of variable rate indebtedness under our senior secured credit facilities. A 100 basis point increase in such rates would increase our annual interest expense by approximately $127.8 million. At March 31, 2009 and currently, we have interest rate swaps that fix the interest rate on $7.5 billion in notional amount of this variable rate indebtedness thus reducing the impact of a 100 basis point increase in rates to $52.8 million.

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indentures governing the notes, the indenture governing the existing $9^{7}/_{8}$% senior notes, the indenture governing the senior PIK notes of Holdings, and our senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition to the $1,634.4 million (which reflects $135.0 million drawings as of March 31, 2009 and an unfunded commitment of $230.6 million (due to the September 2008 bankruptcy filing by an affiliate of Lehman Brothers Holdings, Inc. and lack of assurance they will participate in any future funding request) but without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009) which will be available to us for borrowing under the revolving credit facility, the terms of the senior secured credit agreement will enable us to increase the amount available under the term loan and revolving credit facilities by up to an aggregate of $1,500.0 million if we are to obtain loan commitments from banks. In addition, under our outstanding senior unsecured PIK notes, we will pay interest by increasing the principal amount of the outstanding indebtedness until September 30, 2011, which will increase our debt by the amount of any such interest. In addition, we have $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted, but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we will face would increase. In addition, the indentures governing the notes will not prevent us from incurring obligations that do not constitute indebtedness under the indentures.

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

The indentures governing the notes and the indenture governing the existing $9^{7}/_{8}$% senior notes, the indenture governing the senior PIK notes of Holdings and the agreement governing our senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

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

Risks Related to Our Business

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

The global electronic payments industry depends heavily upon the overall level of consumer, business and government spending. A sustained deterioration in the general economic conditions, particularly in the United States or Europe, or increases in interest rates in key countries in which we operate may adversely affect our financial performance by reducing the number 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.

Specifically, general economic conditions in the U.S. and other areas of the world weakened in the second half of 2008 and with a dramatic acceleration in the fourth quarter. Many of our businesses rely in part on the number and size of consumer transactions which have been challenged by a declining U.S. and world economy and difficult credit markets. While we are partially insulated from specific industry trends through our diverse market presence, broad slowdowns in consumer spending had a material impact on 2008 revenues and profits and is expected to have an impact on revenues and profits in 2009 as well. Retail sales are expected to remain relatively flat or decrease during 2009 compared to 2008. Even with flat retail sales compared to 2008, our revenues could decrease as sales may continue to shift to large discount merchants from which we earn less per transaction. 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 us 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 our future revenues and 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.

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 a joint venture, either contractually or through a separate legal entity. Merchant contracts may be contributed to the venture by us and/or the bank or institution. The banks and other institutions generally provide card association sponsorship, clearing and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other relationship. We provide transaction processing and related functions. Both alliance partners may provide management, sales, marketing, and other administrative services. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner.

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

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 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 and agents will be unable to satisfy obligations for which we may also be liable.

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

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

We are in the process of consolidating our data centers and command centers in the United States and internationally. In addition, we are implementing other cost improvement and cost containment programs across all of our business segments. While we expect our cost saving initiatives to result in significant cost savings throughout our organization, our estimated savings are based on several assumptions that may prove to be inaccurate, and as a result we cannot assure that we will realize these cost savings. The failure to achieve our estimated cost savings would negatively affect our financial condition and results of operations.

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

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

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

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

In order to provide our transaction processing services, several of our subsidiaries are registered with Visa and MasterCard and other networks as members or service providers for member institutions. As such, we and many of our customers are subject to card association and network rules that could subject us or our customers to a variety of fines or penalties that may be levied by the card associations or networks for certain acts or omissions by us, acquirer customers, processing customers and merchants. Visa, MasterCard and other networks, some of which are our competitors, set the standards with 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, operating results and financial condition.

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

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

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

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

There is also increasing scrutiny of a number of credit card practices, from which some of our customers derive significant revenue, by the U.S. Congress and governmental agencies.

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

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.

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 our company 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 regards to our technology 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 service or result in a settlement that could be material 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 in the litigation matters, or any other legal proceeding, we may be forced to pay damages or fines and/or change our business practices, any of which could have a material adverse effect on our revenue and profitability. For more information about our legal proceedings, see "Business Legal Proceedings."

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

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

We also manage our business with a number of key personnel that do not have employment agreements with us. In connection with the appointment of a new Chief Executive Officer concurrent with the closing of the Merger, changes have been and may continue to be made to our senior management. We cannot assure you that key personnel, including executive officers, will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

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

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

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

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

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

We depend heavily on the reliability of our processing systems in our core 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.

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

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

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

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

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

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

- managing geographically separated organizations, systems and facilities;

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

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

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 is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indentures 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 any series of the notes is effectively junior to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

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

As of March 31, 2009, we had $12,784.5 million of senior secured indebtedness, which is indebtedness under our senior secured credit facilities, not including the availability of an additional $1,634.4 million under our revolving credit facility (which gives effect to an unfunded commitment of $230.6 million (due to the September 2008 bankruptcy filing by an affiliate of Lehman Brothers Holdings Inc. and lack of assurance they will participate in any future funding request) but without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009), up to an additional $1,500 million of term loan and revolving credit facilities that we are permitted to obtain under our senior secured credit agreement if we are able to obtain loan commitments from banks, $7,500 million notional of floating rate to fixed rate swaps that hedge interest rate risk exposure on the senior secured term loan facility and €91.1 million and $115.0 million Australian dollars notional of cross currency swaps that serve as net investment hedges. The indentures governing the notes will permit us, our subsidiary guarantors and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

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

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

Our non-guarantor subsidiaries accounted for approximately $353.3 million, or 17.0%, of our consolidated revenue for three months ended March 31, 2009, and approximately $5,894.1 million, or 20.5%, of our total assets excluding settlement assets as of March 31, 2009.

In addition, we have $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted, but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty.

Your right to receive payments on the exchange senior subordinated notes and the guarantees thereof will be junior to the rights of the holders of all of our senior debt, including our existing 9$^7/_8$% senior notes and the exchange senior notes, and the senior indebtedness of our guarantors and any of our guarantors' future senior indebtedness.

The exchange senior subordinated notes and the guarantees thereof will be general unsecured obligations that rank junior in right of payment to all of our and our guarantors' senior indebtedness. As of March 31, 2009, we had approximately $20,050.2 million of senior indebtedness, comprised of $12,784.5 million of borrowings under the senior secured credit facilities, $6,930.2 million of senior notes and existing $9^{7}/_{8}$% senior notes and $335.5 million of other debt, including capital lease obligations, lines of credit and settlement funding activity provided by our joint venture partner in the Merchant Solutions joint venture. An additional $1,634.4 million was available to be drawn under our revolving credit facility (which gives effect to an unfunded commitment of $230.6 million (due to the September 2008 bankruptcy filing by an affiliate of Lehman Brothers Holdings Inc. and lack of assurance they will participate in any future funding request) but without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009). We have $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted, but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty. In addition, we have the option to increase the amount available under the term loan and revolving credit facilities by up to an aggregate of $1,500.0 million if we are able to obtain loan commitments. We may not pay principal, premium, if any, interest or other amounts on account of the exchange senior subordinated notes in the event of a payment default or certain other defaults in respect of certain of our senior indebtedness, including debt under our existing $9^{7}/_{8}$% senior notes, the senior notes and our senior secured credit facilities, unless the senior indebtedness has been paid in full or the default has been cured or waived. In addition, in the event of certain other defaults with respect to certain of our senior indebtedness, we may not be permitted to pay any amount on account of the exchange senior subordinated notes for a designated period of time. See "Description of Senior Subordinated Notes."

Because of the subordination provisions in the exchange senior subordinated notes, in the event of our or our guarantors' bankruptcy, liquidation or dissolution, our or their assets will not be available to pay obligations under the exchange senior subordinated notes and the related guarantees until we have made all payments in cash on our and our guarantors' senior indebtedness. Sufficient assets may not remain after all these payments have been made to make any payments on the exchange senior subordinated notes, including payments of principal or interest when due.

In addition, all payments on the exchange senior subordinated notes and the guarantees thereof will be blocked in the event of a payment default on our senior indebtedness, and for limited periods, upon the occurrence of other defaults under our senior secured credit facilities or certain other senior indebtedness, including our existing $9^{7}/_{8}$% senior notes and the senior notes. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our guarantors, holders of the exchange senior subordinated notes will participate with trade creditors and all other holders of our and our guarantors' subordinated indebtedness in the assets remaining after we and our guarantors have paid all of our senior indebtedness. However, because the senior secured credit facilities and the indentures governing the senior notes and the existing $9^{7}/_{8}$% senior notes will require that amounts otherwise payable to holders of the exchange senior subordinated notes and guarantees thereof in a bankruptcy or similar proceeding be paid to holders of senior indebtedness, holders of the exchange senior subordinated notes and guarantees thereof may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and our guarantors may not have sufficient funds to pay all of our creditors and holders of the exchange senior subordinated notes and guarantees thereof may receive less, ratably, than the holders of our senior indebtedness.

The voting interest of the holders of the exchange senior notes may be diluted.

The exchange senior notes, the outstanding senior notes and the existing $9^7/_8$% senior notes will not be treated as separate classes for voting purposes, but rather as a single class of debt. Consequently, any action requiring the consent of holders of the outstanding principal amount of the exchange senior notes under the indenture governing the exchange senior notes will also require the consent of holders of the outstanding senior notes and the existing $9^7/_8$% senior notes and the individual voting interest of each holder of the exchange senior notes is accordingly diluted.

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

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

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

Any default under the agreements governing our indebtedness, including a default under the senior secured credit facilities, the indenture governing the existing $9^7/_8$% senior notes or the indentures governing the notes, that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our indebtedness (including covenants in our senior secured credit facilities, the indenture governing the existing $9^7/_8$% senior notes and the indentures governing the notes), we could be in default under the terms of the agreements governing such indebtedness, including our senior secured credit facilities, the indenture governing the existing $9^7/_8$% senior notes and the indentures governing the notes. In the event of such default,

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

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

- we could be forced into bankruptcy or liquidation; and

- the subordination provision in the exchange senior subordinated notes may prevent us from paying any obligation with respect to such notes.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders or holders under our senior secured credit facilities, the holders of the existing $9^7/_8\%$ senior notes and the holders of the notes to avoid being in default. If we breach our covenants under our senior secured credit facilities, the indenture governing the existing $9^7/_8\%$ senior notes or the indentures governing the notes 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, the indenture governing the existing $9^7/_8\%$ senior notes or the indentures governing the notes, the lenders or holders 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, the indenture governing our existing $9^7/_8\%$ senior notes and the indentures governing the notes, 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, the indenture governing our existing $9^7/_8\%$ senior notes and the indentures governing the notes. Our failure to repurchase the notes upon a change of control would cause a default under the indentures governing the notes and a cross default under the senior secured credit facilities and the indenture governing the existing $9^7/_8\%$ senior notes. The senior secured credit facilities also provide that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions.

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

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

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

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

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay such debts as they mature; or
- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

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

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

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

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

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

U.S. holders will be required to pay United States federal income tax as original issue discount accrues on the senior PIK notes whether or not we pay cash interest.

The interest on the senior PIK notes will be payable in PIK interest for each interest period up to and including September 30, 2011. As a result, for United States federal income tax purposes, none of the interest payments on the senior PIK notes will be qualified stated interest. Consequently, the senior PIK notes will be treated as having been issued with original issue discount, and U.S. holders (as defined in "Certain United States Federal Income Tax Consequences") will be required to include the original issue discount in gross income for United States federal income tax purposes on a constant yield to maturity basis, regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes or whether interest is paid currently in cash. If the senior cash-pay notes or senior subordinated notes were to be treated as having been issued with original issue discount, a U.S. holder of those notes would be subject to similar tax treatment. See "Certain United States Federal Income Tax Consequences" for more detail.

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

Affiliates of KKR indirectly own approximately 39.5% of our voting capital stock. Affiliates of KKR are entitled to elect all of our directors, to appoint new management and to approve actions requiring the approval of the holders of our capital stock, including adopting amendments to our certificate of incorporation and approving mergers or sales of substantially all of our assets.

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

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," "estimates," or "anticipates" or similar expressions which concern our strategy, plans, projections or intentions. All statements we make relating to revenue, EBITDA, earnings, margins, growth rates and other financial results for future periods are forward-looking statements. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Important factors upon which our forward-looking statements are premised include:

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

(b) timely, successful and cost-effective consolidation of our processing platforms and data centers;

(c) continued growth at rates approximating recent levels for card-based payment transactions and other product markets;

(d) successful conversions under service contracts with major clients;

(e) successful and timely integration of significant businesses and technologies acquired by us and realization of anticipated synergies;

(f) timely, successful and cost-effective implementation of processing systems to provide new products, improved functionality and increased efficiencies;

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

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

(i) achieving planned revenue growth throughout the company, including in the merchant alliance program which involves several joint ventures 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;

(j) 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;

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

(l) attracting and retaining qualified key employees;

(m) 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;

(n)

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

(o) no unanticipated developments relating to previously disclosed lawsuits, investigations or similar matters;

(p) 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;

(q) no material breach of security of any of our systems; and

(r) successfully managing the potential both for patent protection and patent liability in the context of rapidly developing legal framework for expansive software patent protection.

Variations from these assumptions or failure to achieve these objectives could cause actual results to differ from those projected in the forward-looking statements. 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. Due to the uncertainties inherent in forward-looking statements, readers are urged not to place undue reliance on these statements.

USE OF PROCEEDS

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

CAPITALIZATION

The following table summarizes our cash position and capitalization as of March 31, 2009. This table should be read in conjunction with the information included under the headings "Use of Proceeds," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2009 (Unaudited) (in millions)
Cash and cash equivalents	$ 422.1
Debt:	
Senior secured credit facilities:	
Revolving credit facility(1)	$ 135.0
Term loan facility(2)	12,649.5
Existing $9^{7}/_{8}$% senior notes(3)	2,200.0
Outstanding senior cash-pay notes(4)	1,550.0
Outstanding senior PIK notes(4)	3,180.2
Outstanding senior subordinated notes(4)	2,500.0
Previously Existing Notes	73.8
Capital lease obligations	211.1
Other existing debt(5)	124.6
Total debt	22,624.2
Equity	2,056.4
Total capitalization	$ 24,680.6

(1) Our $2,000.0 million senior secured revolving credit facility has a term through the third quarter of 2013. As of March 31, 2009, $135.0 million was drawn on the facility (without giving effect to approximately $39.4 million of outstanding letters of credit as of March 31, 2009). Since an affiliate of Lehman Brothers Holdings Inc. filed for bankruptcy in September 2008, it has not funded its $230.6 million commitment under the senior secured revolving credit facility and there is no assurance they will participate in any future funding requests or that we could obtain replacement loan commitments from other banks. We are monitoring the financial stability of other financial institutions that have made commitments under the revolving credit facility, none of which represent more than approximately 15% of the remaining capacity. See "Description of Other Indebtedness Senior Secured Credit Facilities."

(2) Our $13,000.0 million senior secured term loan facility has an ultimate maturity of September 24, 2014. The term loan facility balance as of March 31, 2009 is net of quarterly installment payments

of 1% annual principal amortization of the original funded principal amount and also reflects foreign exchange impact of euro denominated portion of loan.

(3)

Our existing $9^{7}/_{8}\%$ senior notes mature on September 24, 2015. Interest accrues on the existing $9^{7}/_{8}\%$ senior notes at a rate of $9^{7}/_{8}\%$ per annum. The existing $9^{7}/_{8}\%$ senior notes are fully and unconditionally guaranteed on a senior basis by each subsidiary that guarantees our senior secured credit facilities.

(4)

Our outstanding senior cash-pay notes mature on September 24, 2015. Interest accrues on the outstanding senior cash-pay notes at a rate of $9^{7}/_{8}\%$ per annum. Our outstanding senior PIK notes mature on September 24, 2015. Interest on the outstanding senior PIK notes accrues at the rate of $10^{11}/_{20}\%$ per annum that will be paid entirely by increasing the principal amount of the outstanding senior PIK notes or by issuing outstanding senior PIK notes ("PIK interest") for any interest payment period up to and including September 30, 2011. Beginning on October 1, 2011, interest subsequently due on the outstanding senior PIK notes will be payable in cash. The outstanding senior subordinated notes mature on March 31, 2016. Interest accrues on the outstanding senior subordinated notes a the rate of $11^{1}/_{4}$ per annum.

(5)

Consists of $97.3 million of borrowings outstanding under lines of credit and $27.3 million of miscellaneous notes payable. We have $369.2 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available to fund settlement activity and are associated with First Data Deutschland, Cashcard Australia, Ltd., the joint venture with AIB, First Data Polska and the Merchant Solutions joint venture. Except for $13.5 million available for working capital needs, we cannot use these lines of credit and other agreements for general corporate purposes. Certain of these arrangements are uncommitted, but, as of March 31, 2009, we had borrowings outstanding against them. The totals available, including all committed amounts and uncommitted amounts if borrowings were outstanding, in functional currencies as of March 31, 2009, were approximately 215 million euro, 160 million Australian dollars and 205 million Polish zloty.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data of the Predecessor for the year ended December 31, 2006 and for the period from January 1, 2007 through September 24, 2007 have been derived from our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. The selected historical consolidated financial data of the Successor as of December 31, 2007 and 2008 and for the period from September 25, 2007 through December 31, 2007 and for the year ended December 31, 2008 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, 2005 have been derived from our audited consolidated financial statements and related notes thereto not included in this prospectus. The selected historical consolidated financial data of the Predecessor as of December 31, 2004 and 2005 and for the year ended December 31, 2004 have been derived from our unaudited consolidated financial statements not included in this prospectus. The selected historical financial data as of and for the three months ended March 31, 2009 and March 31, 2008 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus.

Although First Data continued as the same legal entity after the Merger, the financial data for 2007 is presented for two periods: Predecessor and Successor, which relate to the period preceding the Merger and the period succeeding the Merger, respectively. "First Data," "the Company," "we," "us" and "our" refers to our operations and our consolidated subsidiaries for both the Predecessor and Successor periods.

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

	Predecessor				**Successor**			
	As of and for the Year Ended December 31,			**Period from January 1 through September 24,**	**As of December 31, 2007 and period from September 25, through December 31,**	**As of and for the Year Ended December 31,**	**As of and for the Three Months Ended March 31,**	
	2004	**2005**	**2006**	**2007**	**2007(7)**	**2008**	**2008**	**2009**
	(in millions)							
Statement of Operations Data:								
Revenues	$ 6,633.4	$ 6,526.1	$ 7,076.4	$ 5,772.9	$ 2,278.5	$ 8,811.3	$ 2,126.5	$ 2,076.2
Expenses:								
Cost of services (exclusive of items shown below)(1)	2,741.9	2,307.2	2,493.3	2,207.3	790.3	3,048.0	756.8	786.5
Cost of products sold(1)	223.3	249.6	281.0	209.2	87.3	316.8	70.9	63.5
Selling, general and administrative(1)	1,061.6	1,010.8	1,129.3	1,058.8	367.9	1,197.4	304.3	254.3
Reimbursable debit network fees, postage and other	1,084.7	1,283.4	1,467.6	1,257.5	510.4	2,100.7	478.8	589.6
Depreciation and amortization(1)		610.0	619.7	476.4	367.8	1,369.7	319.1	329.5
Other operating expenses, net(2)	120.3	142.6	5.0	23.3	(0.2)	3,255.6		22.4
	5,231.8	5,603.6	5,995.9	5,232.5	2,123.5	11,288.2	1,929.9	2,045.8
Operating profit	1,401.6	922.5	1,080.5	540.4	155.0	(2,476.9)	196.6	30.4
Interest income	23.1	12.4	55.5	30.8	17.9	26.0	9.0	3.3
Interest expense	(116.4)	(190.9)	(248.0)	(103.6)	(584.7)	(1,964.9)	(517.7)	(448.2)
Other income (expense)(3)	150.1	145.8	22.6	4.9	(74.0)	(14.4)	(43.2)	23.3
Income (loss) before income taxes, equity earnings in affiliates and discontinued operations	1,458.4	889.8	910.6	472.5	(485.8)	(4,430.2)	(355.3)	(391.2)
Income tax (benefit) expense	356.5	188.3	203.7	125.8	(176.1)	(699.2)	(130.5)	(144.8)
Equity earnings in affiliates	163.2	232.9	283.1	223.0	46.8	123.0	32.1	18.5
Net (loss) income from continuing operations	1,265.1	934.4	990.0	569.7	(262.9)	(3,608.0)	(192.7)	(227.9)
Less: Net income from continuing operations attributable to noncontroling interests	113.8	126.9	142.3	105.3	39.0	156.3	29.0	3.4
Net (loss) income from continuing operations attributable to First Data Corporation	$ 1,151.3	$ 807.5	$ 847.7	$ 464.4	$ (301.9)	$ (3,764.3)	(221.7)	(231.3)
Balance Sheet Data:								
Cash and cash equivalents	$ 708.4	$ 676.4	$ 1,154.2		$ 606.5	$ 406.3	$ 701.9	$ 422.1
Current and long-term settlement assets	14,995.5	16,076.3	19,149.8		18,228.4	8,662.9	16,000.1	7,995.7
Total assets	32,718.8	34,248.5	34,565.8		52,509.3	38,176.1	50,271.1	36,740.9
	4,604.3	5,354.6	2,516.2		22,573.8	22,572.5	22,712.6	22,624.2

Total borrowings (including current portion of long-term borrowings)								
Other Financial Data:								
EBITDA(4)	$ 2,257.1	$ 1,863.3	$ 1,944.7	$ 1,203.2	$ 516.0	$ (965.0)	$ 524.9	$ 420.9
Capital expenditures, net(5)	380.7	327.4	300.1	399.2	112.7	447.8	94.2	81.9
Ratio of earnings to fixed charges(6)	10.93	5.51	4.76	5.64				

(1) Effective in 2008, we revised our Statement of Operations presentation to begin presenting Depreciation and amortization as a separate component of Expenses rather than including it in Cost of services, Cost of products sold and Selling, general and administrative, respectively. The years ended December 31, 2007, 2006 and 2005 have been conformed to this presentation.

(2) Other operating expenses, net include: restructuring, net; impairments; litigation and regulatory settlements; and other. Such expenses include a goodwill impairment charge of $3.2 billion in 2008.

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

(4)

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

EBITDA is calculated as follows:

	Predecessor				Successor			
	For the Year Ended December 31,			For January 1 through September 24,	For September 25, through December 31,	As of and for the Year Ended December 31,	For the three Months Ended March 31,	As of and for the Three Months Ended March 31,
	2004	2005	2006	2007	2007	2008	2008	2009
Net income (loss) from continuing operations attributable to First Data Corporation	$1,151.3	$ 807.5	$ 847.7	$ 464.4	$ (301.9)	$ (3,764.3)	$ (221.7)	$ (231.3)
Interest expense, net	93.3	178.5	192.5	72.8	566.8	1,938.9	508.7	444.9
Income tax (benefit) expense	356.5	188.3	203.7	125.8	(176.1)	(699.2)	(130.5)	(144.8)
Depreciation and amortization(a)	656.0	689.0	700.8	540.2	427.2	1,559.6	368.4	352.1
EBITDA	$2,257.1	$1,863.3	$1,944.7	$ 1,203.2	$ 516.0	$ (965.0)	$ 524.9	$ 420.9

(a)

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

(5)

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

(6)

For purposes of computing the ratio of earnings to fixed charges, fixed charges consist of interest on debt, amortization of deferred financing costs and a portion of rentals determined to be representative of interest. Fixed charges do not include interest on income tax liabilities. Earnings consist of income before income taxes plus fixed charges. Our ratio of earnings to fixed charges is less than one-to-one for the year ended December 31, 2008 as well as the successor period from September 25, 2007 through December 31, 2007. The deficiencies in total earnings were $4,463.5 million for the year ended December 31, 2008 and $478.0 million for the successor period from September 25, 2007 through December 31, 2007. Our ratio of earnings to fixed charges is less than one-to-one for the three months ended March 31, 2009 and 2008, respectively. The deficiencies in total earnings were $376.1 million and $352.2 million, respectively.

(7)

Includes the results of operations (reflecting the change in fair value of forward starting contingent interest rate swaps) of Acquisition Corp. for the period prior to the merger with and into First Data from March 29, 2007 (its formation) through September 24, 2007. Also includes post merger results of First Data for the period from September 25, 2007 to December 31, 2007.

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

The following discussion and analysis of our financial condition and results of operations covers periods prior to and following the Merger. The discussion and analysis of historical periods prior to the consummation of the Merger does not reflect the significant impact that the Merger has had and will have on us, including significantly increased leverage and liquidity requirements. You should read the following discussion of our results of operations and financial condition with the "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 administrative headquarters in Greenwood Village, Colorado and principal executive office 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; official check issuance; and check verification, settlement and guarantee.

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

Segment Realignment

Effective January 1, 2009, our Chief Executive Officer began making strategic and operating decisions with regards to assessing performance and allocating resources based on a new segment structure. Segment results for 2008, 2007 and 2006 have been adjusted to reflect the new structure. We now operate in four business segments: Retail and Alliance Services, Financial Services, International and Integrated Payment Systems ("IPS"). The most significant changes are check verification, settlement and guarantee services moving from the Financial Services segment into the Retail and Alliance Services segment as well as the Prepaid Services segment moving into the Retail and Alliance Services segment. Each of the segments is discussed in more detail in the "Segment Discussion" section below.

Adoption of SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements ("SFAS No. 160"), which modifies reporting for noncontrolling interests (minority interest) in consolidated financial statements. SFAS No. 160 requires noncontrolling interests be reported in equity and establishes a new framework for recognizing net income or loss and comprehensive income by the controlling interest. SFAS No. 160 requires specific disclosures regarding changes in equity interest of both the controlling and noncontrolling parties and presentation of the noncontrolling equity balance and income or loss for all periods presented. SFAS No. 160 is effective for interim and annual periods in fiscal years beginning after December 15, 2008.

Upon adoption, prior period financial statements were revised for the presentation of the noncontrolling interests consistent with the retrospective application required by SFAS No. 160. The impact of the retrospective application of this standard is as follows:

- Reclassifies Minority interest to Net income attributable to noncontrolling interests on the Consolidated Statements of Operations;

- Reclassifies Minority interest to Noncontrolling interests within the total equity section on the Consolidated Balance Sheets;

- Includes changes in Noncontrolling interests on the Consolidated Statements of Equity;

- Reclassifies distributions of cumulative income to minority/noncontrolling interests from operating activities to financing activities and reclassifies purchases of minority/noncontrolling interests from investing activities to financing activities on the Consolidated Statements of Cash Flows. Additionally, reclassifies Minority interest to Net (loss) income on this statement; and

- Adds the Consolidated Statements of Comprehensive (Loss) Income.

In addition, the Company adjusted references to these items in the notes to the Company's Consolidated Financial Statements.

Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is presented for the successor year ended December 31, 2008 as well as the successor period from September 25, 2007 through December 31, 2007 and the predecessor period from January 1, 2007 through September 24, 2007. The full year 2007 is also presented on a pro forma basis along with the historical year ended December 31, 2006. Predecessor and successor periods primarily relate to the periods preceding the Merger (see "Merger" in "2007 Overview" below) and the periods succeeding the Merger, respectively. We believe that the discussion on a pro forma basis is a useful supplement to the historical results as it allows the 2007 results of operations to be analyzed on a more comparable basis to 2008 and 2006 full year results. See the 2007 unaudited pro forma condensed consolidated statement of operations below which reflect the consolidated results of operations as if the Merger had occurred on January 1, 2007. Note that there were no adjustments in the calculation of pro forma revenue and the most significant pro forma adjustments in the calculation of pro forma expense pertained to depreciation and amortization of the re-valued fixed assets and intangible assets and to interest expense on the debt issued in connection with the Merger.

Three Months Ended March 31, 2009 Overview

The following financial summary presents comparative information for the three months ended March 31, 2009 and the three months ended March 31, 2008:

(in millions)	Three months ended March 31, 2009	2008	Percentage Change
Total consolidated revenues	$2,076.2	$2,126.5	(2)%
Total consolidated operating profit	$ 30.4	$ 196.6	(85)%
Retail and Alliance Services segment revenue	$1,156.0	$1,081.1	7%
Financial Services segment revenue	$ 544.2	$ 558.5	(3)%
International segment revenue	$ 368.7	$ 439.1	(16)%

Chase Paymentech Solutions and Wells Fargo Merchant Services

On November 1, 2008 and as described in more detail below, we and JPMorgan Chase terminated our merchant alliance joint venture, Chase Paymentech SolutionsTM ("CPS"), which was our largest merchant alliance. We received our proportionate 49% share of the assets of the joint venture. The new domestic owned and managed business is being operated as part of FDC's Retail and Alliance Services segment. We continue to provide transaction processing and related services for certain merchants of the joint venture that were allocated to JPMorgan Chase but are resident on FDC's

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processing platforms. We historically accounted for our minority interest in the joint venture 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 the three months ended March 31, 2008, CPS comprised the vast majority of the "Equity earnings in affiliates" and the processing and other fees noted in footnote (a) on the face of the Consolidated Statements of Operations.

On December 31, 2008, we and Wells Fargo & Company ("WFB") extended our merchant alliance joint venture, Wells Fargo Merchant Services, LLC ("WFMS") for five years beyond its previously contracted termination date through December 31, 2014. In connection with the agreement to extend WFMS, FDC sold 12.5% of the membership interests to WFB. This resulted in FDC 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 and are reflecting our remaining ownership interest as an equity method investment. In 2009, our share of WFMS's earnings is reflected in the "Equity earnings in affiliates" line in the Consolidated Statements of Operations and therefore consolidated revenues and expenses decreased. In the three months ended March 31, 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 2008 to 2009, 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 income attributable to noncontrolling interests was negatively impacted in 2009 compared to 2008 as the result of the WFMS membership interest sale referred to above but was otherwise largely unaffected by the structural changes. The combined impact of these transactions is referred to in this MD&A as "the net impact of the alliance transactions."

Economic Conditions

General economic conditions in the U.S. and other areas of the world weakened in the second half of 2008 with a dramatic acceleration in the fourth quarter which continued into the first quarter of 2009. Many of our businesses rely in part on the number and size of consumer transactions which have been challenged by a weakened U.S. and world economy and difficult credit markets. Broad slowdowns in consumer spending had a material impact on first quarter 2009 revenues and profits. We experienced increased credit losses during the first quarter of 2009 compared to both the first quarter of 2008 and the fourth quarter of 2008 resulting from a higher level of merchant failures and bankruptcy filings generally attributable to challenges in the current economic environment. We believe this trend could potentially continue if current economic conditions persist or worsen during the remainder of 2009. In addition, our revenues and operating profit during the first quarter of 2009 as compared to the same period in 2008 were adversely impacted by consumer spending shifting to large discount merchants. The shift to large discount merchants had less of an effect in the first quarter 2009 compared to the fourth quarter 2008 due to a higher percentage of sales that occurred at large discount merchants during the holiday season. Also as a result of the current economic conditions in the U.S., credit card issuers have been reducing credit limits and closing accounts and are more selective with regard to whom they issue credit cards. This reduction in the number of accounts and account activity adversely impacted Financial Services segment results in the three months ended March 31, 2009 as discussed below. A continuation of the economic slowdown could adversely impact our future revenues and profits.

Our source of liquidity is principally cash generated from operating activities, supplemented as necessary on a very short-term basis by borrowings against our revolving credit facility. The economic downturn is expected to have at least a near term impact on the capital resources provided by operating activities. We utilized the revolving credit facility at the end of March 2009 on a very short-term basis due to timing of expenditures.

In addition to the current economic conditions, there is also volatility in the credit and capital markets which could adversely impact our results of operations due to the potential for additional investment losses and investment impairments. There were no investment impairments recorded during the three months ended March 31, 2009 and investment losses were not material.

2008 Overview

The following financial summary presents comparative information for the year ended December 31, 2008 versus the year ended December 31, 2007 on a pro forma basis as well as the December 31, 2007 pro forma period compared to the historical year ended December 31, 2006. The 2007 discussion of results for the predecessor and successor periods are presented later in this MD&A.

	Historical	Pro Forma	Historical				
	Successor		Successor	Predecessor		Percent Change	
	Year ended December 31, 2008	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007 (in millions)	Year ended December 31, 2006	Historical 2008 vs. Pro Forma 2007	Pro Forma 2007 vs. Historical 2006
Total consolidated revenues	$ 8,811.3	$ 8,051.4	$ 2,278.5	$ 5,772.9	$ 7,076.4	9%	14%
Total consolidated operating (loss) profit(a)	$ (2,476.9)	$ 550.0	$ 155.0	$ 540.4	$ 1,080.5	NM	(49)%
Retail and Alliance Services segment revenue	$ 4,759.5	$ 4,416.4	$ 1,238.3	$ 3,178.1	$ 4,029.6	8%	10%
Financial Services segment revenue	$ 2,234.1	$ 2,257.9	$ 613.9	$ 1,644.0	$ 2,127.0	(1)%	6%
International segment revenue	$ 1,827.4	$ 1,616.8	$ 490.6	$ 1,126.2	$ 1,231.3	13%	31%

	Year ended December 31,				
	2008	2007	2006		
Key Indicators:					
Domestic merchant transactions	26,856.9	25,359.0	22,626.0	6%	12%
Domestic debit issuer transactions	12,042.2	11,651.4	10,572.4	3%	10%
International transactions	6,438.2	5,476.0	4,591.6	18%	19%
Domestic active card accounts on file (end of period)	127.6	128.3	116.8	(1)%	10%
Domestic card accounts on file (end of period)	637.2	634.8	557.4	0%	14%
International card accounts on file (end of period)	81.2	73.8	48.3	10%	53%

(a) The total consolidated operating loss for 2008 included a goodwill impairment charge recorded in the fourth quarter of $3.2 billion. See the "Goodwill Impairment" discussion below.

Chase Paymentech Solutions

On November 1, 2008, we and JPMorgan Chase terminated our merchant alliance joint venture, Chase Paymentech SolutionsTM ("CPS"), which was our largest merchant alliance. We received our proportionate 49% share of the assets of the joint venture, including domestic merchant contracts, an equity investment in Merchant Link, a full-service independent sales organization ("ISO") and Agent Bank unit, and a portion of the employees. The new domestic owned and managed business is being operated as part of our Retail and Alliance Services segment. We continue to provide transaction processing and related services for certain merchants of the joint venture that were allocated to JPMorgan

Chase but are resident on our processing platforms. We historically accounted for our minority interest in the joint venture under the equity method of accounting. Beginning November 1, 2008, the portion of the CPS business received by us in the separation is reflected on a consolidated basis throughout the financial statements. CPS accounted for the vast majority of the "Equity earnings in affiliates" and the processing and other fees noted in footnote (c) on the face of the Consolidated Statements of Operations. The receipt of the our proportionate share of CPS was accounted for as a purchase business combination. The assets and liabilities received were recorded at their fair values. Purchase accounting and the allocation of the purchase price is preliminary. As a result of the alliance termination and subsequent business combination, we assessed our deferred tax liabilities established at the time of the Merger and reversed $836 million of those liabilities through purchase accounting for our proportionate share of CPS. The separation resulted in the loss of JPMorgan Chase branch referrals and access to the JPMorgan Chase brand. The separation of the joint venture also poses the following potential risks: loss of certain processing volume over time, disruption of the business due to the need to transition to a new financial institution for sponsorship and clearing services for the merchants allocated to FDC, and post-separation competition by JPMorgan, any of which could have a material adverse effect on the our operations and results.

Wells Fargo Merchant Services

On December 31, 2008, we and Wells Fargo & Company ("WFB") extended our merchant alliance joint venture, Wells Fargo Merchant Services, LLC ("WFMS") for five years beyond its previously contractual termination date through December 31, 2014. In connection with the agreement to extend WFMS, FDC sold 12.5% of the membership interests to WFB for cash consideration. This resulted in FDC and WFB owning 40% and 60% of WFMS, respectively, as of December 31, 2008. We and WFB also extended our existing non-alliance sponsorship agreement to provide for non-alliance merchant sponsorship. As a result of the transaction, we deconsolidated the WFMS balance sheet as of December 31, 2008 and are reflecting our remaining ownership interest as an equity method investment. In 2009, our share of WFMS's earnings will be reflected in the "Equity earnings in affiliates" line in the Consolidated Statements of Operations and therefore consolidated revenues and expenses will decrease. A $3.8 million loss was recorded related to this transaction in 2008.

Goodwill Impairment

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. The revised projections resulted from the current global economic situation that caused a decrease in near-term projections and a delay in the attainment of long-term projections. Discount rates were determined on a market participant basis and increased due to the increased risk in the current marketplace and more costly access to capital. 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 a significant impact on the impairment recorded in the current period and could impact future impairment assessments. For instance, a 50 basis point increase in the discount rate would have increased the impairment charge by approximately $1.5 billion while a 50 basis point decrease in the discount rate would have decreased the impairment charge by approximately $1.2 billion. Similarly, a $50 million decrease to the forecasted 2009 operating profit of the Merchant Services reporting unit (included within the Retail and Alliance Services segment), with no change to expected growth rates or other assumptions, would have increased the reporting unit's impairment charge by approximately $0.9 billion while a $50 million increase would have entirely eliminated the reporting unit's impairment charge of $0.7 billion. Accordingly, continued economic deterioration beyond that anticipated and/or increases in the applicable discount rate could result in an additional impairment in future periods. A more detailed description of the impairment testing is presented in "Critical Accounting Policies" below.

Economic Conditions

General economic conditions in the U.S. and other areas of the world weakened in the second half of 2008 with a dramatic acceleration in the fourth quarter. Many of our businesses rely in part on the number and size of consumer transactions which have been challenged by a declining U.S. and world economy and difficult credit markets. After experiencing a rebound in the early part of 2008 from a slow 2007 holiday shopping period, domestic merchant transaction and volume growth subsequently slowed on a year to date basis and particularly in the fourth quarter due to a decline in retail sales as a result of a weakened economy and 2008 holiday shopping period. This reduction in spending is across a wide range of categories, with discounters showing less of an effect than smaller retailers and large specialty retailers. While we are partially insulated from specific industry trends through our diverse market presence, broad slowdowns in consumer spending had a material impact on fourth quarter 2008 revenues and profits and is expected to have an impact on revenues and profits in 2009 as well. Retail sales are expected to remain relatively flat or decrease during 2009 compared to 2008. Even with flat retail sales compared to 2008, our revenues could decrease as sales may continue to shift to large discount merchants from which we earn less per transaction. A further weakening in the economy could also force some smaller retailers to close resulting in exposure to potential credit losses and further transaction declines and us earning less on transactions due also to a potential shift to large discount merchants. Additionally, credit card issuers have been reducing credit limits and closing accounts and are more selective with regard to whom they issue credit cards. A continuation or acceleration of the economic slowdown could adversely impact our future revenues and profits.

Our source of liquidity is principally cash generated from operating activities supplemented as necessary on a very short-term basis by borrowings against our revolving credit facility. The economic downturn is expected to have at least a near term impact on the capital resources provided by operating activities. If the impact is more than expected, certain capital expenditures may be limited and, in an extreme situation, may require the use of the revolving credit facility to fund interest payments or capital expenditures; however, to prevent such measures, we have implemented cost saving initiatives that we expect will allow us to continue to fund such items from operating activities.

In addition to the weakening economic conditions, there is also volatility in the credit and capital markets which could adversely impact our results of operations due to the potential for additional investment losses and impairments.

An affiliate of Lehman Brothers Holdings Inc. provides a commitment in the amount of $230.6 million of our $2.0 billion senior secured revolving credit facility. After filing for bankruptcy in September 2008, the affiliate declined to participate in a request for funding under our senior secured revolving credit agreement and we have no assurances that they will participate in any future funding requests or that we could obtain replacement loan commitments from other banks. In the event we decide to draw upon the senior secured revolving credit facility and the affiliate of Lehman does not fund its obligation in accordance with the credit agreement, we believe our remaining capacity under our senior secured revolving credit facility is sufficient to meet our short-term and long-term liquidity needs. There are multiple institutions that have commitments under this facility with none representing more than approximately 15% of the remaining capacity. We are monitoring the financial stability of other financial institutions that have made commitments under the revolving credit facility and its derivative counterparties. Certain of these financial institutions are receiving support from the federal government in light of current financial conditions. Although these financial institutions remain highly-rated (in the A category or higher), their ability to satisfy their commitments may be dependent on receiving continued support from the federal government.

As of December 31, 2008, we held $492.2 million ($553.1 million par value) of student loan auction rate securities ("SLARS") which are long-term debt instruments, issued by student loan trusts, with variable interest rates that historically reset through a periodic Dutch auction process but do not include a put-back option. Beginning in mid-February 2008 and due largely to uncertainty in the global credit and capital markets, investment banks and broker dealers became less willing to support SLARS and other auction rate securities auctions. As a result, multiple auctions failed, including the auctions for the SLARS still held by us. A failed auction does not represent a default by the issuer of the underlying security. As of December 31, 2008, the majority of the SLARS held by us were rated "AAA" or the equivalent and all had collateral substantially guaranteed by the U.S. government and continued to pay interest in accordance with the terms of their respective security agreements. Due to the lack of observable market activity for the SLARS held by us as of December 31, 2008, we with the assistance of a third party valuation firm, upon which we in part relied, made certain assumptions, primarily relating to estimating both the weighted average life for the securities held by us and the impact of the current lack of liquidity on the fair value. At December 31, 2008, the securities were valued based on a probability weighted discounted cash flow analysis. Each of the securities' key terms including date of issuance, date of maturity, auction intervals, scheduled auction dates, maximum auction rate, as well as underlying collateral, ratings and guarantees or insurance were considered. We recorded an other than temporary impairment loss of $48.0 million in the "Investment income, net" line of the Consolidated Statements of Operations and an unrealized loss of $13.3 million in "Other comprehensive income." As of December 31, 2008, we believe the fair value of the SLARS is materially accurate.

We held money market funds issued by the Reserve Primary Fund, of which, $36 million, $6 million and $12 million were classified within the "Settlement Assets," "Cash and Cash Equivalents" and "Other Current Assets" lines of the Consolidated Balance Sheet, respectively, as of December 31, 2008. We valued the securities based on a delayed settlement confirmation and concluded that the impairment was other than temporary. Unrealized losses of $6.0 million and $3.0 million were recognized in the "Investment income, net" and "Other income (expense)" lines of the Consolidated Statements of Operations, respectively.

We recognized, in the "Investment income, net" line of the Consolidated Statements of Operations, $6.3 million of unrealized losses associated with preferred shares in Federal Home Loan Mortgage Corporation ("Freddie Mac") deemed to be other than temporarily impaired.

As a result of the current economic conditions in the U.S. and around the world, large banks are consolidating. We have long-term contracts with a number of these banks and uncertainty exists around the longevity of these contracts due to the consolidations. Although the contracts have termination fee provisions, uncertainty surrounding the circumstances of the consolidations could potentially lead to asset impairments. One such bank consolidation in 2008 resulted in the receivership of Washington Mutual Bank ("WAMU Bank") and the subsequent acquisition of Washington Mutual Bank fsb and the operations of WAMU Bank (collectively "Washington Mutual"), one of our largest debit customers, by JPMorgan Chase. We received notice from JPMorgan Chase in the first quarter of 2009 that JPMorgan Chase intends to terminate services under certain Washington Mutual agreements with us prior to expiration of their existing terms. We anticipate that we will cease providing services under these Washington Mutual agreements at various dates over the next 18 months. This termination contributed to the goodwill impairment recognized in the fourth quarter 2008 but did not result in impairment of other assets. We anticipate the receipt of certain contract termination fees associated with the termination.

Acquisitions

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

In July 2008, we purchased the remaining 31.8% interest in our Money Network Financial, LLC subsidiary which is reported in the Retail and Alliance Services segment.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. As allowed by the SEC, our policy is to not include in management's assessment of internal controls the internal controls of acquired companies in the year of acquisition if we deem that an assessment could not be adequately accomplished in the normal course of business. All acquisitions that closed in 2008 were not within the scope of management's report on internal controls over financial reporting. We do not deem these acquisitions significant, individually or in aggregate, to the Consolidated Financial Statements.

2007 Overview

Merger

On September 24, 2007, we merged with an affiliate of Kohlberg Kravis Roberts & Co ("KKR") (the "Merger"). The Merger resulted in our equity becoming privately held. We applied purchase accounting to the opening balance sheet and results of operations effective immediately subsequent to the Merger date. The value assigned to intangible assets and fixed assets as well as other purchase accounting adjustments were finalized in the third quarter 2008 other than certain adjustments related to income tax matters that were finalized in the fourth quarter 2008.

Official Check and Money Order Wind-down

In the first quarter of 2007, we announced our intent to wind-down the official check and money order business included within the IPS segment. The official check and money order businesses are conducted by a subsidiary of ours, Integrated Payment Systems Inc., that is licensed to offer payment services that fall under state and federal regulations. This subsidiary has separate creditors and its assets, including the investment portfolio associated with the official checks and money orders, are not intended to be available to our creditors nor its other subsidiaries. The portfolio had been invested largely in long-term municipal bonds until repositioned to short-term tax exempt securities in 2007 in conjunction with the wind-down. In the first quarter of 2008, we further repositioned the investment portfolio associated with this business from short-term tax exempt securities to principally taxable investments. The majority of the clients of this business deconverted during 2008. The remaining clients are expected to deconvert mainly during 2009 though some will be after 2009, in accordance with their respective contract terms. In July 2008, IPS agreed with The Western Union Company ("Western Union") that on October 1, 2009 IPS will assign and transfer to Western Union, among other things, certain assets and equipment used by IPS to issue retail money orders and an amount sufficient to satisfy all outstanding retail money orders. On the closing date, Western Union will assume IPS's role as issuer of the retail money orders. Integrated Payment Systems Inc. will continue to use its licenses to offer payment services that fall under state and federal regulations and the business will continue to operate in a much reduced capacity after all of the client deconversions as outstanding official check and money order clearance activity related to financial institution clients winds down.

2006 Overview

Spin-off of Western Union

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

Discontinued Operations

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

Subsequent Event

Banc of America Merchant Services

On June 29, 2009, Bank of America N.A. and we announced the formation of a new company, Banc of America Merchant Services, LLC. Banc of America Merchant Services will provide clients with a comprehensive suite of payment products including credit, debit, and prepaid cards as well as merchant loyalty, prepaid, check and e-commerce solutions.

We own a 48.45% direct voting interest in Banc of America Merchant Services and Bank of America owns a 46.55% direct voting interest. The remaining stake in Banc of America Merchant Services is a 5% non-voting interest held by Rockmount Investments, LLC, an investment vehicle controlled by a third-party investor. We own a 40% non-controlling interest in Rockmount Investments, LLC.

Bank of America's and our contributions to the newly formed company were principally comprised of merchant acquiring contract rights and relationships and sales forces. Rockmount Investment's contribution was in the form of cash.

Banc of America Merchant Services will be consolidated by us and will be reported in the Retail and Alliance Services segment.

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, or another payment network (such as Discover). Many of the segment's services are offered through joint ventures and other alliance arrangements.

Retail and Alliance Services continues to grow in credit, signature debit and PIN-debit processing through the strength of its merchant alliances, independent sales organizations ("ISO") and referral partners, focused sales force efforts and the development of new POS technologies and payment methods. 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.

Merchant processing and acquiring revenues are driven most significantly by the number of transactions as well as dollar volumes of those transactions. 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.

We experienced declines in transaction and volume growth during the second half of 2008 and the first quarter of 2009 and we expect this trend to continue with a weakened economy. Transactions and dollar volumes will decline primarily due to the termination of the Chase Paymentech Solutions alliance effective November 1, 2008. Prior to November 1, 2008, reported results included 100% of alliance transactions and dollar volumes. Post termination, we will only report transactions and dollar volumes related to its 49% proportionate share of the joint venture's assets. We experienced shifts in transaction volumes from smaller, more profitable merchants to some nationwide discounters and wholesalers in the second half of 2008 and the first quarter of 2009 due to the weakened economy. Trends in consumer spending between national, regional and boutique merchants impact revenue and operating margins as revenue per transaction and operating margins from national merchants are typically less than regional and boutique merchants. The segment has historically experienced three to five percent annual price compression on average, with price compression for the national merchants being higher. Expense reductions and enhanced product offerings help mitigate this impact.

In addition, Retail and Alliance Services provides check verification, settlement and guarantee services. We continue to see a shift to the use of debit cards from credit cards, checks and cash, with the decrease in use of checks negatively affecting our check verification, settlement and guarantee business. 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 is comprised of businesses that provide credit, debit and retail card processing; debit network services; output services, such as statement and letter printing, embossing and mailing services; remittance processing services; and other payment options that support merchants and online retailers and businesses. This segment also provides other payment services such as remote deposit, clearing services and processing for payments which occur in such forms as checks, ACH, wire transfer and stored-value cards. The segment's largest components of revenue consist of fees for account management, transaction authorization and posting, network switching, debit network acquiring and processing as well as reimbursable postage.

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

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. Domestic debit issuer transactions have been the fastest growing type of transaction.

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.

As a result of the current economic conditions in the U.S., credit card issuers have been reducing credit limits and closing accounts and are more selective with regard to whom they issue credit cards. Such practices have adversely impacted credit and retail card processing revenues in 2008 and the first quarter of 2009. Debit processing transaction growth rates have also been negatively impacted by the weakened economy as consumer spending and retail sales have declined. As the weakened economy and credit crisis persist, these trends are expected to continue.

International Segment

The International segment businesses provide card issuing processing, merchant acquiring and processing; ATM and POS processing, driving, acquiring and switching services; software licensing; host processing services; and debit switching services. 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. In 2008, our acquisitions included a 50.1% ownership of a joint venture with AIB in Ireland.

As a result of deteriorating global economic conditions, we anticipate the International segment's revenue and operating profit to be impacted in 2009 by transaction growth pressures, decrease in new business, increased levels of merchant attrition and potential reduced average transaction values.

Integrated Payments Systems

The IPS segment's principle business includes the issuance of official checks which are sold by agents that are financial institutions and the issuance of money orders which are sold by agents that are financial institutions and retail businesses. Revenue is principally earned on invested funds which are pending settlement. This segment is in the process of winding down its official check and money order businesses. For further details refer to the "Official Check and Money Order Wind-Down" in the "2007 Overview" section above.

All Other and Corporate

All Other and Corporate is comprised of our business units not included in the segments noted above as well as our Corporate results. There were no significant developments within All Other and Corporate during 2008.

Industry

Bank industry consolidation impacts existing and potential clients in FDC's service areas. Our alliance strategy could be impacted negatively as a result of 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 are expected to impact us, specifically the Financial Services and Retail and Alliance Services segments, during 2009.

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

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

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

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

Components of Revenue and Expenses

The following briefly describes the components of operating revenues and expenses as presented in the Consolidated Statements of Operations.

Transaction and processing service fees Transaction and processing service fee revenue is comprised of fees related to merchant acquiring; check processing; credit, retail and debit card processing; output and remittance processing; the issuance of official checks and money orders by agents; and payment management services. Revenues are based on a per transaction fee, a percentage of dollar volume processed, accounts on file or some combination thereof. These revenues represent approximately 66% of FDC's 2008 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 network processing 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.

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

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

Reimbursable debit network fees, postage and other Debit network fees from PIN-debit card transactions acquired from merchants are recorded gross with the associated network fee recorded in the corresponding expense caption, principally within the 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.

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.

Consolidated Results of Operations for the Three Months Ended March 31, 2009 and 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.

Consolidated Results

	Three months ended March 31,					
		% of Total		% of Total	Change	
(in millions)	2009	Revenue	2008	Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$1,306.8	64%	$1,379.7	64%	$ (72.9)	(5)%
Investment income, net	5.8	0%	56.0	3%	(50.2)	(90)%
Product sales and other	174.0	8%	212.0	10%	(38.0)	(18)%
Reimbursable debit network fees, postage and other	589.6	28%	478.8	23%	110.8	23%
	$2,076.2	100%	$2,126.5	100%	$ (50.3)	(2)%
Expenses:						
Cost of services (exclusive of items shown below)	$ 786.5	39%	$ 756.8	36%	$ 29.7	4%
Cost of products sold	63.5	3%	70.9	3%	(7.4)	(10)%
Selling, general and administrative	254.3	12%	304.3	14%	(50.0)	(16)%
Reimbursable debit network fees, postage and other	589.6	28%	478.8	23%	110.8	23%
Depreciation and amortization	329.5	16%	319.1	15%	10.4	3%
Other operating expenses, net	22.4	1%		0%	22.4	NM
	$2,045.8	99%	$1,929.9	91%	$115.9	6%

NM Not Meaningful

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 decreased for the three months ended March 31, 2009 compared to the same period in 2008 mostly due to foreign currency exchange rate movements which negatively impacted the transaction and processing service fees growth rate by 4 percentage points. Other items contributing to the decrease were the impact of the weakened economy, price compression and lost business. Partially offsetting these decreases were increases resulting from the net impact of the alliance transactions described above, which benefited the growth rate by 3 percentage points, as well as growth of existing clients.

Investment income, net Revenue decreased for the three months ended March 31, 2009 compared to the same period in 2008 due to lower market interest rates and a decrease in settlement portfolio balances caused by the wind-down of the official check and money order business. Earnings from the official check and money order business were substantially offset by commissions that are netted against earnings on the investment portfolio in the IPS segment. The majority of the investment income was attributable to earnings on settlement assets associated with the merchant acquiring business.

Product sales and other Decreased for the three months ended March 31, 2009 compared to the same period in 2008 due most significantly to a decrease of $29 million in royalty income reflected in All Other and Corporate.

Reimbursable debit network fees, postage and other Revenue and expense increased during the three months ended March 31, 2009 compared to the same period in 2008 most significantly due to the net impact of the alliance transactions described above which benefited the reimbursable debit network fees, postage and other growth rate by 21 percentage points. 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.

Operating expenses overview

Cost of services Increased for the three months ended March 31, 2009 compared to the same period in 2008 due to expenses associated with payments to retail independent sales organizations ("ISO") most significantly as a result of the portion of the CPS alliance we received upon termination which impacted the cost of services growth rate by 4 percentage points. Data center consolidation, platform consolidation, platform development and labor sourcing initiatives also contributed to the increase. Partially offsetting these increases were decreases due to foreign exchange rate movements. Employee related expenses also decreased most significantly due to lower incentive compensation which impacted the cost of services growth rate by 1 percentage point. Cost of services, as a percentage of transaction and processing service fee revenue, increased for the three months ended March 31, 2009 compared to the same period in 2008 as a result of the items noted above.

Cost of products sold Decreased in the three months ended March 31, 2009 compared to the same period in 2008 due to decreases in customer hardware additions and replacements.

Selling, general and administrative Selling, general and administrative expenses decreased for the three months ended March 31, 2009 compared to same period in 2008 as the result of foreign currency exchange rate movements, lower incentive compensation, reductions in force and lower legal and professional fees related to the settlement of certain litigation in 2008. Lower incentive compensation impacted the selling, general and administrate growth rate by 6 percentage points. Selling, general and administrative expenses, as a percentage of transaction and processing service fee revenue, decreased for the three months ended March 31, 2009 compared to the same period 2008 as a result of the items noted above.

Depreciation and amortization Expense increased for the three months ended March 31, 2009 compared to the same period in 2008 due most significantly to the net impact of amortization associated with the alliance transactions noted above as well as an increase due to newly capitalized assets. These increases were partially offset by less amortization in the current period on certain intangible assets that are being amortized on an accelerated basis.

Other operating expenses, net

We recorded restructuring charges comprised of severance totaling $30.0 million and facility closures totaling $0.4 million for the three months ended March 31, 2009. The restructurings resulted in the termination of employees company wide totaling $9.5 million in Retail and Alliance Services, $6.1 million in Financial Services, $10.8 million in International and $3.6 million in All Other and Corporate. The restructurings resulted from the elimination of a select number of management and other positions as part of our cost saving initiatives. Cost saving initiatives are expected to continue into future periods resulting in additional restructuring charges. We estimate cost savings resulting from 2009 restructuring activities of approximately $30 million in 2009 and approximately $40 million on an annual basis. Partially offsetting the charges are reversals of 2008 restructuring accruals of $5.3 million related to our change in strategy related to global labor sourcing initiatives.

Interest expense

Interest expense for the three months ended March 31, 2009 decreased over the same period in 2008 due to lower average interest rates in 2009.

Other income (expense)

(in millions)	Three months ended March 31, 2009	2008
Investment gains and (losses)	$ (0.4)	$ 22.1
Derivative financial instruments gains and (losses)	6.7	(12.8)
Divestitures, net	(0.5)	
Non-operating foreign currency gains and (losses)	17.5	(52.5)
Other income (expense)	$ 23.3	$ (43.2)

Investment gains and (losses) Investment gains for the three months ended March 31, 2008 resulted from the sale of MasterCard stock.

Derivative financial instruments gains and (losses) The net gains and losses for the three months ended March 31, 2009 and 2008 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. The most significant impact resulted from foreign currency exchange rate movements on the cross currency swaps.

Non-operating foreign currency gains and (losses) The net gains and losses related to the mark-to-market of the Company's intercompany loans and its euro-denominated debt.

Income taxes

Our effective tax rate on pretax loss from continuing operations was (38.8%), a tax benefit, and (40.4%), a tax benefit, for the three months ended March 31, 2009 and 2008, respectively. As a result of our adoption of SFAS No. 160, the calculation of the effective tax rate has changed from previous years. The adoption of SFAS No. 160 does not impact the total provision for income taxes; however, our effective tax rate as calculated from the balances shown on the Consolidated Statements of Operations has changed as net income attributable to noncontrolling interests is no longer included as a deduction in the determination of income from continuing operations, the denominator in the effective tax rate computation.

The effective tax rate for the three months ended March 31, 2009 was slightly higher than the combined federal and state statutory rate though it was impacted by several items that substantially offset, including benefits for foreign taxes at lower effective tax rates partially offset by an increase in our liability for unrecognized tax benefits. The effective tax rate for the comparative period in 2008 was higher than the combined statutory rate mostly due to higher net income attributable to noncontrolling interests for pass through entities for which there was no tax expense provided most significantly as the result of the deconsolidation of WFMS as described above.

The balance of our liability for unrecognized tax benefits was approximately $537 million as of March 31, 2009, including approximately $133 million of income tax liabilities for which The Western Union Company is required to indemnify us. As of March 31, 2009, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may decrease by approximately $35 million within the next twelve months as the result of the closure of its 2002 federal tax year. The potential decrease relates to various federal and state tax benefits including research and experimentation credits and certain amortization and loss deductions.

Equity earnings in affiliates

Equity earnings in affiliates decreased for the three months ended March 31, 2009 compared to the same period in 2008 due to the net impact of the alliance transactions described above.

Consolidated Results of Operations for the Years Ended December 31, 2008, 2007 and 2006

The following discussion for both consolidated results and segment results for the year ended December 31, 2008 includes comparisons to the successor period from September 25, 2007 to December 31, 2007 and to the predecessor period from January 1, 2007 to September 24, 2007. On a supplemental basis, 2008 is compared to pro forma results for the year ended December 31, 2007 which reflects consolidated results of operations as if the merger had occurred on January 1, 2007. The consolidated results and segment results for the successor period from September 25, 2007 to December 31, 2007 and the predecessor period from January 1, 2007 to September 24, 2007 compared to the year ended December 31, 2006 are also presented. On a supplemental basis, the pro forma results for the year ended December 31, 2007 period are compared to the year ended December 31, 2006. Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

Consolidated Results

	Historical	Pro Forma	Historical				
	Successor		Successor	Predecessor		Percent Change	
(in millions)	Year ended December 31, 2008	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Historical 2008 vs. Pro Forma 2007	Pro Forma 2007 vs. Historical 2006
Revenues:							
Transaction and processing service fees	$ 5,785.3	$ 5,519.2	$ 1,553.3	$ 3,965.9	$ 5,037.6	5%	10%
Investment income, net	77.1	(75.1)	(8.2)	(66.9)	(128.6)	*	*
Product sales and other	848.2	839.4	223.0	616.4	699.8	1%	20%
Reimbursable debit network fees, postage and other	2,100.7	1,767.9	510.4	1,257.5	1,467.6	19%	20%
	8,811.3	8,051.4	2,278.5	5,772.9	7,076.4	9%	14%
Expenses:							
Cost of services (exclusive of items shown below)	3,048.0	2,883.4	790.3	2,207.3	2,493.3	6%	16%
Cost of products sold	316.8	296.5	87.3	209.2	281.0	7%	6%
Selling, general and administrative	1,197.4	1,276.6	367.9	1,058.8	1,129.3	(6)%	13%
Reimbursable debit network fees, postage and other	2,100.7	1,767.9	510.4	1,257.5	1,467.6	19%	20%
Depreciation and amortization	1,369.7	1,253.9	367.8	476.4	619.7	9%	102%
Other operating expenses, net	3,255.6	23.1	(0.2)	23.3	5.0	*	*
	11,288.2	7,501.4	2,123.5	5,232.5	5,995.9	50%	25%
Interest income	26.0	48.7	17.9	30.8	55.5	(47)%	(12)%
Interest expense	(1,964.9)	(2,036.4)	(584.7)	(103.6)	(248.0)	(4)%	721%
Other income (expense)(a)	(14.4)	(53.3)	(74.0)	4.9	22.6	*	*
Income tax (benefit) expense	(699.2)	(652.1)	(176.1)	125.8	203.7	7%	*
Equity earnings in affiliates	123.0	134.0	46.8	223.0	283.1	(8)%	(53)%
(Loss) income from discontinued operations, net of taxes				(3.9)	690.0		*
Net (loss) income	(3,608.0)	(704.9)	(262.9)	565.8	1,680.0	*	*
Less: Net income attributable to noncontrolling interests	156.3	144.3	39.0	105.0	166.6	8%	(13)%
Net (loss) income attributable to First	$ (3,764.3)	$ (849.2)	$ (301.9)	$ 460.8	$ 1,513.4	*	*

Data Corporation

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* Calculation not meaningful.

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

The following provides highlights of revenue and expense changes on a consolidated basis for the successor year ended December 31, 2008, the predecessor, successor and the pro forma periods in 2007 and the predecessor year ended December 31, 2006 while a more detailed discussion is included in the "Segment Results" section below:

Operating revenues overview

Transaction and processing service fees Revenue was positively impacted in 2008 compared to 2007 due in part to an increase in transaction and processing service fees revenue upon consolidation of acquiring revenues from merchant contracts received from the termination of the Chase Paymentech Solutions alliance effective November 1, 2008 partially offset by the loss of the processing revenue previously earned from the alliance on these same contracts. This positively impacted the transaction and processing service fees growth rate by 1 percentage point in 2008 compared to pro forma 2007. These revenues are now included within our revenue but were previously netted within the "Equity earnings in affiliates" line within the Consolidated Statements of Operations, as the alliance was previously accounted for under the equity method. Other items positively impacting 2008 compared to 2007 were acquisitions, growth of existing clients and annual fees that were not included in the 2007 successor period results due to purchase accounting related to the merger. These benefits were partially offset by price compression, lost business, and the affects of a slowed economy particularly in the fourth quarter of 2008 and including the 2008 holiday season. The 2007 predecessor and successor periods were positively impacted compared to 2006 by acquisitions, growth of existing clients resulting from increased transaction volumes, new business, the benefit from foreign currency exchange rate movements as well as an increase in Electronic Check Acceptance ("ECA") processing revenue. Negatively impacting the 2007 predecessor and successor periods were price compression and lost business.

Investment income, net Revenue benefited in 2008 from reduced commissions that are netted against earnings on the official check and money order business investment portfolio in the IPS segment. The reduced commissions were caused by decreased interest rates and modifications to the contract terms made in conjunction with the wind-down of the official check and money order business. Investment income also benefited during 2008 from the repositioning of the IPS portfolio to taxable investments at the beginning of 2008. Investment income was negatively impacted by investment impairments of $60.3 million recognized in the third and fourth quarters of 2008 (related to the SLARS and other investments discussed above in "Economic Conditions"), lower market interest rates and a decrease in the portfolio balances caused by the wind-down of the official check and money order business.

We expect that investment income will decline in future periods as the official check and money order business continues to wind-down. From an IPS segment perspective, revenues were similarly impacted by the above noted items but were additionally affected by presenting the segment's revenues on a pretax equivalent basis in the 2007 predecessor and successor periods but not in 2008. Such presentation is not necessary in 2008 due to the repositioning of the portfolio to taxable investments. On a pre-tax equivalency basis, investment income decreased significantly in 2008 due to reduced investment balances and lower interest rates as noted above. The impact of this segment presentation in the 2007 predecessor and successor periods was eliminated for consolidated reporting purposes.

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

Product sales and other Benefited in 2008 from increased terminal sales in the International segment, higher royalty income within All Other and Corporate and acquisitions. Negatively impacting 2008 were lower contract termination fees and merchant portfolio sales than in the 2007 predecessor period within the Financial Services and Retail and Alliance Services segments, declines in terminal sales in the Retail and Alliance Services segment due to slowing demand and price compression, and declines in professional services revenue due to completed projects. We had portfolio sales in the fourth quarter of 2008, however no gain was recognized due to the effects of purchase accounting for the merger. For the year ended December 31, 2008, royalty income increased approximately $27 million compared to the same pro forma 2007 period.

The 2007 predecessor and successor periods were positively impacted by acquisitions, royalty income and contract termination fees compared to 2006.

Reimbursable debit network fees, postage and other Benefited in 2008 most significantly due to an increase in debit network fees upon consolidation of revenues from merchant contracts received from the termination of the Chase Paymentech Solutions alliance effective November 1, 2008. These fees are now included within our revenue but were previously netted within the "Equity earnings in affiliates" line within the Consolidated Statements of Operations, as the alliance was previously accounted for under the equity method. This positively impacted the reimbursable debit network fees, postage and other growth rate by 5 percentage points in 2008 compared to pro forma 2007. Also benefiting 2008 were increases in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks and an increase in postage rates. Increases in debit network fees and increases in postage rates benefited the 2007 predecessor and successor periods compared to 2006.

Operating expenses overview

Cost of services In 2008, cost of services increased due to an increase in commissions paid to retail independent sales organizations ("ISO"), an increase in expenses associated with operating our proportionate share of assets received upon termination of the Chase Paymentech Solutions alliance effective November 1, 2008, global labor sourcing initiatives, consulting expense, data center consolidation costs, the impact of acquisitions and net increases in various expense items not individually significant. Partially offsetting these increases were decreases due most significantly to charges recorded in the 2007 predecessor period related to the accelerated vesting of stock options and restricted stock awards and units upon the change of control due to the merger. Also decreasing in 2008 were employee related expenses due to a reduction in share-based compensation resulting from our new equity compensation plan implemented after the merger as compared to the pre-merger equity compensation plan, within All Other and Corporate, as well as merger-related reductions in force, the largest of which occurred in the fourth quarter 2007, and lower incentive compensation. Cost of services increased for 2008 compared to the same 2007 pro forma period due to the items noted above excluding the impact of the 2007 accelerated vesting charges which are excluded from the pro forma 2007 period.

Cost of services, as a percentage of transaction and processing service fee revenue, remained relatively consistent for 2008 compared to the pro forma 2007 period as a result of the items noted above.

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

Cost of services, as a percentage of transaction and processing service fee revenue, increased for pro forma 2007 compared to 2006 as a result of the items noted above excluding the impact of the accelerated vesting charges which are excluded from the pro forma 2007 period.

Cost of products sold Cost increased in 2008 compared to the 2007 predecessor and successor periods due to acquisitions and increased terminal sales within the International segment offset partially by a decrease in costs associated with terminal and software sales due to a decline in sales volumes domestically. The 2007 predecessor and successor periods had higher costs than 2006 due to costs associated with the sale and leasing of terminals in international operations offset partially by a decrease in costs associated with the domestic sale and leasing of terminals.

Selling, general and administrative Selling, general and administrative expenses decreased in 2008 compared to the 2007 predecessor and successor periods as the result of charges in the predecessor period related to the accelerated vesting of stock options and restricted stock awards and units upon the change of control due to the merger, lower incentive compensation in 2008, reduced share-based compensation expense in the successor period due to our new equity compensation plan implemented after the merger as compared to the pre-merger equity compensation plan and professional fees related to the merger incurred principally in the predecessor period in 2007, mainly reflected within All Other and Corporate. The year ended 2008 also benefited from reductions in force implemented most significantly in the successor period of 2007 but also in 2008. Costs were higher in 2008 as the result of the impacts of acquisitions as well as sponsor management fees. Selling, general and administrative expenses decreased in 2008 compared to the 2007 pro forma period due to the items noted above excluding the impact of the 2007 accelerated vesting charges and the professional fees related to the merger which are excluded from the pro forma 2007 period. Selling, general and administrative expenses, as a percentage of transaction and processing service fee revenue decreased for 2008 compared to pro forma 2007 as a result of the items noted above.

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

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

Depreciation and Amortization Amortization was higher in the 2008 and 2007 successor periods than in predecessor periods due to identifiable intangible assets recorded in purchase accounting related to the merger including amortization of customer relationships on an accelerated basis rather than a straight-line basis. Partially offsetting these increases was a decrease related to the depreciation of fixed assets recorded in purchase accounting related to the merger. Although the total value of the fixed assets increased from pre-merger book values, certain of the depreciable assets were determined to have longer lives which resulted in lower annual depreciation. Depreciation and amortization in 2008 increased compared to the same 2007 pro forma period due to newly capitalized assets, the impact of acquisitions, and to the amortization associated with our proportionate share of assets from the termination of the Chase Paymentech Solutions alliance which was previously netted within the "Equity earnings in affiliates" line within the Consolidated Statements of Operations.

Other operating expenses, net

Other operating expenses related to restructuring, impairments, litigation and regulatory settlements and other totaled $3,255.6 million for the year ended December 31, 2008, $23.3 million and a benefit of $0.2 million for the 2007 predecessor and successor periods, respectively, and $5.0 million for the year ended December 31, 2006. These items are presented on the Consolidated Statements of Operations under those respective descriptions.

2008 Activities

Successor Year ended December 31, 2008	Retail and Alliance Services	Financial Services	International	Integrated Payment Systems	All Other and Corporate	Divested Operations	Totals
	Pretax Benefit (Charge) (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)	$ (550.5)		$ (160.7)	(29.9)	(3,243.6)
Total pretax benefit (charge), net of reversals	$(1,113.0)	$(1,401.6)	$ (550.5)	$	$ (160.7)	$ (29.8)	$(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. We expect to incur additional charges through 2009 related to these plans. During the first three quarters of 2008, we had additional severance costs which were recorded in purchase accounting.

The following table summarizes our utilization of restructuring accruals from continuing operations for the years ended December 31, 2007 and 2008 (in millions):

	Employee Severance	Facility Closure
Remaining accrual at January 1, 2007 (Predecessor)	$ 27.1	$ 1.6
Expense provision	10.2	
Cash payments and other	(24.6)	(1.0)
Changes in estimates	(2.3)	
Remaining accrual at September 24, 2007 (Predecessor)	10.4	0.6
Expense provision		
Cash payments and other	(3.7)	(0.5)
Changes in estimates	(0.2)	
Remaining accrual at December 31, 2007 (Successor)	6.5	0.1
Expense provision	20.4	
Cash payments and other	(4.1)	(0.1)
Changes in estimates(1)	(11.7)	
Remaining accrual at December 31, 2008 (Successor)	$ 11.1	$

(1) Changes in estimates during 2008 included reversals related to pre-merger restructuring accruals recorded in purchase accounting as well as items reported in the "Restructuring" line item of the Consolidated Statements of Operations.

In the fourth quarter of 2008, we recorded goodwill impairment charges as a result of the annual impairment tests that were performed. A detailed discussion of the goodwill impairment analysis is in the "Goodwill Impairment" discussion in the "Overview" section above. 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 our 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.

2007 Activities

	Pretax Benefit (Charge)						
Predecessor Period from January 1 through September 24, 2007	**Retail and Alliance Services**	**Financial Services**	**International**	**Integrated Payment Systems**	**All Other and Corporate**	**Divested Operations**	**Totals**
	(in millions)						
Restructuring charges	$ (2.8)		$ (7.1)			$ (0.3)	$ (10.2)
Restructuring accrual reversals	0.4	$ 0.2	0.9		$ 0.7	0.1	2.3
Impairments				$ (16.3)	(4.3)		(20.6)
Litigation and regulatory settlements	(5.0)				2.5		(2.5)
Other	2.1		(0.4)	2.2	3.8		7.7
Total pretax benefit (charge), net of reversals	$ (5.3)	$ 0.2	$ (6.6)	$ (14.1)	$ 2.7	$ (0.2)	$ (23.3)

A portion of the restructuring charges in the predecessor period resulted from efforts to improve the overall efficiency and effectiveness of the sales and sales support teams principally within the Retail and Alliance Services segment. This action resulted in the termination of approximately 230 sales related employees comprising approximately 10% of the merchant acquiring business' regional sales, cross-sale and sales support organizations. The other restructuring in the predecessor period resulted from the termination of approximately 140 employees within the International segment. The terminations were associated with the data center consolidation and global sourcing initiatives. Partially offsetting the charges are reversals of prior period restructuring accruals of $2.3 million for the 2007 predecessor period and an additional $0.2 million for the 2007 successor period.

In November 2007, we terminated approximately 6% of our worldwide work force as part of a strategic plan following the merger addressing simplification, efficiencies and cost savings initiatives. A majority of the successor severance costs were recorded in purchase accounting while the remaining amount was recorded through current operations.

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

2006 Activities

Predecessor Year ended December 31, 2006	Retail and Alliance Services	Financial Services	International	Integrated Payment Systems	All Other and Corporate	Divested Operations	Totals
	Pretax Benefit (Charge) (in millions)						
Restructuring charges	$ (4.6)	$ (2.4)	$ (14.5)	$ (0.2)	$ (4.9)	$ (0.7)	$ (27.3)
Restructuring accrual reversals	0.8	1.1	1.0		0.4		3.3
Impairments		(2.9)	0.9		(14.1)		(16.1)
Litigation and regulatory settlements	(7.6)				42.4		34.8
Other		0.3					0.3
Total pretax benefit (charge), net of reversals	$ (11.4)	$ (3.9)	$ (12.6)	$ (0.2)	$ 23.8	$ (0.7)	$ (5.0)

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

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

We recorded a benefit of approximately $45 million due to the Visa settlement within All Other and Corporate. Also in 2006, excess litigation accruals in the Retail and Alliance Services segment totaling $7.4 million were released, $3.5 million of which was attributable to noncontrolling interests. The settlement and accrual release were partially offset by a $15.0 million settlement associated with a patent infringement lawsuit against TeleCheck, clearing all past and future claims related to this litigation, within the Retail and Alliance Services segment and a charge of $2.7 million related to the settlement of a claim within All Other and Corporate.

Interest income

Interest income in 2008 decreased compared to the 2007 predecessor and successor periods due to a decrease in cash balances and lower interest rates. Interest income in the 2007 predecessor period was higher than the comparable period in 2006 while the successor period was lower than the comparable period in 2006. This was most significantly a result of an increase in cash balances as a result of $2.5 billion in cash transferred to FDC from Western Union immediately prior to the spin-off in 2006.

Interest expense

Interest expense for the year ended December 31, 2008 and the 2007 successor period was higher than the 2007 predecessor period most significantly due to debt (approximately $22.6 billion as of December 31, 2008) incurred primarily as the result of the merger. Prior to the merger in 2007, we had debt balances of less than $3 billion. Higher interest rates on the new merger related debt also contributed to the increase.

Interest expense for 2008 decreased compared to the pro forma 2007 year primarily due to decreasing interest rates which favorably impacted all unhedged variable rate debt.

Interest expense was lower during the 2007 predecessor period compared to the year ended December 31, 2006 due to lower debt balances than we had prior to the debt for debt exchange related to the Western Union spin-off and the repayments of debt in September, November and December 2006 and January 2007.

Other income (expense)

	Successor		Predecessor	
	Year ended December 31, 2008	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006
			(in millions)	
Investment gains and (losses)	$ 21.1	$ 0.9	$ (2.0)	$ 11.6
Derivative financial instruments gains and (losses)	(12.9)	(33.3)	(0.6)	33.8
Divestitures, net	(8.5)	0.2	6.1	8.0
Debt repayment gains and (losses)	7.0	(17.2)	1.4	(30.8)
Non-operating foreign currency gains and (losses)	(21.1)	(24.6)		
Other income (expense)	$ (14.4)	$ (74.0)	$ 4.9	$ 22.6

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. The 2007 predecessor and successor investment gains and losses related to a variety of small gains and losses on the sale of investments none being significant on an individual basis. The 2006 investment gain resulted from the recognition of a gain of $10.5 million on the redemption of MasterCard stock, and additionally, recognized gains on other strategic investments.

Derivative financial instruments gains and (losses) 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 are not perfectly effective partially offset by miscellaneous individually insignificant items.

The derivative loss in the 2007 successor period related most significantly to a $12.2 million mark-to-market loss on collars entered into to economically hedge, although not designated as an accounting hedge, MasterCard stock held by us. These collars were terminated in January 2008 in connection with the sale of the hedged MasterCard stock. A loss of approximately $19 million was also recognized due to decreases in the fair value of forward starting, deal contingent interest rate swaps of a subsidiary of KKR, Omaha Acquisition Corporation, for the period prior to its merger with and into FDC from March 29, 2007 (its formation) through September 24, 2007 and prior to their designation as a hedge.

The derivative gains in 2006 were associated with the mark-to-market of and net settlements with derivative counterparties on interest rate swaps not qualifying for hedge accounting that were formally related to the official check business.

Divestitures, net During 2008, we recognized a loss related to a divestiture of a business within the International segment. We also recognized a loss of $3.8 million resulting from the sale of 12.5% of our membership interest in Wells Fargo Merchant Services, LLC discussed above in "Overview".

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

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

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.

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

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

Non-operating foreign currency gains and (losses) For the year ended December 31, 2008 and the 2007 successor period, the net non-operating foreign currency exchange losses related to the mark-to-market of our intercompany loans and the euro-denominated debt issued in connection with the merger. Historically, intercompany loans were deemed to be of a long-term nature for which settlement was not planned or anticipated in the foreseeable future. Accordingly, the translation adjustments were reported in "Other comprehensive income". Effective in September 2007 and in conjunction with the merger, we made the decision to begin settling intercompany loans which results in a benefit or charge to earnings due to movement in foreign currency exchange rates.

Income taxes

Our effective tax rate on pretax income (loss) from continuing operations was (16.2)%, a tax benefit, in 2008, (40.1)%, a tax benefit, for the 2007 successor period, 18.1%, a tax expense, in the 2007 predecessor period and 17.1%, a tax expense, in 2006. The calculation of the effective tax rate includes most of the equity earnings in 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 2008 is 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 is the release of the valuation allowance against foreign tax credits established since consummation of the merger. We currently believe our foreign tax credits, both those in existence and those arising in the future upon repatriation of foreign earnings, will be offset against future expected U.S. income taxes. Prior to the second quarter of 2008, our tax benefit was increased by the accrual of a dividend received deduction on certain of the equity earnings from the Chase Paymentech Solutions alliance. It was determined that the alliance would suspend its dividend payments on 2008 earnings in anticipation of the termination of the alliance in October 2008. Following the suspension of dividend payments, we reversed the dividend received tax benefit in the second quarter 2008. Accruals for unrecognized tax benefits were offset by other items for 2008, none of which were individually significant.

The change from pretax income in predecessor periods to a pretax loss in the 2007 successor period caused a general shift from an overall tax expense to an overall tax benefit. The non-taxable interest income from the IPS municipal bond portfolio in the 2007 successor period caused an increase to the effective tax rate benefit of almost 8%. State income tax benefits were reduced in the successor loss period for separate company income and franchise tax liabilities. Also reducing the tax benefit of the pretax loss in the successor period was the valuation allowance against foreign operating losses in certain countries and foreign tax credits.

The non-taxable interest income from the IPS municipal bond portfolio significantly impacted the effective tax rate from continuing operations in the predecessor periods, reducing the statutory rate by approximately 19 percentage points in the 2007 predecessor period compared to 15 percentage points for 2006. The increase in the effective tax rate for the 2007 predecessor period compared to 2006 resulted most significantly from: (a) non-deductible expenses associated with the merger; (b) a net tax expense associated with the income tax return to provision true-ups for 2006; and (c) an adjustment to the income taxes payable account pertaining to an under accrual of taxes in prior years. Offsetting most of the increase is the above noted non-taxable interest income being a larger portion of pretax income in the 2007 predecessor period. Most of the IPS municipal bond portfolio was converted into taxable investments in January 2008 and therefore did not have an impact on our effective tax rate in 2008.

Subsequent to the merger and as part of the First Data Holdings, Inc. ("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 anticipate being able to record an income tax benefit related to future operating losses due to the existence of significant deferred tax liabilities established in connection with purchase accounting for the merger. However, we may not be able to record a benefit related to losses in certain countries, requiring the establishment of valuation allowances. Additionally, we and our subsidiaries will continue to incur income taxes in foreign jurisdictions. Generally, these foreign income taxes result in a foreign tax credit in the U.S. to the extent of any U.S. income taxes on the income upon repatriation. We currently anticipate being able to fully utilize our foreign tax credits in the future and, accordingly, have not established a valuation allowance against such credits. We also will continue to incur income taxes in states for which we file returns on a separate entity basis.

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

During the year ended December 31, 2008, our liability for unrecognized tax benefits was reduced by $11 million after negotiating settlements with certain state jurisdictions. The reduction in the liability was recorded through cash payments and a decrease to goodwill. As of December 31, 2008, we anticipate it is reasonably possible that our liability for unrecognized tax benefits may decrease by approximately $35 million within the next twelve months as the result of the closure of its 2002 federal tax year. The potential decrease relates to various federal and state tax benefits including research and experimentation credits and certain amortization and loss deductions.

The Internal Revenue Service ("IRS") completed its examination of our United States 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. As to the adjustments that are in dispute, for 2003 such issues represent total taxes and penalties allegedly due of approximately $34 million, of which $11 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 $94 million, of which $2 million relates to us and $92 million relates to Western Union. We estimate that the total interest due (pretax) on such amounts for both years is approximately $40 million through December 31, 2008, of which $5 million relates to us and $35 million relates Western Union. As to the disputed issues, we and Western Union are contesting the asserted deficiencies in United States Tax Court. We believe that we have adequately reserved for our 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 its indemnification obligation under the Tax Allocation Agreement, FDC 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, 2008, we had approximately $132 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 for 2008 and in the 2007 successor period was lower than the 2007 predecessor period due to increased amortization associated with the value assigned to the identifiable intangible assets of merchant alliances from the excess of our investment over the proportionate share of the affiliates net assets from the merger as well as amortization of customer relationships on an accelerated basis in the successor periods. As discussed in "Overview" above, equity earnings also decreased significantly subsequent to the termination of the Chase Paymentech Solutions alliance on November 1, 2008. Effective December 31, 2008, we sold a portion of our ownership interest in the merchant alliance with Wells Fargo. We now own less than 50% of the merchant alliance and began accounting for it under the equity method of accounting starting in 2009. In 2009, equity earnings is expected to decrease significantly due to the termination of the Chase Paymentech Solutions alliance; however, the impact will be partially offset due to our remaining 40% interest in the Wells Fargo alliance being accounted for under the equity method.

Equity earnings in affiliates decreased for pro forma 2007 compared to historical 2006 earnings levels resulting most significantly from the above noted merger related amortization partially offset by increased merchant transaction volume in the merchant alliances. Increased amortization negatively impacted the pro forma 2007 period by 67 percentage points.

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 2008 compared to 2007 due to the new joint venture with AIB in January 2008 and higher earnings from the alliance with Wells Fargo. Net income attributable to noncontrolling interests was relatively consistent in 2007 and 2006. Net income attributable to noncontrolling interests will be reduced significantly in 2009 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.

Segment Results

FDC classifies its businesses into four segments: Retail and Alliance Services, Financial Services, International and Integrated Payment Systems. Integrated Payment Systems and All Other and

Corporate are not discussed separately as their results that had a significant impact on operating results are discussed in the "Consolidated Results of Operations" discussion above.

We sold our ownership interests in Active Business Services, Ltd ("Active"), reported within the International segment, in July 2008 and Peace, reported within the Financial Services segment, in October 2008. Revenue and operating profit associated with Active and Peace are excluded from segment results. The International and Financial Services segment revenue and operating profit were adjusted for 2007 and 2006 to exclude the results of Active and Peace.

Our financial statements reflect Western Union, PPS, IDLogix, Taxware and NYCE as discontinued operations (all discontinued prior to 2007). The results of operations were treated as income from discontinued operations, net of tax, and separately stated on the Consolidated Statements of Operations below income (loss) from continuing operations.

The business segment measurements provided to, and evaluated by, our chief operating decision maker ("CODM") are computed in accordance with the following principles:

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

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

- Segment operating profit includes equity earnings in affiliates, net of related amortization expense, and excludes Net income attributable to noncontrolling interests.

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

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

Segment Results for the Three Months Ended March 31, 2009 and 2008

Retail and Alliance Services Segment Results

	Three months ended March 31,				Change	
(in millions)	2009	% of Segment Revenue	2008	% of Segment Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$ 620.1	53%	$ 621.9	57%	$ (1.8)	(0)%
Product sales and other	76.7	7%	79.7	7%	(3.0)	(4)%
Reimbursable debit network fees, postage and other	426.2	37%	299.6	28%	126.6	42%
Equity earnings in affiliates	31.1	3%	71.9	7%	(40.8)	(57)%
Other revenue	1.9	0%	8.0	1%	(6.1)	(76)%
Total revenue	$1,156.0	100%	$1,081.1	100%	$ 74.9	7%
Operating profit	$ 54.2		$ 83.3		$ (29.1)	(35)%
Operating margin	5%		8%		(3)pts	
Key indicators:						
Domestic merchant transactions(a)	5,578.3		6,454.4		(876.1)	(14)%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, and processed-only or gateway customer transactions at the POS. The domestic merchant transactions for the three months ended March 31, 2008 include 100% of the CPS alliance transactions. The alliance was terminated on November 1, 2008 and therefore the domestic merchant transactions for the three months ended March 31, 2009 include the transactions related to our 49% proportionate share of the joint venture's assets rather than 100% of alliance activity as well as activity for those JPMorgan Chase merchants that continue to process on FDC platforms. The domestic merchant transactions continue to reflect all WFMS alliance transactions despite the deconsolidation described above.

Transaction and processing service fees revenue

Components of transaction and processing service fee revenue

	Three months ended March 31,		Change	
(in millions)	2009	2008	Amount	%
Acquiring revenue	$ 475.1	$ 432.8	$ 42.3	10%
Check processing revenue	85.4	98.9	(13.5)	(14)%
Prepaid revenue	46.6	46.0	0.6	1%
Processing revenue charged to unconsolidated merchant alliances	13.0	44.2	(31.2)	(71)%
Total transaction and processing service fees revenue	$ 620.1	$ 621.9	$ (1.8)	(0)%

Acquiring revenue

Acquiring revenue increased for the three months ended March 31, 2009 compared to the same period in 2008 due to the net impact of the alliance transactions noted above which positively impacted acquiring revenue growth by 15 percentage points. Partially offsetting this increase was a decrease due to personal identification number ("PIN") debit card transactions exceeding the growth in credit card transactions discussed below, the shift from smaller, more profitable merchants to several nationwide discounters and wholesalers, price compression and the impact of the slowing economy.

Transaction growth was negatively impacted by approximately 18 percentage points resulting from the termination of the CPS alliance noted above. Subsequent to the termination, the segment reported only activity related to its 49% proportionate share of the joint ventures net assets in first quarter of

2009 rather than 100% of the alliance activity that was reported in first quarter of 2008. Partially offsetting this decrease was an increase in transactions resulting from growth from existing clients partially offset by lost business.

Also impacting growth in revenue is the trend of the growth of PIN-debit card transactions exceeding the growth in credit card transactions. The transaction mix changed 4% to PIN-debit during the three months ended March 31, 2009 as compared to the same period in 2008 and increased PIN-debit transactions to 28% of our domestic merchant transactions. We generally earn less margin on PIN-debit card transactions than credit card transactions. We experienced a decrease in average ticket size of nearly 14% in the three months ended March 31, 2009 compared to the same period in 2008 driven by changes in consumer spending patterns resulting from current economic conditions and a decrease in petroleum bank card dollar volumes due to declining gas prices.

We anticipate that acquiring revenue trends could continue to be negatively impacted by transaction volume shifting from smaller merchants to discounters and wholesalers, PIN-debit growth outpacing credit, and lower average ticket size. These trends are all impacted by the effect the economy has on consumer spending.

Check processing revenue

Check processing revenue decreased for the three months ended March 31, 2009 compared to the same period in 2008 resulting from a decrease in overall check volumes and, to a lesser extent, a shift in transactions to national merchants. This trend is expected to continue throughout the remainder of 2009.

Processing revenue charged to unconsolidated merchant alliances

The decrease in processing revenue charged to unconsolidated merchant alliances is due most significantly to the net impact of the alliance transactions noted above.

Reimbursable debit network fees, postage and other

For the three months ended March 31, 2009, reimbursable debit network fees, postage and other increased compared to the same period in 2008 due to the net impact of the alliance transactions which contributed 34 percentage points to the reimbursable debt network fees, postage and other growth rate. Also contributing to the increase was growth in debit network fees resulting from rate increases imposed by the debit networks. Debit network fees represent substantially all of the balance within this line item.

Equity earnings

For the three months ended March 31, 2009, equity earnings decreased compared to the same period in 2008 due mostly to the net impact of the alliance transactions. The equity earnings presented as part of revenue at the segment level do not include the impact of amortization of intangible assets which is netted against equity earnings in the Consolidated Statements of Operations.

Operating profit

In addition to the impact of the items noted above, Retail and Alliance Services segment operating profit for the three months ended March 31, 2009 compared to the same period in 2008 was negatively impacted by increased credit losses due to a higher level of merchant failures and bankruptcy filings resulting from challenges in the current economic environment and incremental spending on platform consolidation. These items negatively impacted segment operating profit by 15 and 7 percentage points, respectively. Also negatively impacting segment operating profit were incremental costs associated with the CPS termination and the WFMS membership interest sale described above. Partially offsetting these decreases was an increase due to lower incentive compensation that contributed 12 percentage points to segment operating profit.

Financial Services Segment Results

	Three months ended March 31,				Change	
(in millions)	2009	% of Segment Revenue	2008	% of Segment Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$ 365.0	67%	$ 367.8	66%	$ (2.8)	(1)%
Product sales and other	7.2	1%	7.7	1%	(0.5)	(6)%
Reimbursable postage and other	171.6	32%	182.4	33%	(10.8)	(6)%
Other revenue	0.4	0%	0.6	0%	(0.2)	(33)%
Total revenue	$ 544.2	100%	$ 558.5	100%	$ (14.3)	(3)%
Operating profit	$ 75.9		$ 89.9		$ (14.0)	(16)%
Operating margin	14%		16%		(2)pts	
Key indicators:						
Domestic debit issuer transactions(a)	2,965.3		2,845.7		119.6	4%
Domestic active card accounts on file (end of period)(b)	119.4		124.0		(4.6)	(4)%
Domestic card accounts on file (end of period)(c)	640.6		638.6		2.0	0%

(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 month of the quarter.

Transaction and processing service fees revenue

Components of transaction and processing service fee revenue

	Three months ended March 31,		Change	
(in millions)	2009	2008	Amount	%
Credit, retail and debit card processing	$ 250.4	$ 250.6	$ (0.2)	(0)%
Output services	73.5	70.2	3.3	5%
Other revenue	41.1	47.0	(5.9)	(13)%
Total	$ 365.0	$ 367.8	$ (2.8)	(1)%

Credit, retail and debit card processing revenue

Credit, retail and debit card processing revenue remained relatively flat for the three months ended March 31, 2009 compared to the same period in 2008. Credit and retail card revenue negatively impacted the credit card, retail and debit processing revenue growth rate which was mostly offset by debit card revenue benefiting the growth rate. Decreases related to price compression from contract renewals and decreased customer product usage and were offset by increases related to net new business in the card services business and internal growth related to debit network services.

As a result of the current economic conditions discussed above, we experienced a decline in the number of credit and retail card accounts on file, both active and inactive, during the three months ended March 31, 2009 compared to the same period in 2008. This decline in accounts has negatively impacted credit and retail card processing revenue for the first quarter of 2009 and could continue to impact revenue if such trend persists. The economic downturn has also slowed the growth rate of debit issuer transactions as such transactions increased only moderately during the first quarter of 2009 compared to the first quarter of 2008.

As a result of a bank consolidation, JPMorgan Chase has begun to terminate services under certain Washington Mutual Bank agreements. This will negatively impact the overall growth in "Transaction and processing service fees revenue" within the Consolidated Statements of Operations beginning in the second quarter of 2009 through the second quarter of 2010. The negative impact will be partially offset by recognition of a payment we received in settlement of previous agreements and resolution of certain disputed matters which will be recognized in earnings as deconversion services are completed. Washington Mutual Bank represented approximately 6% of transaction and process service fees revenue for the segment in 2008.

Output services revenue

Output services revenue increased for the three months ended March 31, 2009 compared to the same period in 2008 due to higher plastics volumes as a result of new business as well as increased volumes from existing clients. Partially offsetting these increases were decreases in print mail volumes mostly due to lost business, lower product usage of an existing customer and the reduction in the number of accounts and account activity due to current economic conditions discussed above.

Other revenue

Other revenue consists mostly of revenue from remittance processing. Other revenue decreased for the three months ended March 31, 2009 compared to the same period in 2008 due most significantly to lower remittance and check processing volumes due to the current economic conditions and the shift from paper to electronic forms of payment. The wind-down of an existing product also contributed to the decrease.

Reimbursable postage and other revenue

Reimbursable postage and other revenue decreased for the three months ended March 31, 2009 compared to the same period in 2008 due most significantly to a decrease in print mail volumes resulting from lost business, lower product usage of an existing client and the reduction in the number of accounts and account activity due to current economic conditions discussed above, partially offset by an increase due to the postage rate increase in May 2008. Reimbursable postage and other revenue will be negatively impacted beginning in March 2009 by the Washington Mutual Bank agreement termination discussed above. Washington Mutual Bank represented approximately 18% of reimbursable postage and other revenue for the segment in 2008.

Operating profit

In addition to the items noted above, Financial Services segment operating profit decreased for the three months ended March 31, 2009 compared to the same period in 2008 due most significantly to higher costs as a result of technology contractor services, which are not expected to be as significant in future quarters. Partially offsetting these decreases was an increase due to lower incentive compensation in the first quarter 2009 compared to the first quarter 2008 which benefited the segment operating growth rate by 5 percentage points.

International Segment Results

	Three months ended March 31,				Change	
(in millions)	2009	% of Segment Revenue	2008	% of Segment Revenue	Amount	%
Revenues:						
Transaction and processing service fees	$ 283.1	76%	$ 344.5	79%	$ (61.4)	(18)%
Product sales and other	72.3	20%	71.8	16%	0.5	1%
Other revenue	13.3	4%	22.8	5%	(9.5)	(42)%
Total revenue	$ 368.7	100%	$ 439.1	100%	$ (70.4)	(16)%
Operating profit	$ 6.6		$ 19.4		$ (12.8)	(66)%
Operating margin	2%		4%		(2)pts	
Key indicators:						
International transactions(a)	1,612.9		1,464.7		148.2	10%
International card accounts on file (end of period)(b)	81.6		79.4		2.2	3%

(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 decreased for the three months ended March 31, 2009 compared to the same period in 2008 mostly due to foreign currency exchange rate movements. Foreign currency exchange rate movements negatively impacted segment revenue growth by 18 percentage points.

If global economic conditions were to deteriorate further, the Company anticipates the International segment's revenue and operating profit could be further impacted throughout 2009 by transaction growth pressures, reduced levels of new business, reduced net number of merchant accounts and potential reduced average transaction values.

Transaction and processing service fees revenue

Transaction and processing service fees revenue decreased for the three months ended March 31, 2009 compared to the same period in 2008 due generally to the foreign currency exchange rate movements noted above, lost business and price compression. Foreign exchange rate movements negatively impacted transaction and processing service fees revenue growth by 18 percentage points. The majority of the lost business related to a financial institution in Europe deconverting in the first quarter of 2008. Partially offsetting these decreases were increases due to growth of 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

Product sales and other revenue remained relatively flat for the three months ended March 31, 2009 compared to the same period in 2008. Net increases and decreases were not individually significant.

Operating profit

The segment's operating profit decreased in the three months ended March 31, 2009 compared to the same period in 2008 due to the factors noted above. Also negatively impacting segment operating profit growth was incremental infrastructure and platform consolidation expenses and depreciation and amortization expense associated with the final allocation of purchase price from FDC's acquisition by affiliates of Kohlberg Kravis Roberts & Co. ("KKR") as well as from incremental capital expenditures. Operating profit growth benefited from lower incentive compensation and the impact of a credit loss expense recorded in first quarter of 2008 as a result of a customer bankruptcy.

Segment Results for the Years Ended December 31, 2008, 2007 and 2006

Retail and Alliance Services Segment Results

	Historical	Pro Forma	Historical				
	Successor		Successor	Predecessor		Percent Change	
	Year ended December 31, 2008	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Historical 2008 vs. Pro Forma 2007	Pro Forma 2007 vs. Historical 2006
					(in millions)		
Revenues:							
Transaction and processing service fees	$ 2,733.8	$ 2,608.7	$ 722.4	$ 1,886.3	$ 2,450.6	5%	6%
Product sales and other	329.9	361.5	89.9	271.6	381.3	(9)%	(5)%
Reimbursable debit network fees, postage and other	1,407.0	1,080.3	318.1	762.2	866.9	30%	25%
Equity earnings in affiliates	267.1	316.4	95.6	220.8	283.3	(16)%	12%
Other revenues	21.7	49.5	12.3	37.2	47.5	(56)%	4%
Total revenue	$ 4,759.5	$ 4,416.4	$ 1,238.3	$ 3,178.1	$ 4,029.6	8%	10%
Operating profit	$ 431.3	$ 420.6	$ 114.4	$ 783.6	$ 1,065.5	3%	(61)%
Operating margin	9%	10%	9%	25%	26%	(1)pt	(16)pts

	Year ended December 31,				
	2008	2007	2006		
Key indicators:					
Domestic merchant transactions(a)	26,856.9	25,359.0	22,626.0	6%	12%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, and processed-only or gateway customer transactions at the point of sale ("POS"). Domestic merchant transactions include 100% of the Chase Paymentech Solutions 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 joint venture's assets rather than 100% of alliance activity.

Summary

Discussed in more detail below, the total segment revenue growth rate in 2008 compared to pro forma 2007 was positively impacted by almost 9 percentage points from increased debit network fees, annual fees included in 2008 but not recognized in 2007 due to purchase accounting and the termination of the Chase Paymentech Solutions alliance effective November 1, 2008 and the inclusion of the segment's proportionate 49% share of the assets of the joint venture on a consolidated basis for the last two months of 2008 (which contributed 3 percentage points).

Transaction and processing service fees revenue

	Historical	Pro Forma	Historical				
	Successor		Successor	Predecessor		Percent Change	
	Year ended December 31, 2008	Year ended December 31, 2007	Period from September 25 through December 31, 2007	Period from January 1 through September 24, 2007	Year ended December 31, 2006	Historical 2008 vs. Pro Forma 2007	Pro Forma 2007 vs. Historical 2006
					(in millions)		
Acquiring revenue	$ 1,967.3	$ 1,791.8	$ 482.8	$ 1,309.0	$ 1,717.2	10%	4%
Check processing revenue	379.9	411.8	111.9	299.9	348.1	(8)%	18%
Prepaid services revenue	228.6	214.8	76.8	138.0	191.4	6%	12%
Processing revenue charged to unconsolidated merchant alliances	158.0	190.3	50.9	139.4	193.9	(17)%	(2)%
Total transaction and processing service fees revenue	$ 2,733.8	$ 2,608.7	$ 722.4	$ 1,886.3	$ 2,450.6	5%	6%

Acquiring revenue

Revenue in 2008 was positively impacted by new acquiring revenue related to the termination of the Chase Paymentech Solutions alliance. Effective November 1, 2008, merchant acquiring revenues associated with the segment's proportionate 49% share of the assets of the joint venture were included within our transaction and processing service fees revenue but were previously netted within the "Equity earnings in affiliates" line within the Consolidated Statements of Operations, as the alliance was accounted for under the equity method. Partially offsetting this increased merchant acquiring revenue was a reduction in processing revenue to the extent of contracts received from the alliance for which charges are no longer applicable. Also positively impacting 2008 compared to 2007 were annual fees recognized in the fourth quarter of 2008 that were not included in 2007 results due to purchase accounting related to the merger as well as changes in pricing. Although transaction volumes increased in 2008 compared to 2007 relative to consumer spending at the point of sale, acquiring revenue was negatively impacted due to shifts in transaction volumes from smaller, more profitable merchants to several nationwide discounters and wholesalers and the impact of a slow 2008 holiday season. Transactions and dollar volumes were negatively impacted subsequent to October of 2008 due to the termination of the Chase Paymentech Solutions alliance as subsequent to the termination the segment reported only activity related to its 49% proportionate share of the joint venture's assets rather than 100% of alliance activity. Shifts in consumer usage of credit cards to debit cards also negatively impacted revenue growth due to lower margins earned on PIN-debit card transactions compared to credit card transactions. Transaction growth rates decreased from 12 percentage points for pro forma 2007 compared to 2006 to 6 percentage points in 2008 compared to pro forma 2007. We believe the shift of transaction volumes to several nationwide discounters and wholesalers and the slowing of the transaction growth rate is partially attributable to the slowing domestic economy.

Revenue growth for 2008 compared to pro forma 2007 was most significantly impacted by the inclusion of acquiring revenue from merchant contracts received from the termination of the Chase Paymentech Solutions alliance net of processing revenue lost for the same contracts and annual fees. These factors impacted revenue growth by 3 and 1 percentage points, respectively, on a pro forma basis. These increases were partially offset by the factors noted above.

Transaction and processing service fees revenue will increase in 2009 due to the net impact of the revenues associated with merchant contracts received from the Chase Paymentech Solutions alliance termination and will be significantly offset by the deconsolidation of the Wells Fargo alliance due to the sale of a portion of our interest in the alliance on December 31, 2008.

Also impacting growth in revenue is the trend of the growth of debit card transactions exceeding the growth in credit card transactions. This contributes to the spread between the transaction growth rate and the transaction and processing service fee revenue growth rate as we generally realize lower revenues from debit card transactions than from credit card transactions. The spread did not increase in 2008 because of the inclusion of revenue from the Chase Paymentech Solutions merchant contracts for two months of the year, while the transactions decreased because the metric had previously included the transactions processed and acquired by the entire alliance. A similar anomaly with the spread is expected in 2009. We anticipate that overall domestic merchant transaction growth will decline in 2009 due to the weakened economy as well as the impact from the termination of the Chase Paymentech Solutions alliance. We experienced a decrease in average ticket size of nearly 8% in the fourth quarter 2008 driven mostly by a decrease in petroleum bank card dollar volumes due to declining gas prices. We anticipate a similar impact for the first half of 2009.

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

On a 2007 pro forma basis compared to historical 2006, the increase in acquiring revenue was driven by the items noted above. On a 2007 pro forma basis in comparison to the historical 2006 results, the reclassification of certain ISO commission payments positively impacted the acquiring revenue growth rate by approximately 1 percentage point with such increase being offset by the above noted purchase accounting which negatively impacted the acquiring revenue growth rate by 2 percentage points. The 2007 pro forma revenue growth and transaction growth rates were negatively impacted compared to 2006 due to the year end holiday season, as the growth rates, although positive, were lower than in 2006.

Check processing revenue

Check processing revenue for 2008 was negatively impacted by a decrease in revenue from existing clients due to declines in overall check volumes from those seen in 2007 with the check verification volumes experiencing the most significant decrease. The decrease in revenue from existing clients negatively impacted the 2008 check services revenue growth rate by 9 percentage points compared to pro forma 2007.

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

Prepaid services revenue

Prepaid services revenue for 2008 benefited from growth of existing clients due to transaction growth as well as from having a full year of results for an acquisition that was completed in the fourth quarter of 2007. Prepaid services revenue for 2008 was negatively impacted by net lost business primarily in ATM services.

Prepaid services revenue for 2007 benefited from new business and growth from existing clients partially offset by lost business primarily in ATM services.

Product sales and other revenue

Product sales and other revenue for 2008 was negatively impacted by decreased terminal sales resulting from slowing in equipment demand in part due to elevated prior year placements associated with merchants having to remain compliant with association rules, price compression and merchant portfolio sales in the first three quarters of 2007. We had portfolio sales in the fourth quarter of 2008 however no gain was recognized due to the effects of purchase accounting for the merger.

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

The majority of the decrease in product sales and other revenues for 2007 on a pro forma basis compared to historical 2006 was driven by decreased terminal sales partially offset by increased merchant portfolio sales.

Reimbursable debit network fees, postage and other

For the year ended December 31, 2008 compared to the 2007 predecessor and successor periods, reimbursable debit network fees, postage and other benefited by an increase in debit network fees related to the revenue included in the consolidated results from merchant contracts received from the termination of the Chase Paymentech Solutions alliance. Effective November 1, 2008, debit network fees associated with the segment's proportionate 49% share of the assets of the joint venture were included within our revenue but were previously netted within the "Equity earnings in affiliates" line within the Consolidated Statements of Operations, as the alliance was accounted for under the equity method. Also benefitting all periods presented, was growth in debit network fees resulting from the continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks. Debit network fees represent substantially all of the balance within this line item.

For the year ended December 31, 2008 compared to pro forma 2007, reimbursable debit network fees associated with the Chase Paymentech Solutions alliance merchant contracts noted above benefited the reimbursable debit network fees, postage and other growth rate by 9 percentage points.

Debit network fees in the 2007 predecessor and successor periods benefited from continued growth of PIN-debit transaction volumes as well as rate increases imposed by the debit networks.

Equity earnings

Equity earnings decreased in 2008 compared to the 2007 predecessor and successor periods due mostly to the termination of the Chase Paymentech Solutions alliance effective November 1, 2008 but was also impacted by reduced interest income in the Chase Paymentech Solutions alliance results prior to termination due to lower interest rates. The equity earnings presented as part of revenue at the segment level do not include the impact of amortization of intangible assets which is netted against equity earnings in the Consolidated Statements of Operations. These decreases were partially offset by increased overall merchant transaction volumes in the merchant equity alliances partially offset by a shift in transactions from smaller merchants to discounters and wholesalers as discussed above. The net impact of the Chase Paymentech Solutions alliance being excluded from equity earnings and the Wells Fargo alliance being included will result in equity earnings decreasing in 2009.

Equity earnings in affiliates in the 2007 predecessor and successor periods continued to benefit from strong performance by Retail and Alliance Service's alliances. Equity earnings in affiliates increased on a 2007 pro forma basis compared to historical 2006 due most significantly to increased transaction volume in the merchant alliances. Earnings of an alliance were also improved due to a beneficial change in its portfolio mix and lower processing rates, which negatively impacted processing revenue.

Operating profit

In addition to the impact of the items noted above, Retail and Alliance Services segment operating profit in 2008 was negatively impacted by increased amortization expense resulting from the purchase price assigned to intangible assets resulting from the merger similar to the 2007 successor period. Also negatively impacting operating profit were no gains being recognized for portfolio sales in 2008 due to the effects of purchase accounting for the merger, incremental spending on platform consolidation, data center consolidation, call center consolidation and global labor sourcing initiatives and a slow 2008 holiday season. Employee related expenses in 2008 did not include the acceleration of expense related to restricted stock awards that occurred in the predecessor period of 2007 resulting from the merger. The 2008 operating profit was also not impacted by a charge similar to that recognized during the first quarter 2007 when the Company bought out a revenue sharing agreement as part of a new, larger relationship with Discover Financial Services LLC ("Discover"). The annual fees and change in pricing noted in the acquiring revenue discussion above also positively impacted the 2008 operating profit.

Operating profit for 2008 increased compared to the same pro forma 2007 period due to the items noted above excluding the impact of increased amortization expense and the acceleration of expense related to restricted stock awards which were adjusted for in the pro forma 2007 period in order to have comparable periods. On a pro forma basis annual fees positively impacted operating profit by 7 percentage points.

The sale of the 12.5% interest in the Wells Fargo alliance will negatively impact operating profit growth in 2009.

In addition to the items impacting revenue noted above, Retail and Alliance Services segment operating profit for the 2007 predecessor and successor periods was impacted negatively by new incentive compensation arrangements implemented in 2007. Also negatively impacting the predecessor 2007 segment operating profit as a result of the merger was the acceleration of restricted stock awards. In the 2007 predecessor period, we bought out a revenue sharing agreement as part of a new, larger relationship with Discover resulting in an expense charge in the 2007 predecessor period with most of this charge being recovered through increased processing fees in the predecessor period and the remaining portion in the successor period. Amortization resulting from contingent payments associated with a merchant alliance also negatively impacted operating profit growth for the 2007 predecessor period. The 2007 successor period was negatively impacted by purchase accounting of approximately $207 million due most significantly to amortization expense resulting from the purchase price assigned to intangible assets from the merger.

The segment operating profit decreased in 2007 on a pro forma basis compared to historical 2006 due to the factors discussed above. Increased amortization resulting from contingent payments noted above negatively impacted the operating profit growth rate by approximately 1 percentage point in 2007 on a pro forma basis, but did not have continuing impact as a result of the merger and the associated affects of purchase accounting. Incentive compensation negatively impacted 2007 pro forma operating profit growth rate by approximately 1 percentage point in comparison to historical 2006. The negative impacts of the contingent payments and incentive compensation were offset by savings from the restructuring activities described in "2007 activities" above. The purchase accounting impacts of the annual fees noted in the acquiring revenue discussion above and increased amortization of identifiable intangible assets, both related to the merger, negatively impacted the operating profit growth rate by 65 percentage points for the 2007 pro forma results.

Financial Services Segment Results

	Historical	Pro Forma	Historical				
	Successor		**Successor**	**Predecessor**		**Percent Change**	
	Year ended December 31, 2008	**Year ended December 31, 2007**	**Period from September 25 through December 31, 2007**	**Period from January 1 through September 24, 2007**	**Year ended December 31, 2006**	**Historical 2008 vs. Pro Forma 2007**	**Pro Forma 2007 vs. Historical 2006**
				(in millions)			
Revenues:							
Transaction and processing service fees	$ 1,480.4	$ 1,483.1	$ 405.6	$ 1,077.5	$ 1,453.6	(0)%	2%
Investment income	2.6	4.1	0.7	3.4	5.5	(37)%	(25)%
Product sales and other	34.5	58.3	8.8	49.5	38.5		