

First Data

2014 First Quarter Financial Results

April 30, 2014

Frank Bisignano

Chairman and Chief Executive Officer

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Chief Financial Officer



Safe Harbor

Statements in this presentation regarding First Data Corporation's business which are not historical facts 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. Please refer to the company's meaningful cautionary statements contained in the appendix of this presentation for a more detailed list of risks and uncertainties.

Reconciliation to Non-GAAP measures are provided in the Appendix of this presentation or as part of our Financial Results Press Release accompanying this presentation which can be found at <http://investor.firstdata.com>.

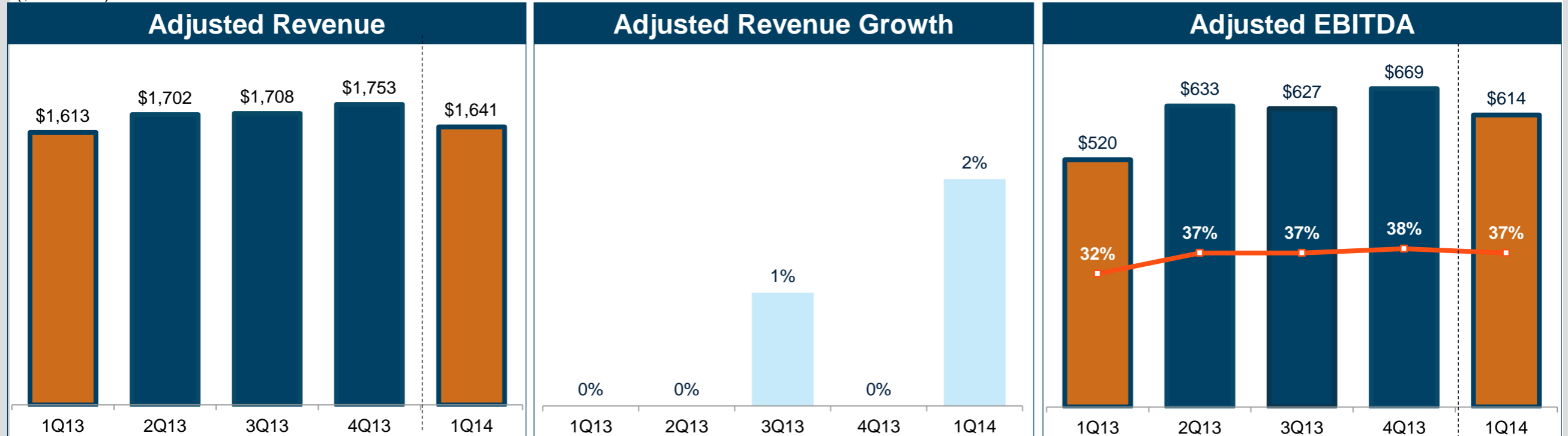
Progress/Highlights

- ▶ Improving results
- ▶ Ongoing transformation of business
- ▶ Innovation focus / new products & solutions
- ▶ Geographic expansion
- ▶ Collaboration and partnerships
- ▶ Substantive investment in human capital

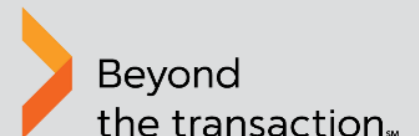
1Q14 Consolidated Operating Results

- ▶ Consolidated revenue of \$2.6 billion, up 2%
- ▶ Net loss attributable to First Data \$201 million, 41% improvement over prior year
- ▶ Adjusted revenue \$1.6 billion, up 2%
- ▶ Adjusted EBITDA \$614 million, up 18%
 - Margins expanded to 37%

(\$ in millions)



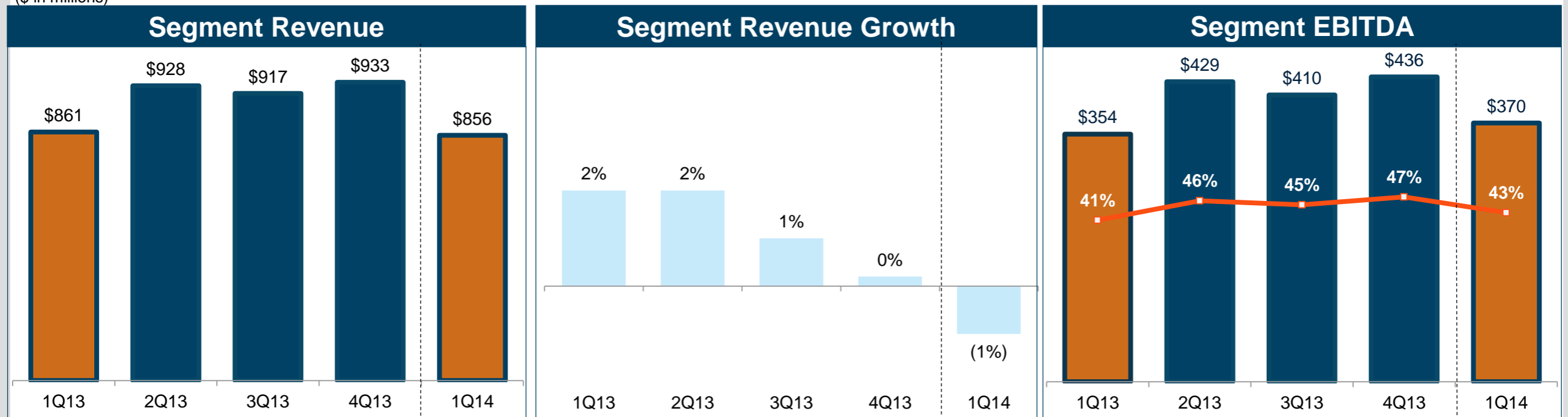
See Appendix pages 17-20



1Q14 Merchant Solutions Results

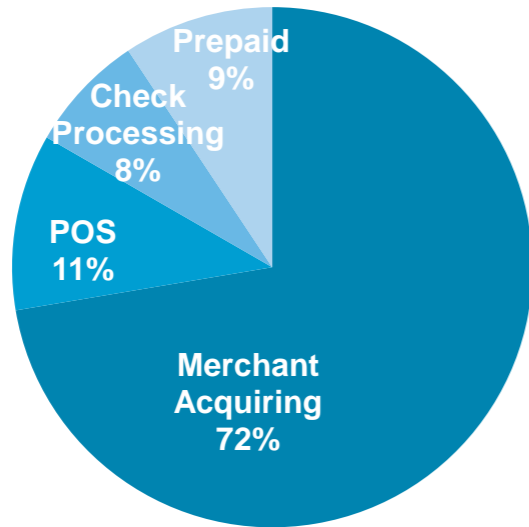
- ▶ Revenue \$856 million, down \$5 million
- ▶ Merchant acquiring revenue flat
 - Transaction growth up 5%; revenue per transaction down 4%
- ▶ Product revenue down 2%
 - Growth in POS revenue; continued decline in check volumes
- ▶ EBITDA \$370 million, up \$16 million, or 4%
 - Margin improved to 43%
 - Continued focus on operational efficiency and cost reductions

(\$ in millions)



1Q14 Merchant Solutions Drivers

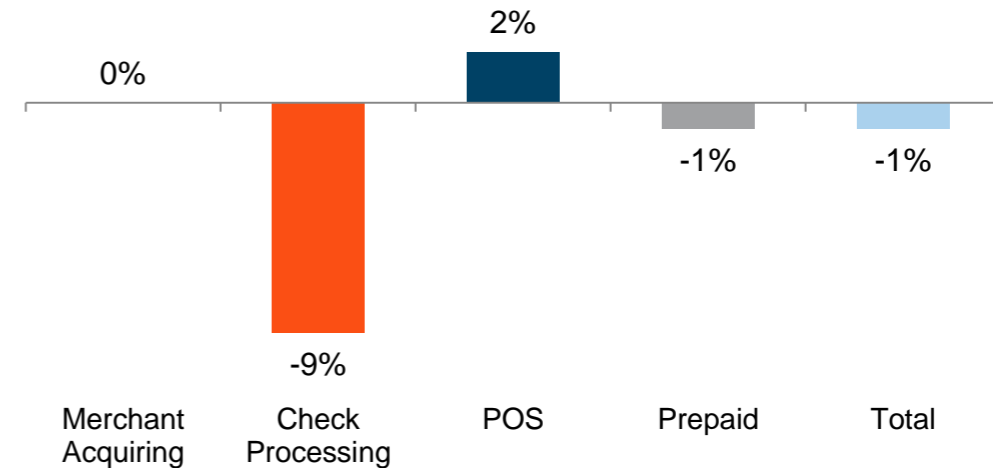
Segment Revenue Mix



Merchant Composition	
Alliances	46%
RSA	27%
Indirect	21%
Other	6%

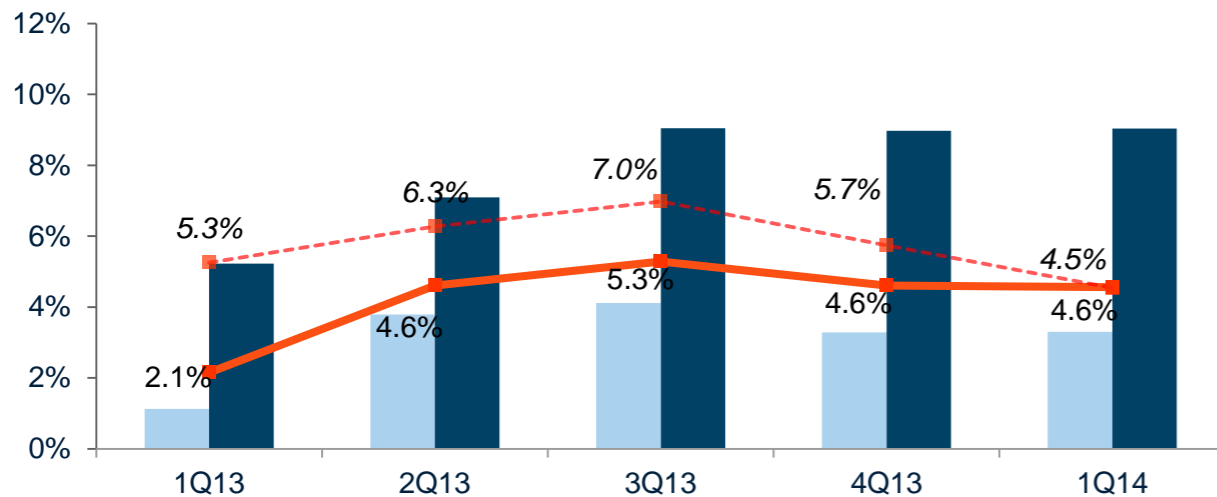
Segment Revenue Mix Growth

vs. prior year



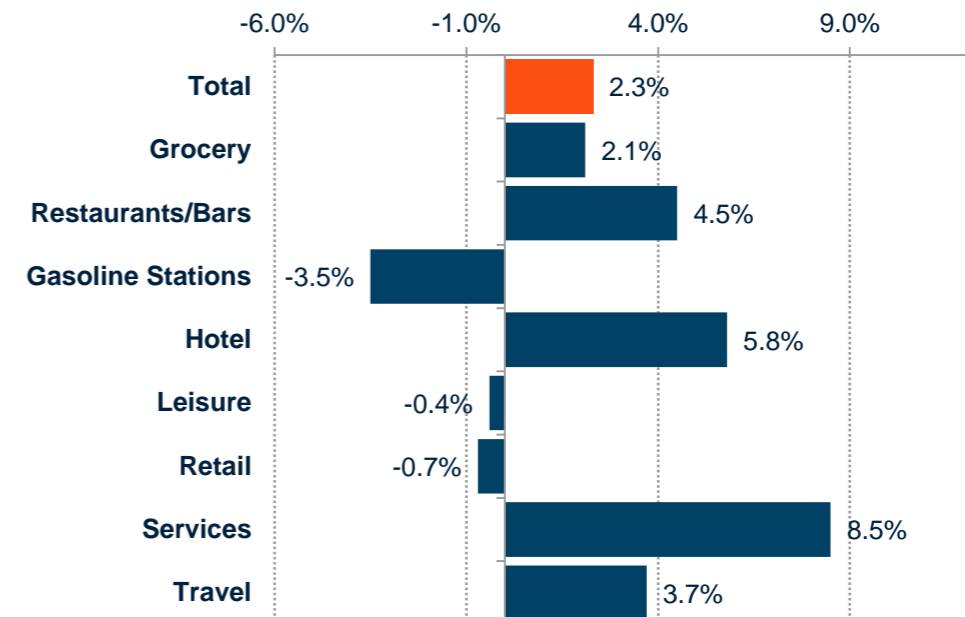
Transaction Growth by Card Type

vs. prior year ⁽¹⁾



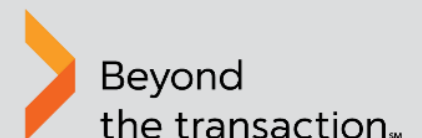
Legend: Credit/Sig Debit (light blue bar), PIN DEBIT (dark blue bar), Total Transaction Growth (solid orange line), Adj. Transactions (dashed orange line).

Same Store Dollar Volume Growth by Industry



(1) Transaction counts underlying growth rates include acquired VISA and MasterCard credit and signature debit, American Express and Discover, PIN-debit, electronic benefits transactions, processed-only and gateway customer transactions at the point of sale ("POS"). Transactions reflect 100% of alliance transactions. Prior period data are often revised at later dates to reflect updated information. The above information reflects the latest data available for the periods indicated.

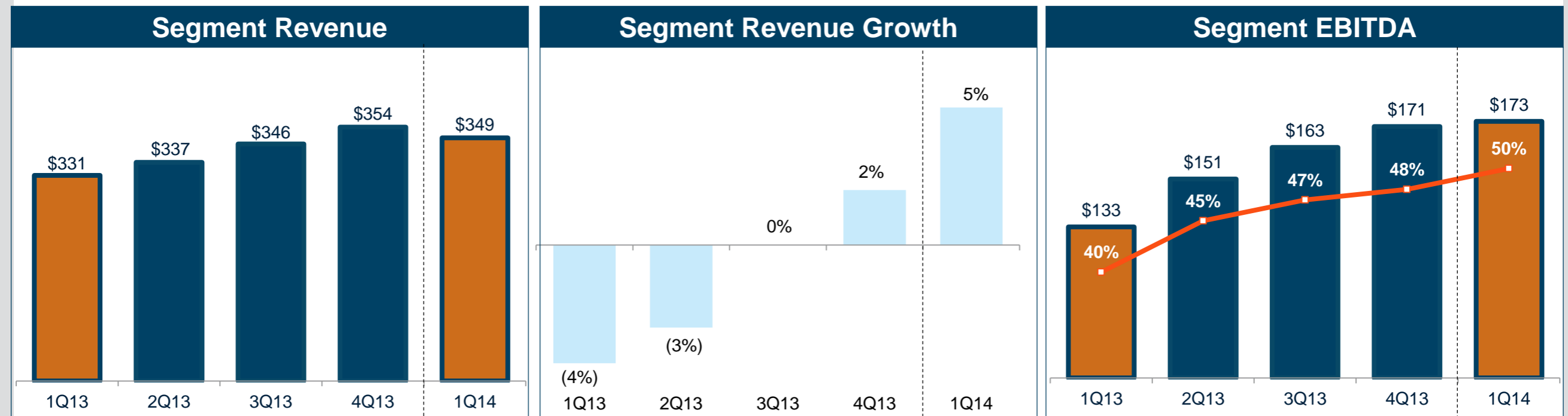
(2) Adjusted for specific customer losses and customer deconversions related to our former Chase Paymentech alliance



1Q14 Financial Services Results

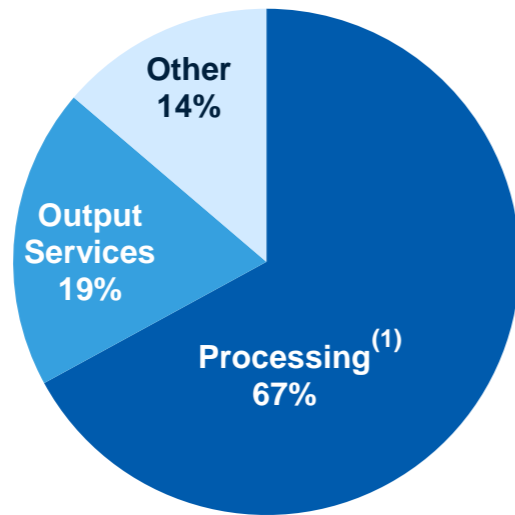
- ▶ Revenue \$349 million, up \$18 million or 5%
 - Driven by new business and volume growth
 - Continued growth in active accounts on file
- ▶ EBITDA \$173 million, up \$40 million or 30%
 - Benefit of cost restructuring initiatives
 - Margin improved to 50%

(\$ in millions)

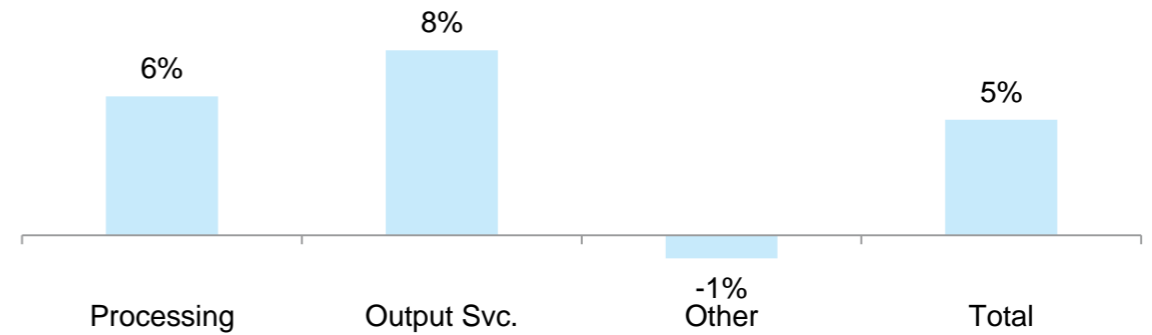


1Q14 Financial Services Drivers

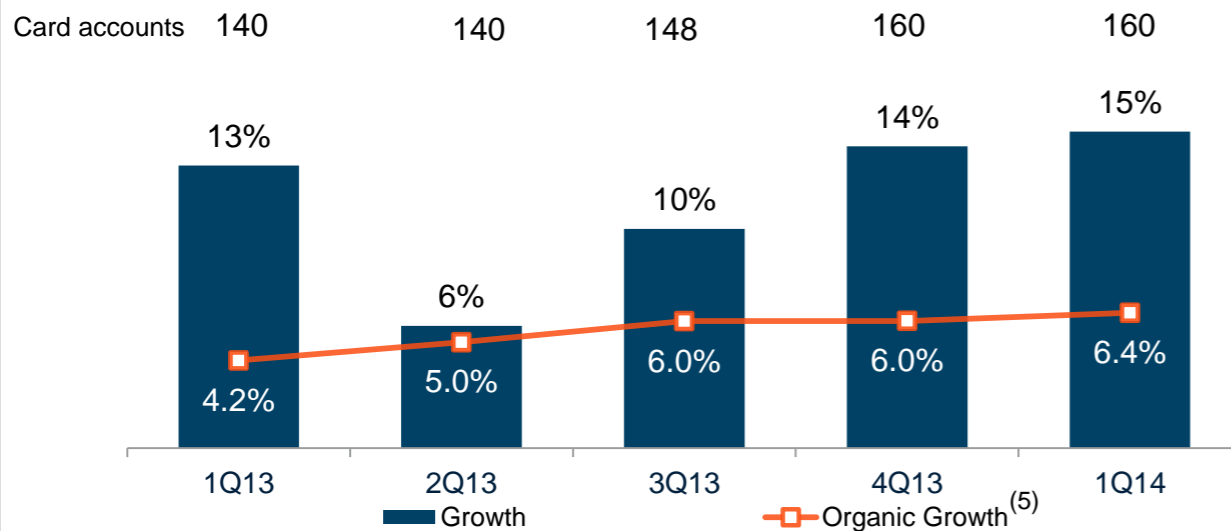
Segment Revenue Mix



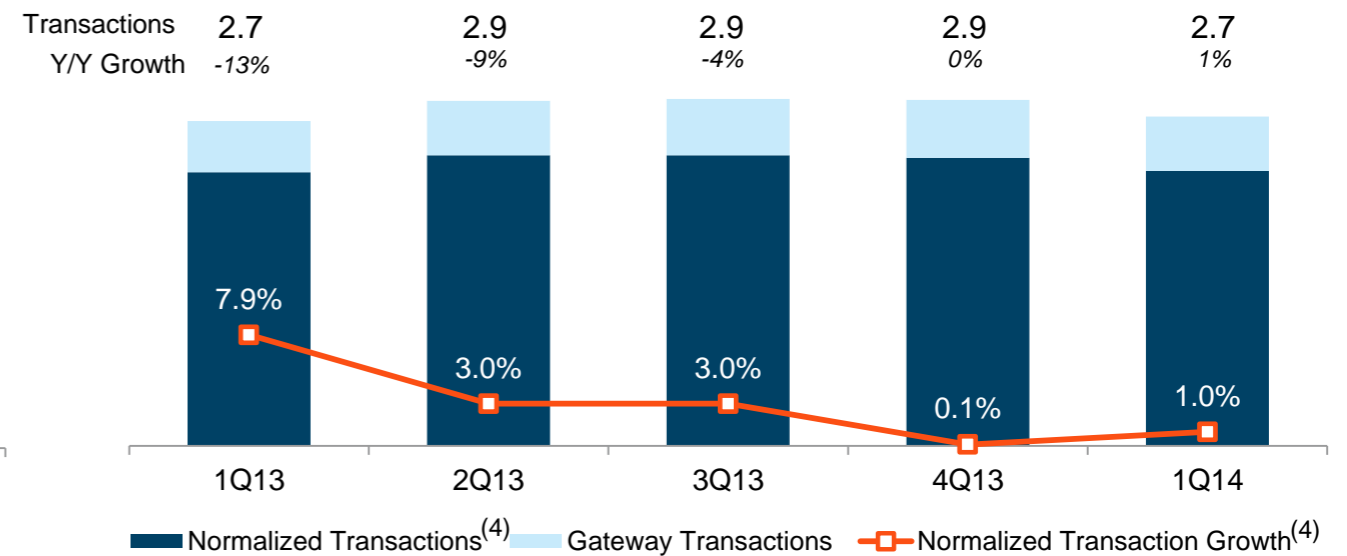
Segment Revenue Mix Growth vs. prior year



Active Card Accounts on File Growth⁽²⁾ vs. prior year (in millions)



Debit Issuer Transactions⁽³⁾ (in billions)

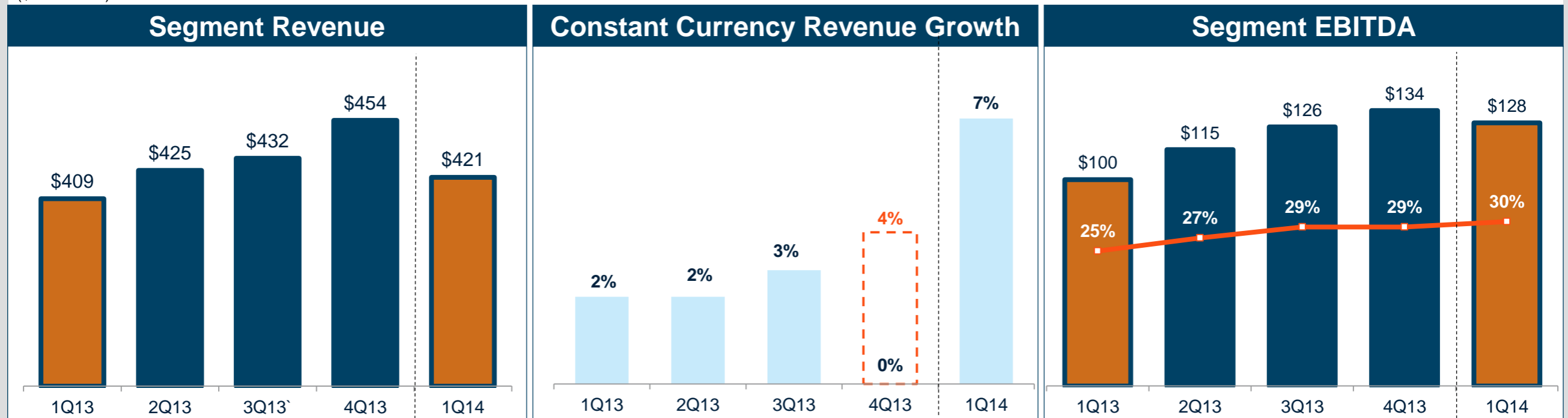


- (1) Includes credit and retail card and debit processing and network services
- (2) Active card accounts on file reflect the average of bank card and retail accounts that had a balance or any activity during the quarter
- (3) Domestic debit issuer transactions include signature and PIN debit transactions, STAR and non-STAR branded (gateway)
- (4) Excludes gateway and Wells Fargo transactions
- (5) Quarterly average growth in monthly active card accounts on file for clients processed for at least 12 months

1Q14 International Results

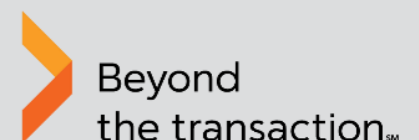
- ▶ Revenue \$421 million, up \$12 million or 3%; up \$29 million or 7% on a constant currency basis
 - Merchant acquiring revenue up 5% on growth in transaction volume and equipment
 - Issuing revenue grew 9% on organic volume growth and new card portfolios
- ▶ EBITDA \$128 million, up \$28 million or 28%; up \$39 million or 38% on a constant currency basis
 - Expense credits of \$21 million (operating tax credit and revaluation of settlement assets)
 - Foreign currency headwind of \$11 million
 - Margins improve to 30%

(\$ in millions)



(1) Adjusted for impact of license fees in Q4 2012.
See Appendix pages 21-23

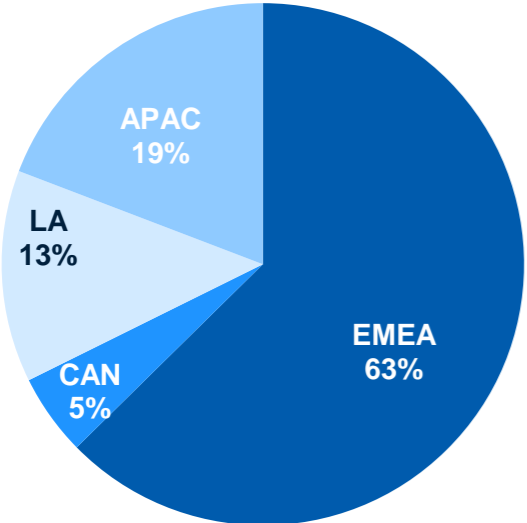
■ Reported ■ Adjusted⁽¹⁾



1Q14 International Drivers

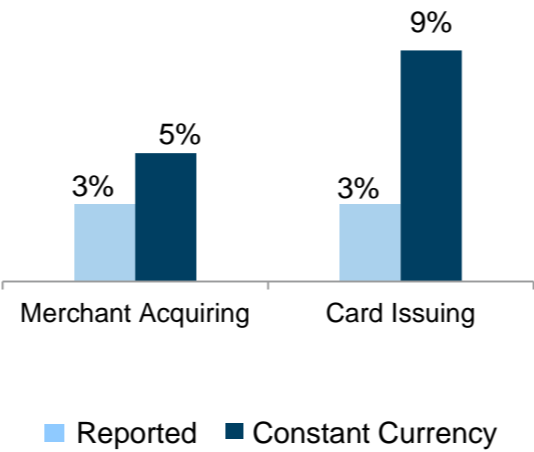
Segment Revenue Mix

By Region⁽¹⁾



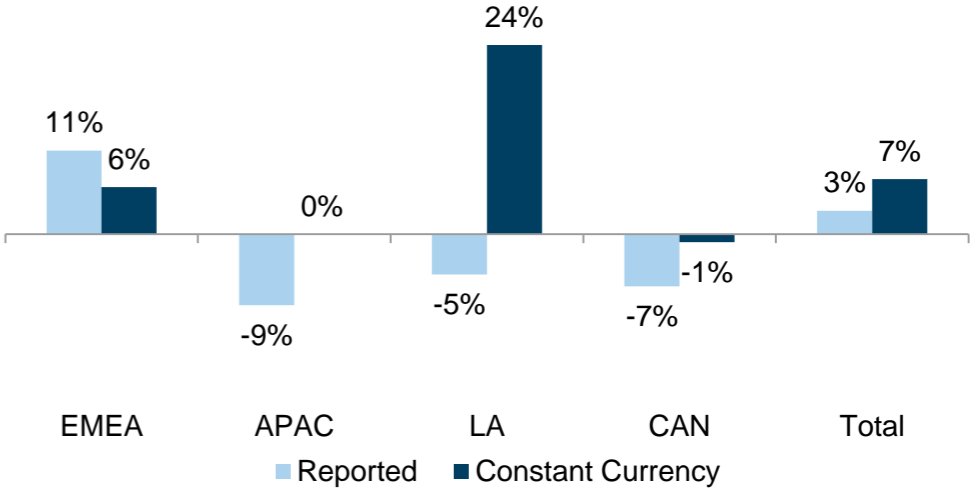
Segment Revenue Mix Growth

By Product



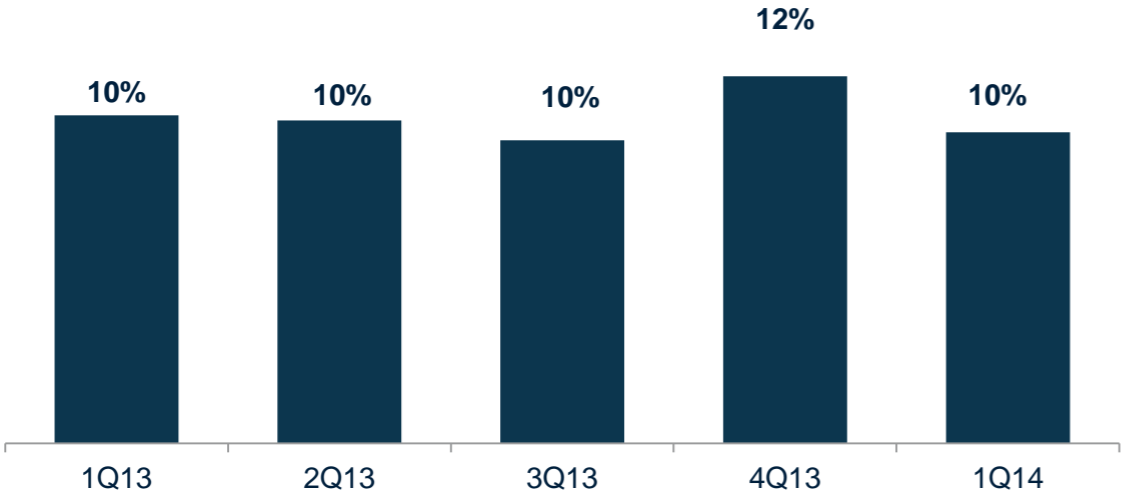
Segment Revenue Mix Growth

By Region⁽¹⁾



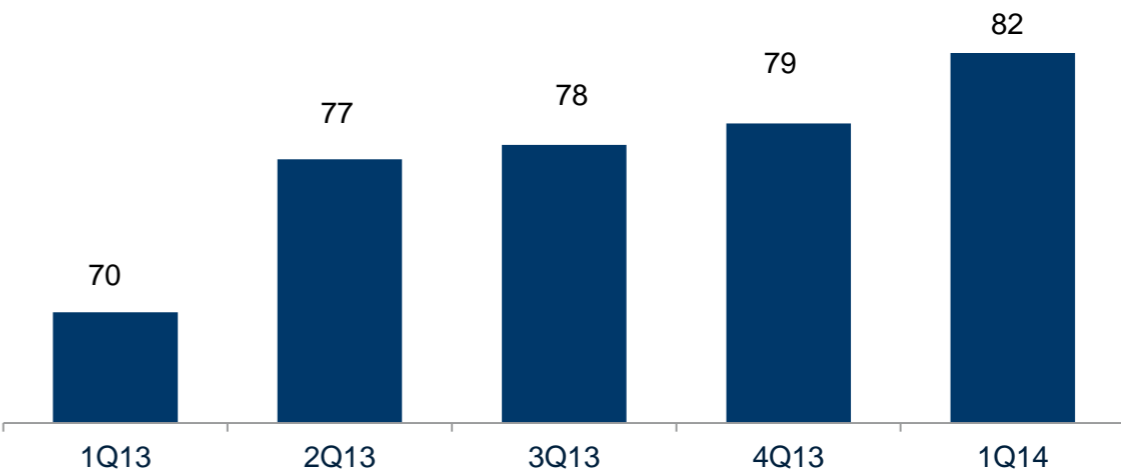
International Transactions⁽²⁾

vs. prior year



International Card Accounts on File⁽³⁾

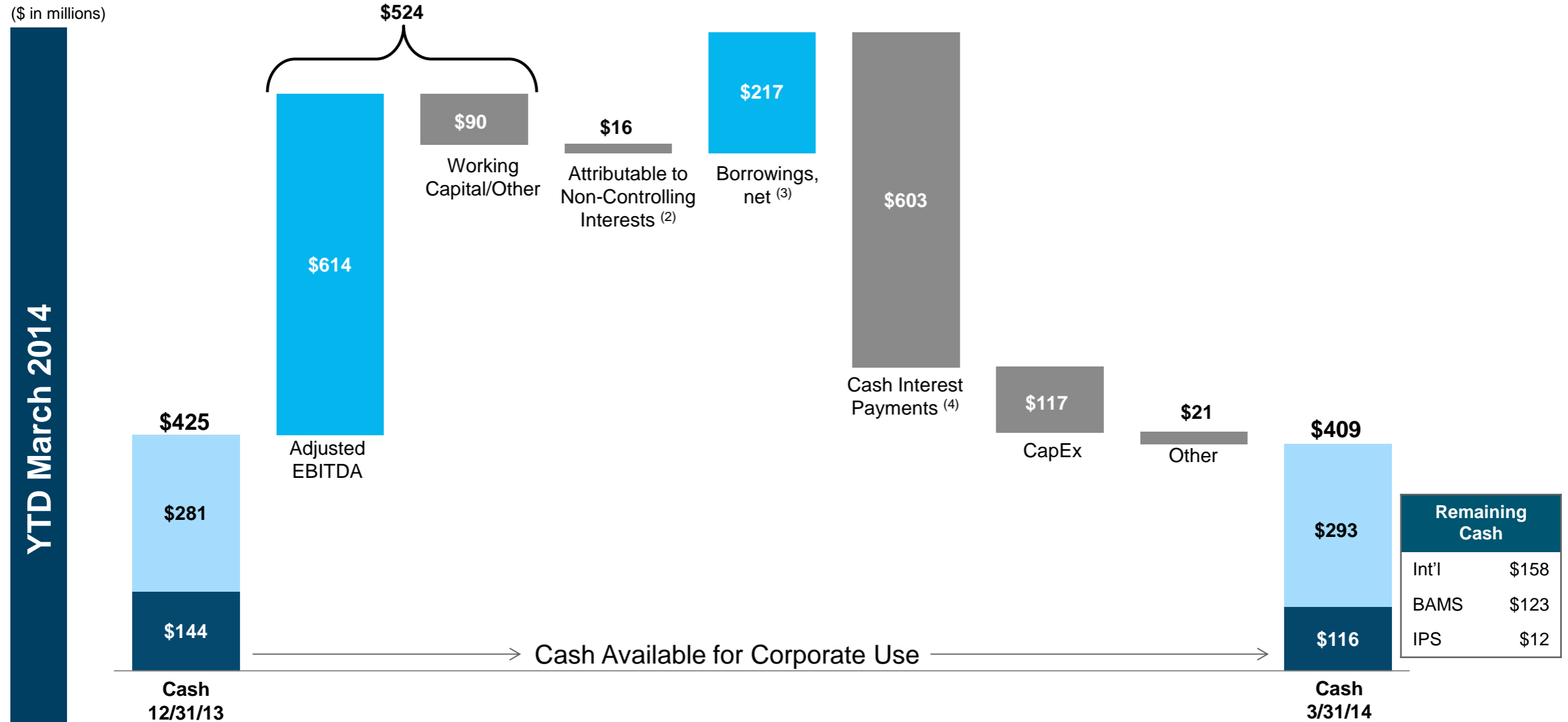
vs. prior year
(in millions)



(1) Regions defined as: LA is Latin America, CAN is Canada, APAC is Asia Pacific, EMEA is Europe, Middle East and Africa
 (2) Include merchant acquiring and switching and debit issuer transactions for clients outside the U.S. Transactions include credit, signature and PIN debit transactions
 (3) Card accounts on file include bankcard and retail
 See Appendix pages 23-25

2014 Cash Flow

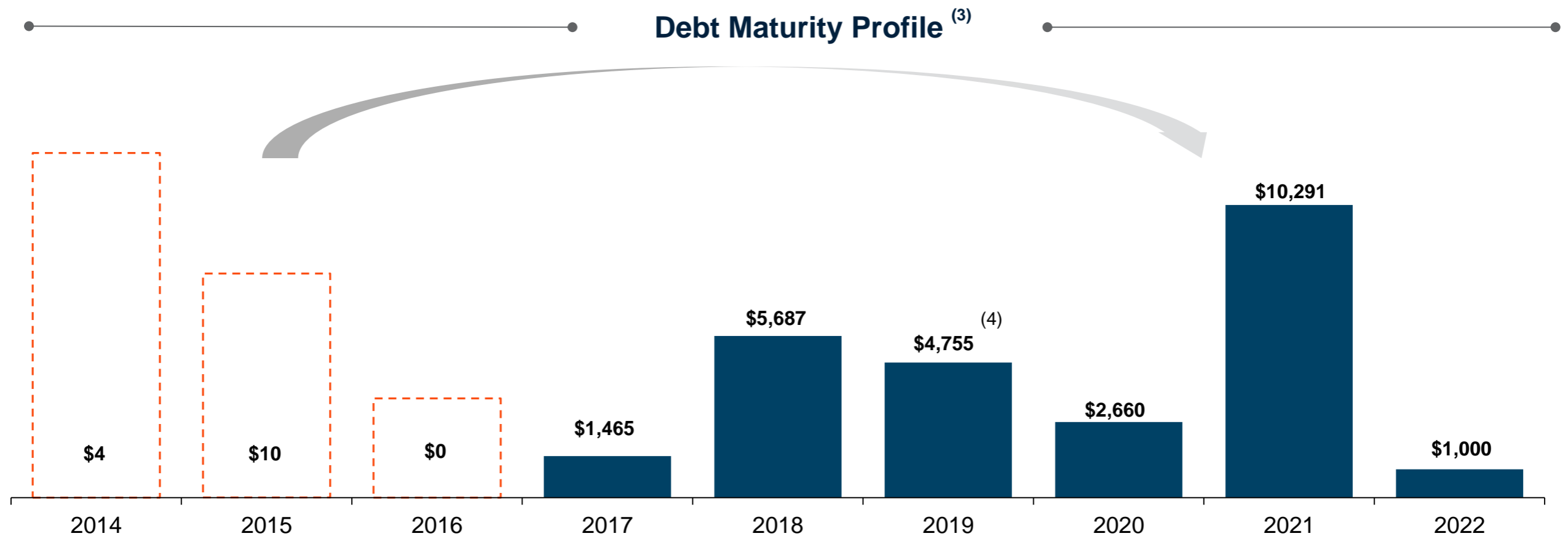
- Ended March with \$758 million in unrestricted liquidity⁽¹⁾; \$326 million in revolver borrowings at March 31



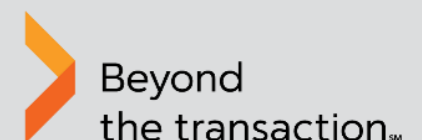
(1) Unrestricted liquidity = \$642M revolver available (after giving effect to outstanding revolver and letters of credit) + \$116M cash available for corporate use
 (2) Represents distributions to minority holders in excess of net income attributable to non-controlling interests (1Q14: \$52M-\$36M)
 (3) Includes short and long-term term borrowings, net and debt modification proceeds and related financing costs, net
 (4) Represents cash interest paid on short-term and long-term debt service obligations
 See Appendix page 26

Proactively Managing Capital Structure

- ▶ Since 2010, extended \$24.5 billion in debt maturities, \$1 billion of revolver capacity
- ▶ Significant headroom in our only financial covenant (4.21 versus covenant of 6.0)
- ▶ Ample liquidity: \$642 million available under revolving credit facility⁽¹⁾, plus \$116 million in cash available for use
- ▶ Extended and re-priced \$2.7 billion of 2017 term loans in January⁽²⁾



- (1) As of March 31, 2014 \$1.0 billion capacity reduced by \$326 million borrowed and \$48 million reserved for letters of credit
 (2) Interest rates on \$1.5 billion of the 2017 loans were lowered by 50 basis points, while \$1.2 billion were extended to 2021
 (3) Excludes short-term borrowings related primarily to revolving credit facility, outstanding settlement lines of credit and capital leases
 (4) Includes HoldCo PIK maturity of \$ 3.2 billion (\$1.4 billion original note plus accrued interest)



Q&A

Appendix

International Expense Credits

(in millions)

Expense Credits	Reported Rates	Constant Currency
Operational Tax Credit	\$10	\$11
Gain on Revaluation of U.S. Dollar based Settlement Assets	\$6	\$10
Total	\$16	\$21

Capital Structure

(\$ in millions)

<u>Tranche</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Amount</u> <u>3/31/14</u>
Extended Revolver (\$1,016 million)	L + 400	2016	\$326
Term Loan	L + 350	2017	\$1,465 ⁽¹⁾
Term Loan	L + 400	2018	\$4,679 ⁽¹⁾
Term Loan	L + 400	2018	\$1,008
Term Loan	L + 400	2021	\$1,216
First Lien Notes	7.375%	2019	\$1,595 ⁽²⁾
First Lien Notes	8.875%	2020	\$510
First Lien Notes	6.750%	2020	\$2,150
Senior Secured	5.25%		\$12,949
Second Lien Notes	8.250%	2021	\$2,000
Second Lien Notes	8.750%	2022	\$1,000
Second Lien	8.42%		\$3,000
Senior Unsecured Notes	10.625%	2021	\$815
Senior Unsecured Notes	11.250%	2021	\$785
Senior Unsecured Notes	12.625%	2021	\$3,000
Senior Unsecured	12.04%		\$4,600
Subordinated	11.750%	2021	\$2,475
Subordinated	11.75%		\$2,475
Other	3.59%		\$238
HoldCo PIK Notes	14.50%	2019	\$1,466
HoldCo	14.50%		\$1,466
Total Debt	8.08%		\$24,728
Cash			\$409
Net Debt			\$24,319

(1) \$5billion step up swaps (9/24/12 - 9/24/16) fixed at average 1.32%

(2) \$750 million swapped to floating receiving 3.11% and paying LIBOR flat, mandatory termination on swap 6/15/15

Consolidated Non-GAAP Reconciliation

(\$ in millions)

	<u>Three months ended March 31,</u>			<u>Three months ended December 31,</u>			<u>Three months ended September 30,</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
<u>Consolidated Adjusted Revenue</u>									
Adjusted revenue	\$ 1,641.1	\$ 1,613.1	2%	\$ 1,753.0	\$ 1,752.6	0%	\$ 1,708.4	\$ 1,694.9	1%
Adjustments for non-wholly-owned entities	0.8	15.5		12.1	24.7		3.0	11.8	
Official check and money order revenues	1.0	1.7		1.2	0.8		0.8	2.3	
ISO commission expense	122.5	115.8		119.9	115.2		123.5	120.6	
Reimbursable debit network fees, postage and other	874.9	844.8		910.9	863.5		876.4	844.4	
Consolidated revenues	<u>\$ 2,640.3</u>	<u>\$ 2,590.9</u>	2%	<u>\$ 2,797.1</u>	<u>\$ 2,756.8</u>	1%	<u>\$ 2,712.1</u>	<u>\$ 2,674.0</u>	1%
	<u>Three months ended June 30,</u>			<u>Three months ended March 31,</u>					
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>			
<u>Consolidated Adjusted Revenue</u>									
Adjusted revenue	\$ 1,701.7	\$ 1,699.1	0%	\$ 1,613.1	\$ 1,615.4	0%			
Adjustments for non-wholly-owned entities	7.8	15.6		15.5	21.1				
Official check and money order revenues	0.7	5.6		1.7	4.0				
ISO commission expense	123.3	118.9		115.8	116.2				
Reimbursable debit network fees, postage and other	875.3	846.3		844.8	807.3				
Consolidated revenues	<u>\$ 2,708.8</u>	<u>\$ 2,685.5</u>	1%	<u>\$ 2,590.9</u>	<u>\$ 2,564.0</u>	1%			

Consolidated Non-GAAP Reconciliation

(\$ in millions)

	Three months ended March 31,		Change
	2014	2013	
<u>Consolidated Adjusted EBITDA</u>			
Adjusted EBITDA	\$ 613.5	\$ 520.4	18%
Adjustments for non-wholly-owned entities	3.7	3.1	
Depreciation and amortization	(265.3)	(272.2)	
Interest expense	(467.1)	(469.0)	
Interest income	3.0	2.7	
Other items	(6.8)	(22.0)	
Income tax expense	(36.6)	(61.6)	
Stock based compensation	(29.1)	(9.2)	
Official check and money order EBITDA	0.6	1.3	
Costs of alliance conversions	(6.8)	(22.6)	
KKR related items	(6.4)	(8.1)	
Debt issuance costs	(3.2)	(0.2)	
Net loss attributable to First Data Corporation	<u>\$ (200.5)</u>	<u>\$ (337.4)</u>	-41%

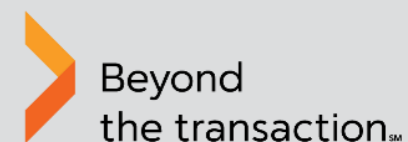
Consolidated Non-GAAP Reconciliation

(\$ in millions)	Three months ended March 31,		Change
	2014	2013	
Adjusted Expenses	\$ 1,027.6	\$ 1,092.7	-6%
ISO Commission expense	122.5	115.8	
Reimbursable debit network fees, postage and other	874.9	844.8	
Depreciation and amortization	265.3	272.2	
Adjustments for non-wholly-owned entities	11.9	11.5	
Restructuring, net	7.8	23.0	
Impairments	(0.4)	(0.7)	
Official check and money order adjusted expenses	0.4	0.4	
Stock based compensation	29.1	9.2	
Cost of alliance conversions	6.8	22.6	
KKR Related items	6.4	8.1	
Debt issuance costs	3.2	0.2	
Other	0.3		
Consolidated expenses	<u>\$ 2,355.8</u>	<u>\$ 2,399.8</u>	-2%

Consolidated Non-GAAP Reconciliation

(\$ in millions)

	Three Months Ended			
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Consolidated Adjusted EBITDA				
Adjusted EBITDA	\$ 520.4	\$ 632.7	\$ 627.1	\$ 669.2
Adjustments for non-wholly-owned entities	3.1	(0.4)	0.5	(0.8)
Depreciation and amortization	(272.2)	(274.7)	(271.3)	(273.1)
Interest expense	(469.0)	(472.2)	(469.0)	(470.5)
Interest income	2.7	2.6	2.7	3.1
Other items	(22.0)	(14.6)	(49.8)	(46.3)
Income tax (expense) benefit	(61.6)	(11.5)	(28.6)	15.2
Stock based compensation	(9.2)	(21.4)	(5.5)	(2.0)
Official check and money order EBITDA	1.3	0.2	0.4	0.8
Costs of alliance conversions	(22.6)	(18.7)	(17.8)	(9.2)
KKR related items	(8.1)	(8.0)	(8.3)	(7.4)
Debt issuance costs	(0.2)	(3.1)	0.1	(2.1)
Net loss attributable to First Data Corporation	\$ (337.4)	\$ (189.1)	\$ (219.5)	\$ (123.1)



International Non-GAAP Reconciliation

(\$ in millions)

International Segment Revenue (Constant Currency)

	<u>Three Months Ended March 31,</u>			<u>Three Months Ended June 30,</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Segment Revenue	\$ 408.6	\$ 404.9	1%	\$ 424.9	\$ 424.6	0%
Foreign exchange impact (1)	5.4			7.8		
Segment Revenue on a constant currency basis	<u>\$ 414.0</u>	<u>\$ 404.9</u>	2%	<u>\$ 432.7</u>	<u>\$ 424.6</u>	2%
	<u>Three Months Ended September 30,</u>			<u>Three Months Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	
Segment Revenue	\$ 431.6	\$ 427.0	1%	\$ 454.3	\$ 461.9	-2%
Foreign exchange impact (1)	10.2			9.8		
Segment Revenue on a constant currency basis	\$ 441.8	\$ 427.0	3%	\$ 464.1	\$ 461.9	0%
One-time license fee					(14.5)	
Adjusted segment EBIDTA on a constant currency basis	<u>\$ 441.8</u>	<u>\$ 427.0</u>	3%	<u>\$ 464.1</u>	<u>\$ 447.4</u>	4%

(1) Foreign exchange impact represents the difference between actual 2013 revenue and 2013 revenue calculated using 2012 exchange rates.

International Non-GAAP Reconciliation

(\$ in millions)

	Three months ended March 31,		Change
	2014	2013	
<u>International Segment Revenue (Constant Currency)</u>			
Segment Revenue	\$ 421.3	\$ 408.6	3%
Foreign Exchange impact (1)	16.5		
Segment Revenue on a constant currency basis	<u>\$ 437.8</u>	<u>\$ 408.6</u>	7%

	Three months ended March 31,		Change
	2014	2013	
<u>International Segment EBITDA (Constant Currency)</u>			
International segment EBITDA	\$ 128.4	\$ 100.4	28%
Foreign exchange impact (2)	10.5		
International segment EBITDA on a constant currency basis	<u>\$ 138.9</u>	<u>\$ 100.4</u>	38%

(1) Foreign exchange impact represents the difference between actual 2014 revenue and 2014 revenue calculated using 2013 exchange rates.

(2) Foreign exchange impact represents the difference between actual 2014 EBITDA and 2014 EBITDA calculated using 2013 exchange rates.

International Non-GAAP Reconciliation

(\$ in millions)

<u>International Segment Revenue By Line of Business (Constant Currency)</u>	<u>Three months ended March 31,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
International Segment Revenue - merchant acquiring	\$ 207.9	\$ 201.1	3%
Foreign exchange impact (1)	3.5		
International Segment Revenue - merchant acquiring on a constant currency basis	<u>\$ 211.4</u>	<u>\$ 201.1</u>	5%
International Segment Revenue - card issuing	\$ 213.4	\$ 207.5	3%
Foreign exchange impact (1)	13.0		
International Segment Revenue - card issuing on a constant currency basis	<u>\$ 226.4</u>	<u>\$ 207.5</u>	9%

(1) Foreign exchange impact represents the difference between actual 2014 revenue and 2014 revenue calculated using 2013 exchange rates.

International Non-GAAP Reconciliation

(\$ in millions)

<u>International Segment Revenue (Constant Currency By Region)</u>	<u>Three Months Ended March 31,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
EMEA revenue	\$ 261.1	\$ 235.5	11%
Foreign exchange impact (1)	(10.4)		
EMEA revenue on a constant currency basis	<u>\$ 250.7</u>	<u>\$ 235.5</u>	6%
APAC revenue	\$ 81.3	\$ 89.6	-9%
Foreign exchange impact (1)	8.2		
APAC revenue on a constant currency basis	<u>\$ 89.5</u>	<u>\$ 89.6</u>	0%
LA revenue	\$ 56.2	\$ 59.2	-5%
Foreign exchange impact (1)	17.4		
LA revenue on a constant currency basis	<u>\$ 73.6</u>	<u>\$ 59.2</u>	24%
Canada revenue	\$ 22.7	\$ 24.3	-7%
Foreign exchange impact (1)	1.3		
Canada revenue on a constant currency basis	<u>\$ 24.0</u>	<u>\$ 24.3</u>	-1%

(1) Foreign exchange impact represents the difference between actual 2014 revenue and 2014 revenue calculated using 2013 exchange rates.

International Non-GAAP Reconciliation

(\$ in millions)

<u>International Segment EMEA Region Revenue By Line of Business (Constant Currency)</u>	<u>Three Months Ended March 31,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
EMEA revenue - merchant acquiring	\$ 141.0	\$ 130.9	8%
Foreign exchange impact (1)	(5.8)		
EMEA revenue - merchant acquiring on a constant currency basis	<u>\$ 135.2</u>	<u>\$ 130.9</u>	3%
EMEA revenue - card issuing	\$ 120.1	\$ 104.6	15%
Foreign exchange impact (1)	(4.6)		
EMEA revenue - card issuing on a constant currency basis	<u>\$ 115.5</u>	<u>\$ 104.6</u>	10%

(1) Foreign exchange impact represents the difference between actual 2014 revenue and 2014 revenue calculated using 2013 exchange rates.

Cash Flow Non-GAAP Reconciliation

(\$ in millions)

	Three Months Ended March 31, 2014	
Adjusted EBITDA	\$	614
Total working capital/other		(90)
	\$	<u>524</u>
Net cash used in operating activities	\$	(44)
Cash interest payments		603
Net cash provided by operating activities excluding cash interest payments		559
Net Income Attributable to noncontrolling interests		(35)
	\$	<u>524</u>

Notice to Investors, Prospective Investors and the Investment Community; Cautionary Information Regarding Forward-Looking Statements

Statements in this presentation regarding First Data Corporation (the “Company”) which are not historical facts are 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. Examples of forward-looking statements include, but are not limited to, all statements the Company makes relating to revenue, EBITDA, earnings, margins, growth rates and other financial results for future periods. Forward-looking statements are based on the Company’s current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. The Company’s actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include: (a) no adverse impact on the Company’s business as a result of its high degree of leverage; (b) successful implementation and improvement of processing systems to provide new products, improved functionality and increased efficiencies; (c) no adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise; (d) no material breach of security of any of the Company’s systems; (e) successful conversions under service contracts with major clients; (f) continuing development and maintenance of appropriate business continuity plans for the Company’s processing systems based on the needs and risks relative to each such system; (g) achieving planned revenue growth throughout the Company, including in the merchant alliance program which involves several alliances not under the sole control of the Company and each of which acts independently of the others, and successful management of pricing pressures through cost efficiencies and other cost-management initiatives; (h) anticipation of and response to technological changes, particularly with respect to e-commerce and mobile commerce; (i) no further consolidation among client financial institutions or other client groups which has a significant impact on Company client relationships and no material loss of business from significant customers of the Company; (j) successfully managing the credit and fraud risks in the Company’s business units and the merchant alliances, particularly in e-commerce and mobile markets; (k) no unanticipated changes in laws, regulations, credit card association rules or other industry standards affecting the Company’s businesses which require significant product redevelopment efforts, reduce the market for or value of its products or render products obsolete; (l) continuation of the existing interest rate environment so as to avoid unanticipated increases in interest on the Company’s borrowings; (m) no unanticipated developments relating to lawsuits, investigations or similar matters; (n) no catastrophic events that could impact the Company’s or its 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; (o) successfully managing the potential both for patent protection and patent liability and other risks that are set forth in the “Risk Factors” and “Management Discussion and Analysis of Results of Operations and Financial Condition” sections of the Annual Report on Form 10-K for the period ended December 31, 2013.