

First Data

2014 Second Quarter Financial Results

July 30, 2014



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>.

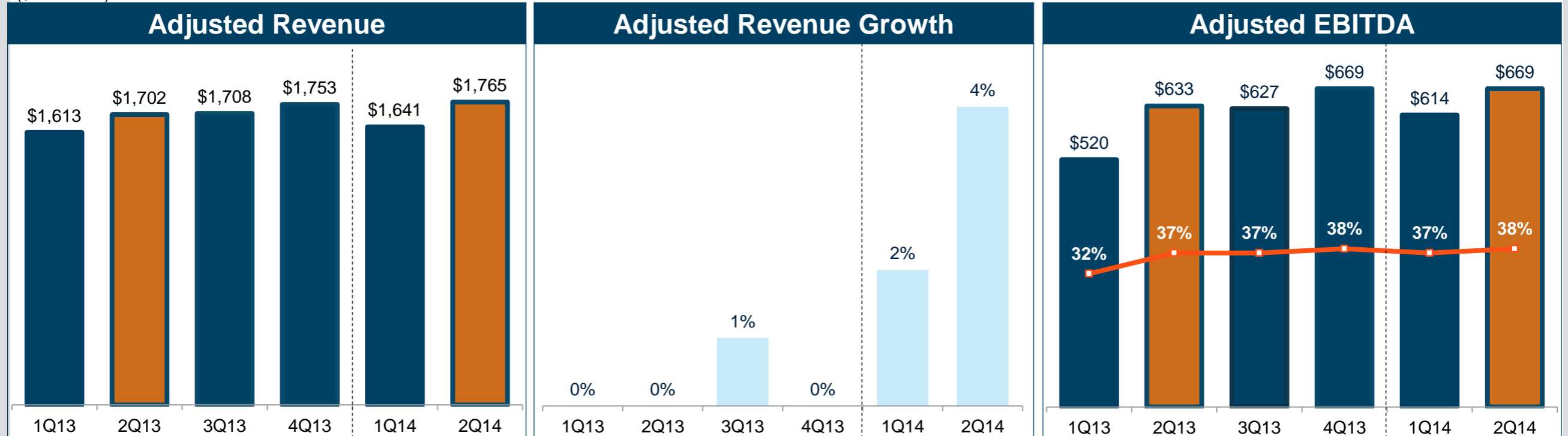
Progress/Highlights

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

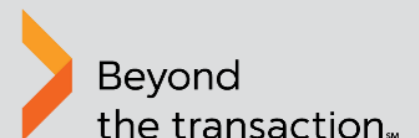
2Q14 Consolidated Operating Results

- ▶ Consolidated revenue of \$2.8 billion, up 5%
- ▶ Net loss attributable to First Data \$35 million, 82% improvement over prior year
- ▶ Adjusted revenue \$1.8 billion, up 4%
- ▶ Adjusted EBITDA \$669 million, up 6%
 - Margins expanded to 38%

(\$ in millions)



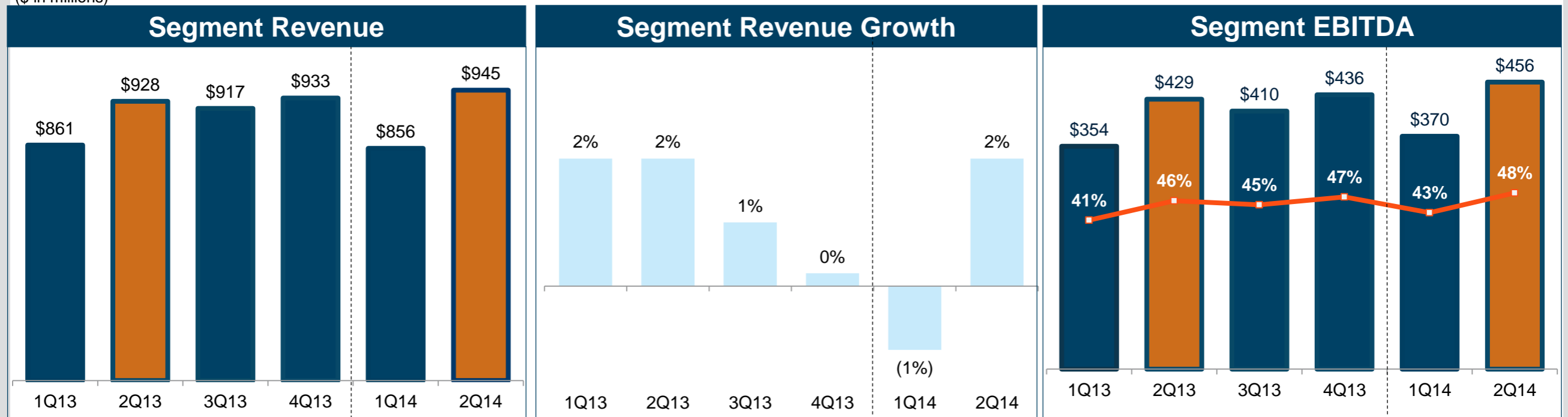
See Appendix pages 18-20



2Q14 Merchant Solutions Results

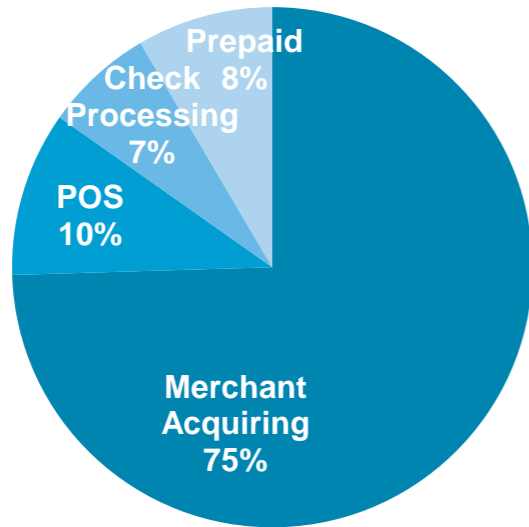
- ▶ Revenue \$945 million, up \$17 million, or 2%
- ▶ Merchant acquiring revenue up 3%
 - Transaction growth up 4%; revenue per transaction down 1%
- ▶ Product revenue down 1%
 - Growth in Prepaid business; offset by sale of EFS and decline in check volumes
- ▶ EBITDA \$456 million, up \$26 million, or 6%
 - Margin improved to 48%

(\$ in millions)



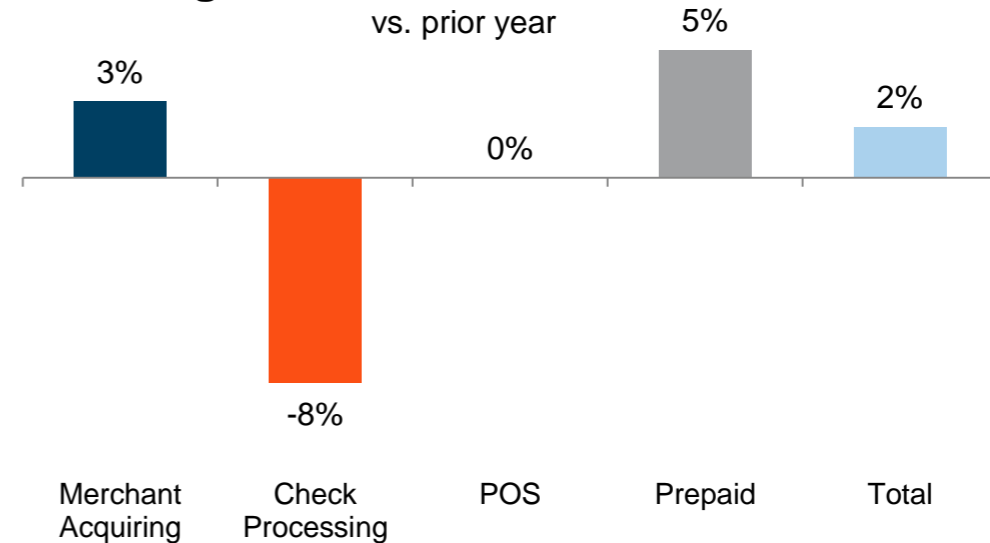
2Q14 Merchant Solutions Drivers

Segment Revenue Mix



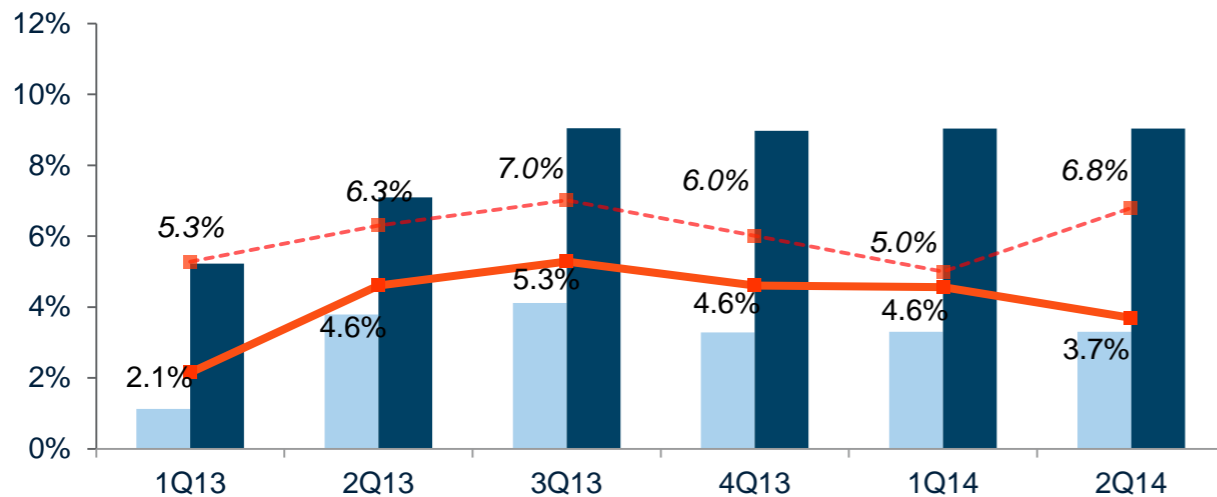
Merchant Composition	
Alliances	45%
RSA	26%
Indirect	20%
Other	9%

Segment Revenue Mix Growth



Transaction Growth by Card Type

vs. prior year ⁽¹⁾

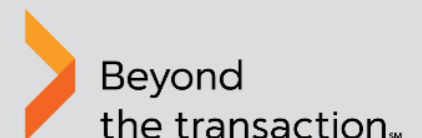
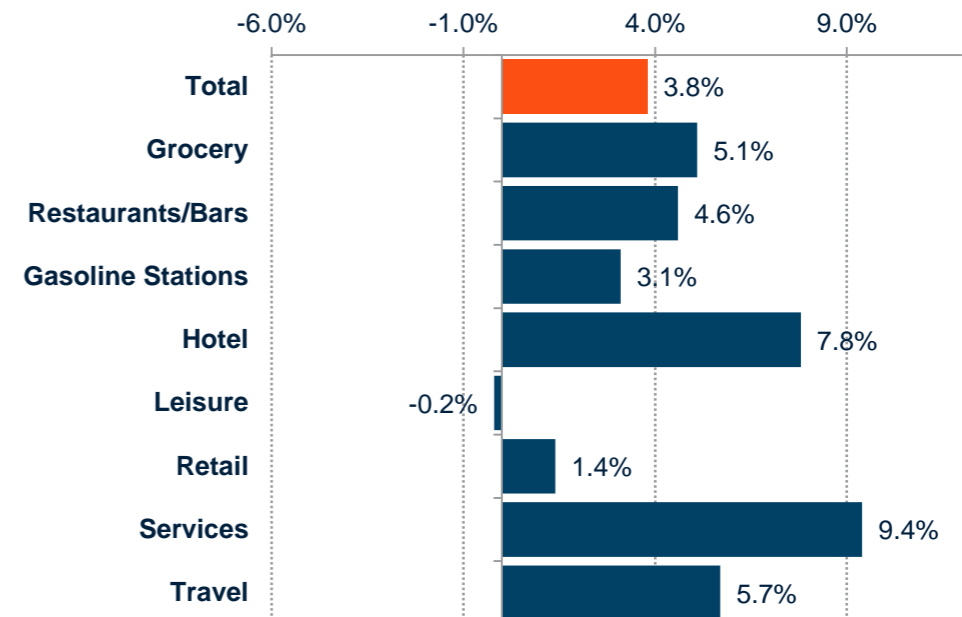


Legend: Credit/Sig Debit (light blue), PIN DEBIT (dark blue), Total Transaction Growth (orange line), Adj. Transactions (red dashed line)

(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

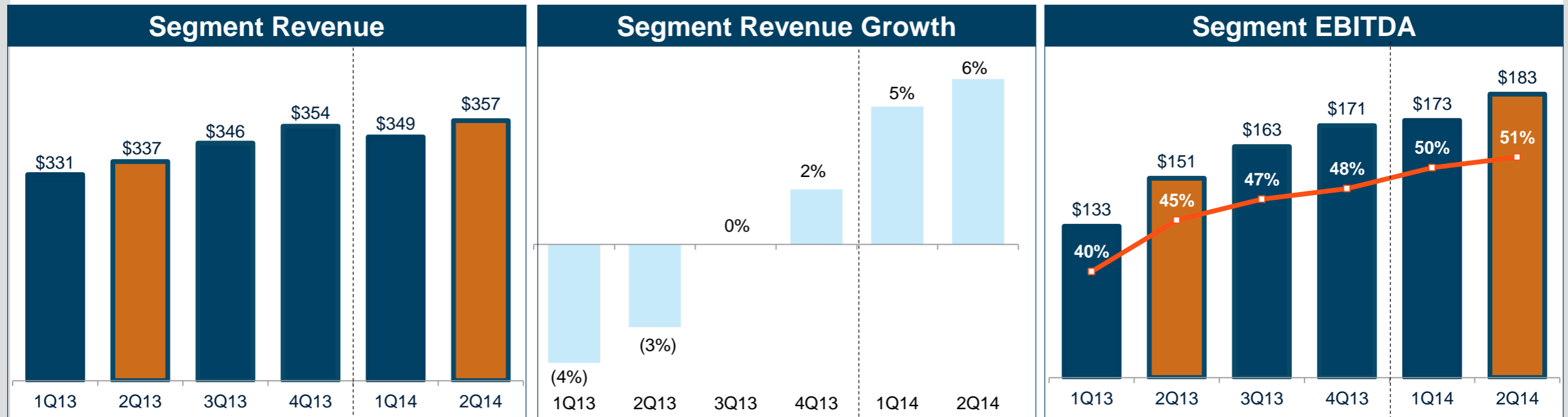
Same Store Dollar Volume Growth by Industry



2Q14 Financial Services Results

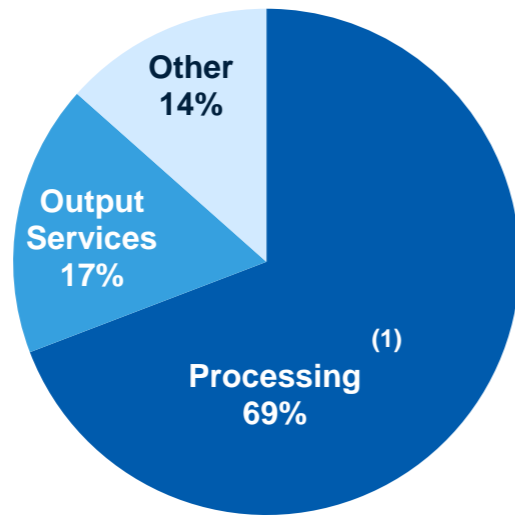
- ▶ Revenue \$357 million, up \$20 million or 6%
 - Driven by new business and volume growth
 - Continued growth in active accounts on file
- ▶ EBITDA \$183 million, up \$32 million or 21%
 - Continued benefit of cost restructuring initiatives
 - Margin improved to 51%

(\$ in millions)

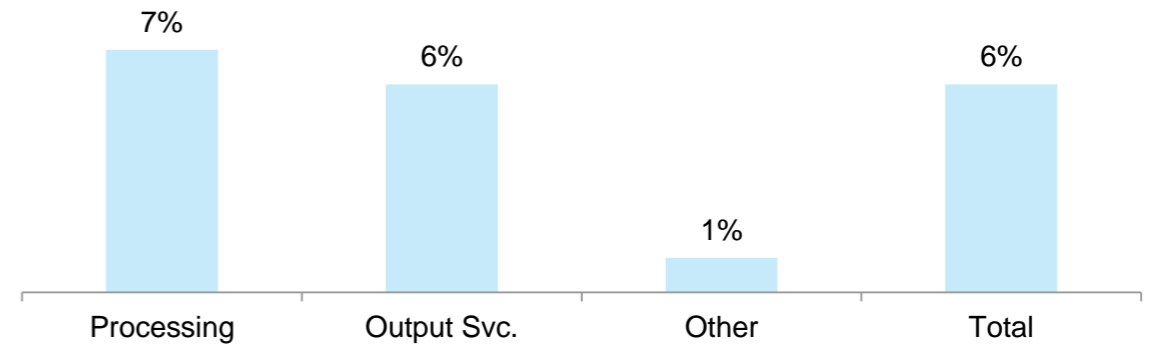


2Q14 Financial Services Drivers

Segment Revenue Mix

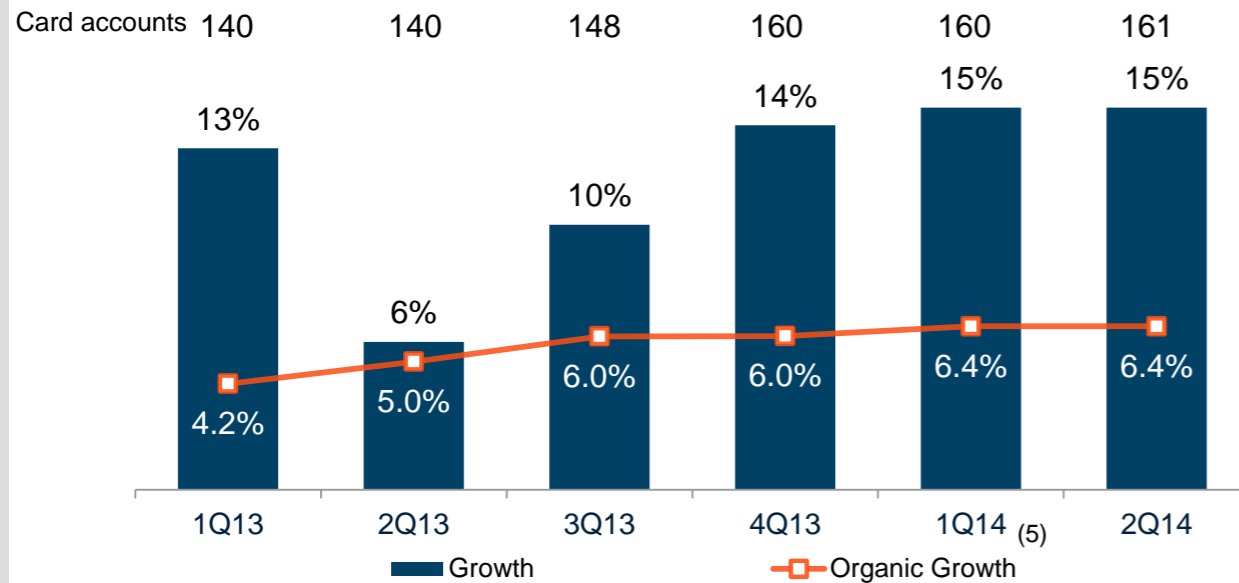


Segment Revenue Mix Growth vs. prior year



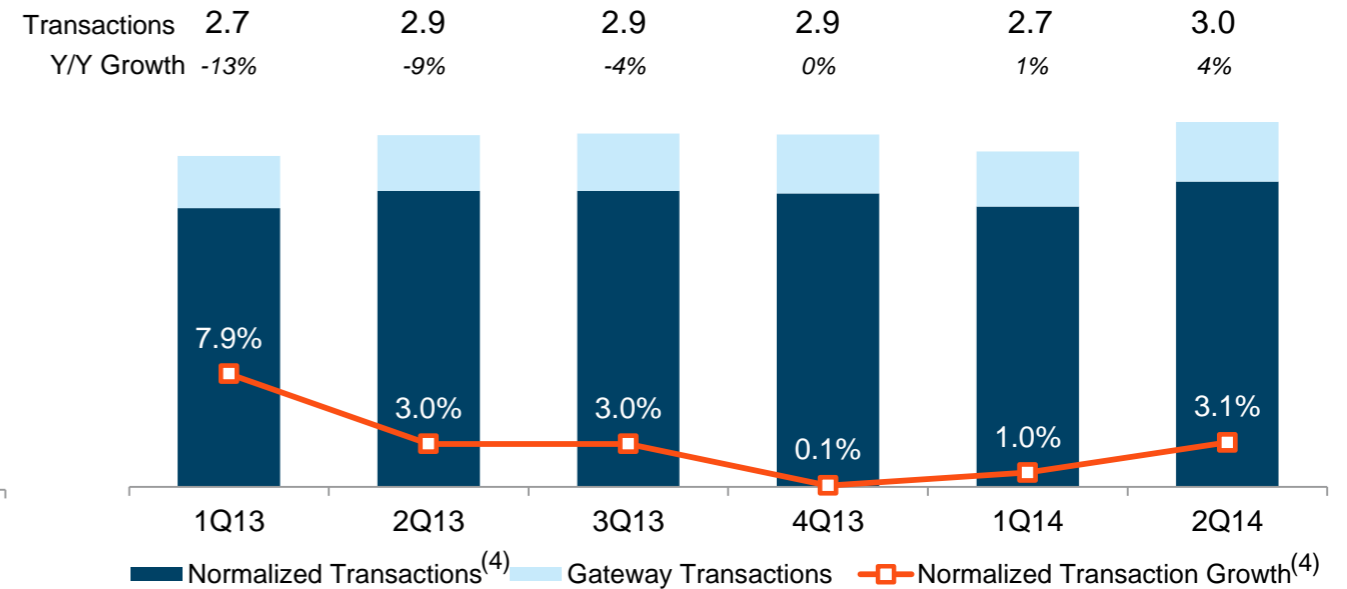
Active Card Accounts on File Growth⁽²⁾

vs. prior year
(in millions)



Debit Transactions⁽³⁾

(in billions)



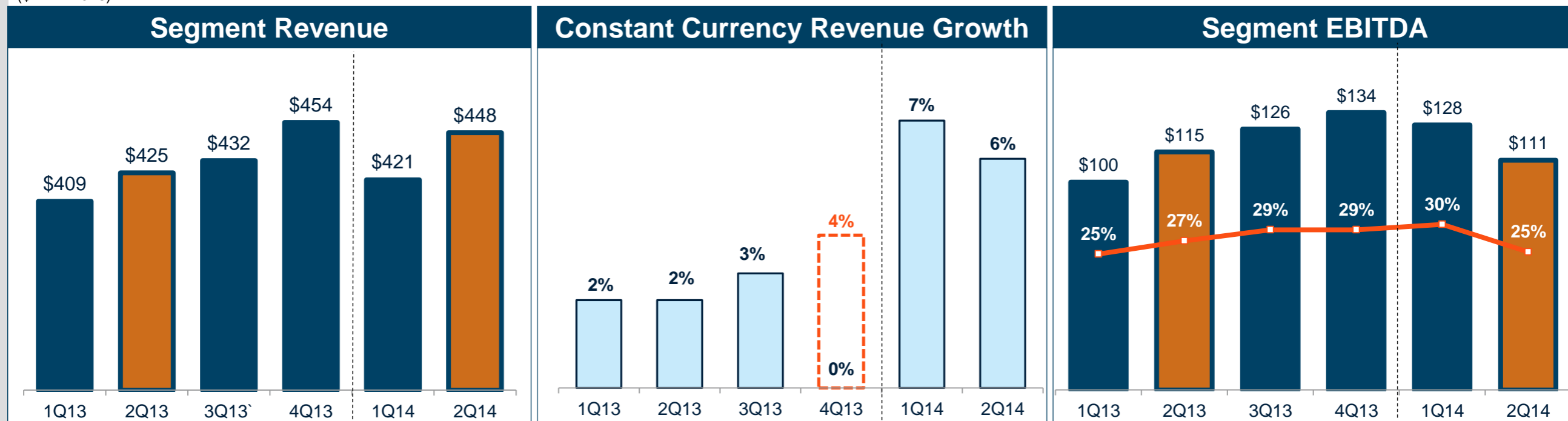
- (1) Includes credit and retail card and debit processing and network services
- (2) Active card accounts on file reflect the average of bank card and retail accounts that had a balance or any activity during the quarter
- (3) Domestic debit issuer transactions include signature and PIN debit transactions, 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

2Q14 International Results

- ▶ Revenue \$448 million, up \$23 million or 5%; up \$27 million or 6% on a constant currency basis
 - Merchant acquiring revenue up 7% on growth in transaction volume and equipment
 - Issuing revenue grew 6% on organic volume growth and new card portfolios

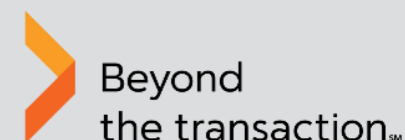
- ▶ EBITDA \$111 million, down \$4 million or 4%
 - Expenses were negatively impacted by a \$12 million reserve for an uncollectable receivable, a \$5 million litigation claim and a \$3 million provision for a merchant related credit loss, negatively affecting margin by 4 percentage points

(\$ in millions)



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

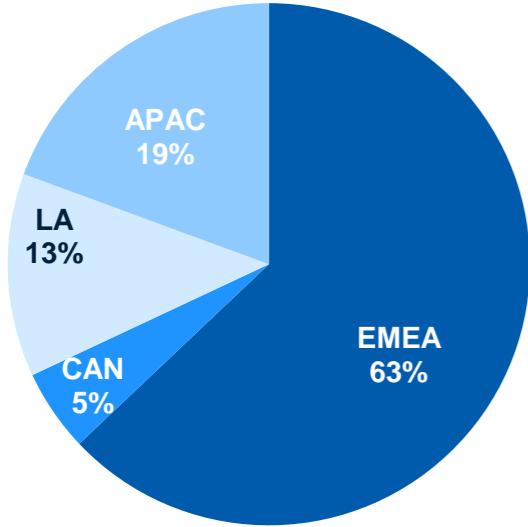
□ Reported □ Adjusted⁽¹⁾



2Q14 International Drivers

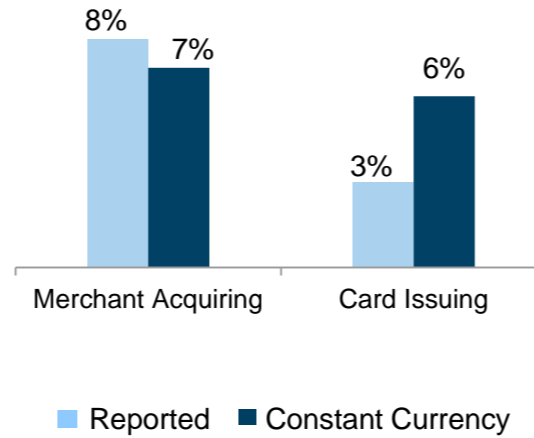
Segment Revenue Mix

By Region⁽¹⁾



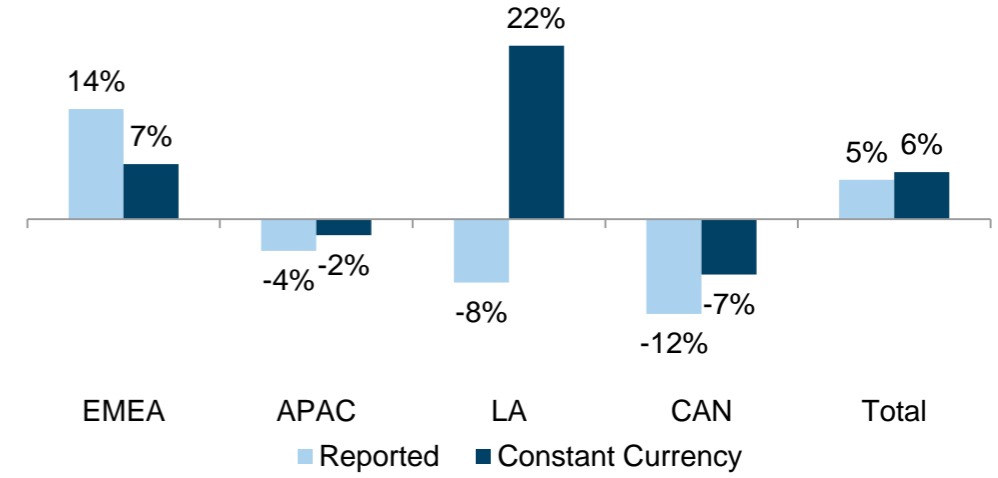
Segment Revenue Mix Growth

By Product



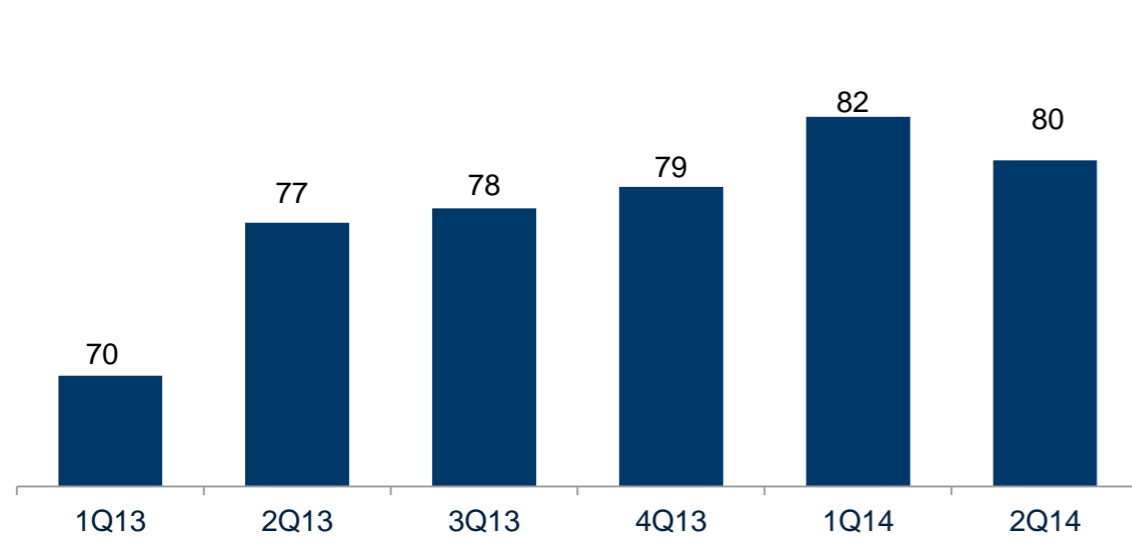
Segment Revenue Mix Growth

By Region⁽¹⁾



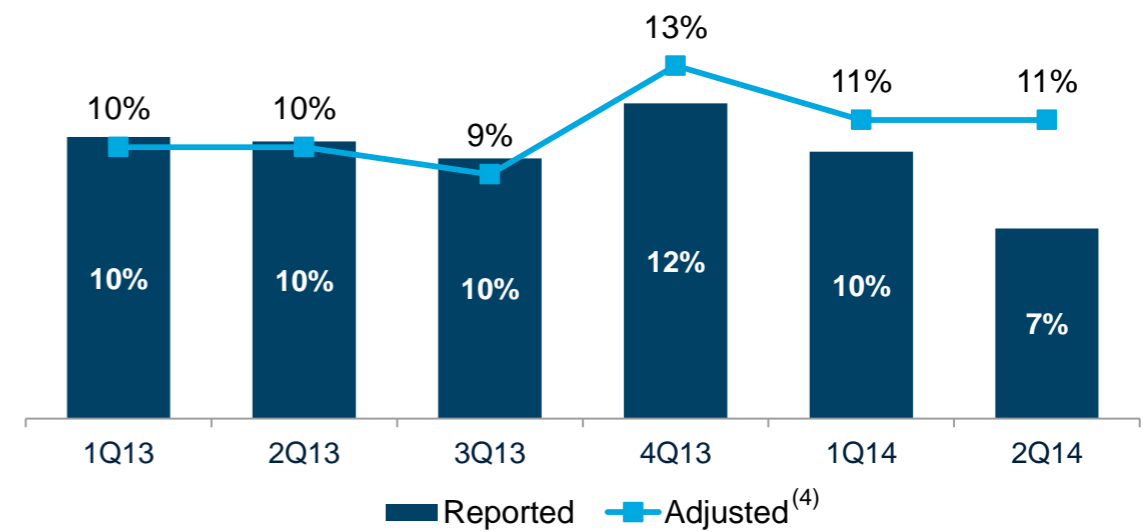
International Card Accounts on File⁽²⁾

vs. prior year
(in millions)



International Transactions⁽³⁾

vs. prior year



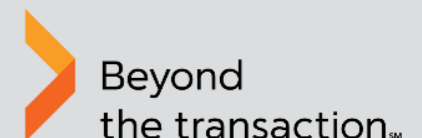
(1) Regions defined as: LA is Latin America, CAN is Canada, APAC is Asia Pacific, EMEA is Europe, Middle East and Africa

(2) Card accounts on file include bankcard and retail

(3) Include merchant acquiring and switching and debit issuer transactions for clients outside the U.S. Transactions include credit, signature and PIN debit transactions

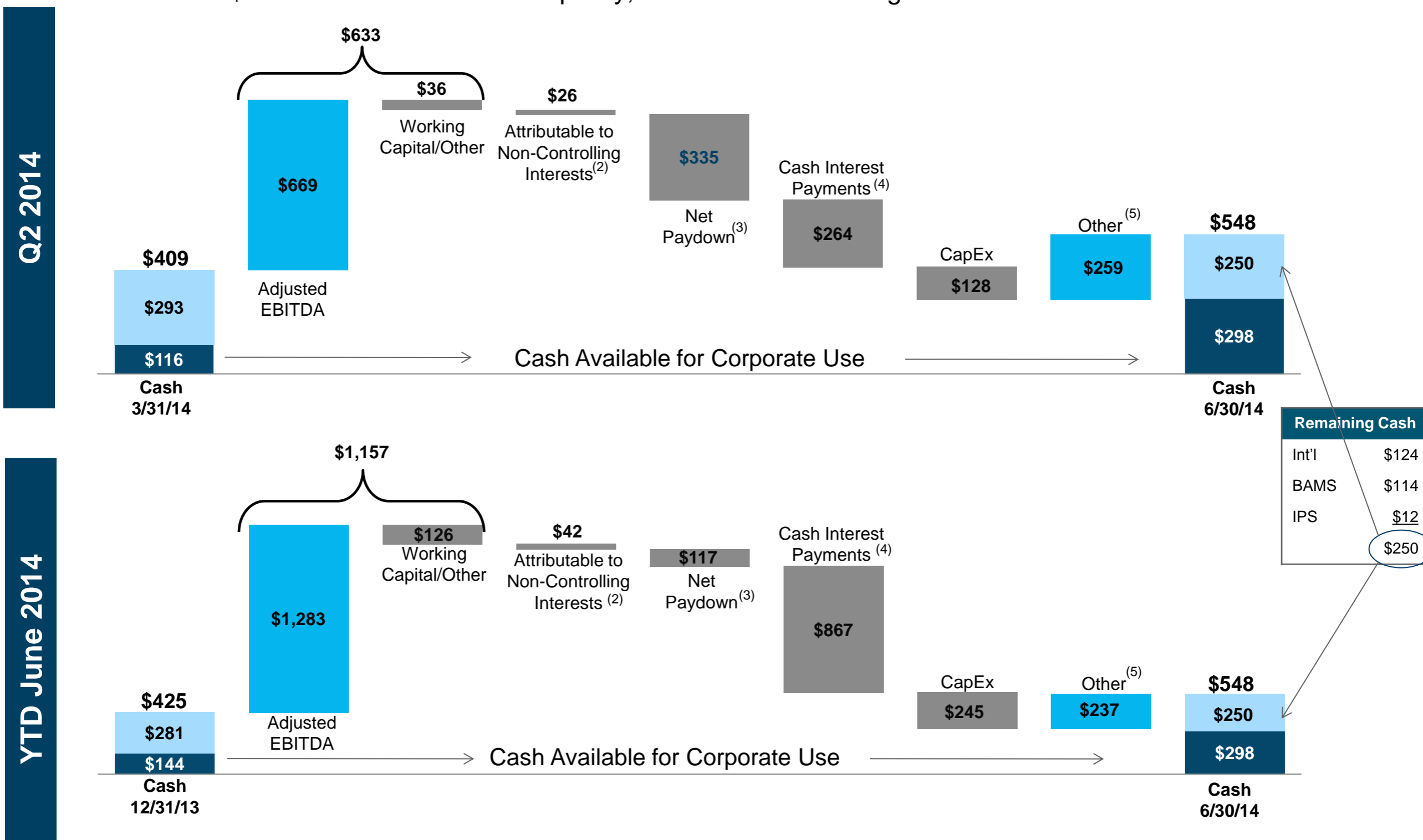
(4) Adjusted represents the impact of Chase moving transactions back to their own platform

See Appendix pages 22 - 23



2014 Cash Flow

Ended June with \$1.3 billion in unrestricted liquidity⁽¹⁾; No revolver borrowings at June 30



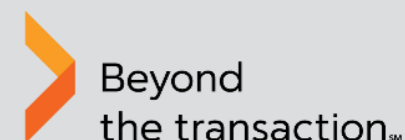
(1) Unrestricted liquidity = \$973 M revolver available (after giving effect to outstanding revolver and letters of credit) + \$298 M cash available for corporate use

(2) Represents distributions to minority holders in excess of net income attributable to non-controlling interests

(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

(5) Other includes \$255M in proceeds for sale of EFS

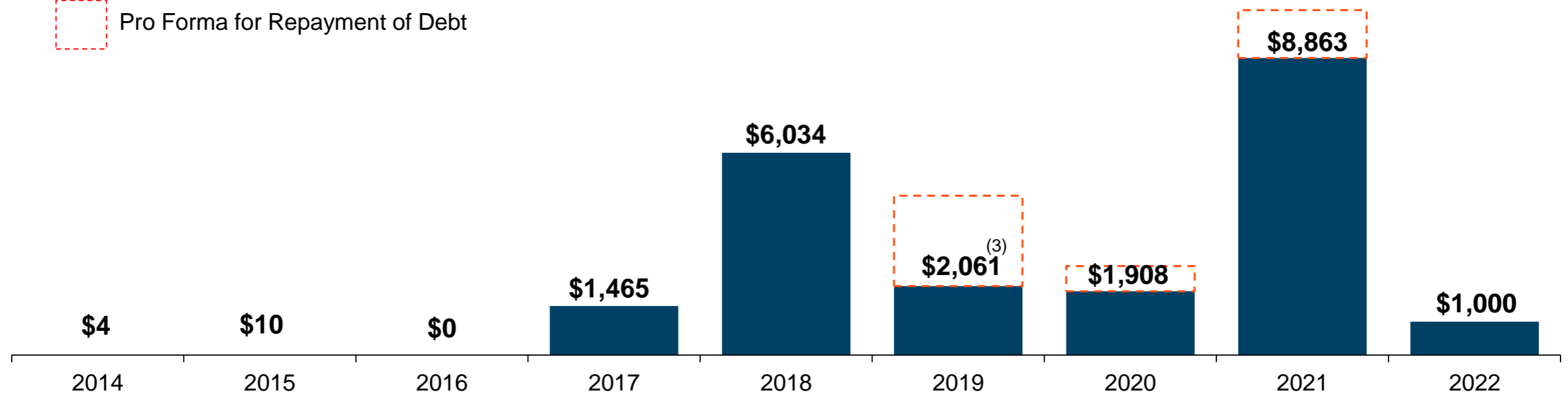


Proactively Managing Capital Structure

- ▶ \$3.5 billion equity raise used to de-lever balance sheet – 1.2 turn improvement in pro forma leverage
- ▶ Re-priced \$5.7 billion of 2018 Term Loans, reducing interest rate 50 basis points and added \$350 million in new Term Loans
- ▶ Ample liquidity: \$973 million available under revolving credit facility⁽¹⁾, plus \$298 million in cash available for use
- ▶ Significant headroom in our only financial covenant (4.1 versus covenant of 6.0)
- ▶ Full Year Cash Interest Estimate: 2014 - \$1.717 billion / 2015 - \$1.590 billion

Debt Maturity Profile ⁽²⁾

 Pro Forma for Repayment of Debt



(1) As of June 30, 2014 \$1.0 billion capacity reduced by \$43 million reserved for letters of credit

(2) Shown pro forma to reflect repayment of \$3.4 billion of notes and the addition of \$350 million in 2018 Term loans. Excludes short-term borrowings related primarily to revolving credit facility, outstanding settlement lines of credit and capital leases.

(3) Includes HoldCo PIK maturity of \$466 million (\$216 million remaining principal after pro-forma pay-down, plus accrued interest to maturity)

Q&A

Appendix

Capital Structure

(\$ in millions)

<u>Tranche</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Amount 6/30/14</u>
Extended Revolver (\$1,016 million)	L + 400	2016	\$0
Term Loan	L + 350	2017	\$1,465 ⁽¹⁾
Term Loan	L + 400	2018	\$4,676 ⁽¹⁾
Term Loan	L + 400	2018	\$1,008
Term Loan	L + 400	2021	\$1,215
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	5.32%		\$12,619
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	3.58%		\$308
HoldCo PIK Notes	14.50%	2019	\$1,466
HoldCo	14.50%		\$1,466
Total Debt	8.15%		\$24,468
Cash			\$548
Net Debt			\$23,920

(1) \$5 billion 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

Capital Structure Comparison

- Significant improvement in capital structure over the last year...continued anticipated improvement

(\$MM, Except As Noted)	Q2 '13 Amount	Pre Raise	\$3.5B Equity Raise	New Term Loan	Pro Forma
		Q2 '14 Amount			Q2 '14 Amount
Total Senior Debt	20,382	20,433	(1,313)	350	19,470
Total Subordinated Debt	2,500	2,475	(866)		1,609
Total HoldCo Debt	1,854	1,466	(1,250)		216
Total Other Debt ⁽¹⁾	58	95			95
Less cash	(363)	(548)			(548)
Total Net Debt	24,431	23,920			20,842
Weighted Average Cost of Debt ⁽²⁾	7.96%	8.15%			7.40%

Total FDC Interest Expense – 2015
Cash Interest - 2015

2,128
1,819

1,691
1,591

△ -437
△ -228

Net Debt to EBITDA (TTM)

10.1

9.3

8.1

Debt Description	2015 Net Savings
11.75% sub	\$102
11.25% senior	\$31
10.625% senior	\$30
6.75% secured	\$51
14.5% holdco	\$209
L+350 existing 2018's	\$28
L+350 new money TL	(\$14)
Total	\$437

(1) Includes debt prior to LBO and settlement credit lines

(2) Including HoldCo debt

Expense Summary – Sequential Change

(\$ in millions)

	<u>1Q'14</u>	<u>2Q'14</u>	<u>Change</u>
Expense Change	\$ 1,028	\$ 1,096	\$ (68)
Labor related			\$ (17)
Uncollectable receivable - 2Q14			\$ (12)
Operating tax credit - 1Q14			\$ (10)
Settlement assets revaluation - LAC - 1Q14			\$ (6)
Litigation claim - 2Q14			\$ (5)
Product / Client investments			\$ (3)
Merchant related credit loss - 2Q14			\$ (3)
Other items			\$ (12)
Total			\$ (68)

Consolidated Non-GAAP Reconciliation

(\$ in millions)

	Three months ended March 31,			Three months ended December 31,			Three months ended September 30,	
	2014	2013	Change	2013	2012	Change	2013	2012
Consolidated Adjusted Revenue								
Adjusted revenue	\$ 1,641.1	\$ 1,613.1	2%	\$ 1,753.0	\$ 1,752.6	0%	\$ 1,708.4	\$ 1,694.9
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>
Consolidated Adjusted Revenue								
	Three months ended June 30,			Three months ended March 31,				
	2013	2012	Change	2013	2012	Change		
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)

	<u>Three months ended June 30,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
Adjusted Expenses	\$ 1,095.4	\$ 1,069.0	2%
ISO Commission expense	126.1	123.3	
Reimbursable debit network fees, postage and other	929.9	875.3	
Depreciation and amortization	262.2	274.7	
Adjustments for non-wholly-owned entities	10.8	14.9	
Restructuring, net	13.7	26.0	
Impairments	-	0.6	
Litigation	(0.8)	3.0	
Official check and money order adjusted expenses	0.6	0.5	
Stock based compensation	4.6	21.4	
Cost of alliance conversions	6.0	18.7	
KKR Related items	7.4	8.0	
Debt issuance costs	(0.6)	3.1	
Other	(0.3)	-	
Consolidated expenses	<u>\$ 2,455.0</u>	<u>\$ 2,438.5</u>	1%

Consolidated Non-GAAP Reconciliation

(\$ in millions)

	Three Months Ended				
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014
Consolidated Adjusted EBITDA					
Adjusted EBITDA	\$ 520.4	\$ 632.7	\$ 627.1	\$ 669.2	\$ 613.5
Adjustments for non-wholly owned entities	3.1	(0.4)	0.5	(0.8)	3.7
Depreciation and amortization	(272.2)	(274.7)	(271.3)	(273.1)	(265.3)
Interest expense	(469.0)	(472.2)	(469.0)	(470.5)	(467.1)
Interest income	2.7	2.6	2.7	3.1	3.0
Other items	(22.0)	(14.6)	(49.8)	(46.3)	(6.8)
Income tax benefit (expense)	(61.6)	(11.5)	(28.6)	15.2	(36.6)
Stock based compensation	(9.2)	(21.4)	(5.5)	(2.0)	(29.1)
Official check and money order EBITDA	1.3	0.2	0.4	0.8	0.6
Costs of alliance conversions	(22.6)	(18.7)	(17.8)	(9.2)	(6.8)
KKR related items	(8.1)	(8.0)	(8.3)	(7.4)	(6.4)
Debt issuance costs	(0.2)	(3.1)	0.1	(2.1)	(3.2)
Net loss attributable to First Data Corporation	<u>\$ (337.4)</u>	<u>\$ (189.1)</u>	<u>\$ (219.5)</u>	<u>\$ (123.1)</u>	<u>\$ (200.5)</u>

International Non-GAAP Reconciliation

(\$ in millions)

International Segment Revenue (Constant Currency)

	Three Months Ended June 30,			Three Months Ended March 31,		
	2014	2013	Change	2014	2013	Change
Segment Revenue	\$ 447.8	\$ 424.9	5%	\$ 421.3	\$ 408.6	3%
Foreign exchange impact (1)	4.4			16.5		
Segment Revenue on a constant currency basis	<u>\$ 452.2</u>	<u>\$ 424.9</u>	6%	<u>\$ 437.8</u>	<u>\$ 408.6</u>	7%

	Three Months Ended December 31,			Three Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
Segment Revenue	\$ 454.3	\$ 461.9	-2%	\$ 431.6	\$ 427.0	1%
Foreign exchange impact (2)	9.8			10.2		
Segment Revenue on a constant currency basis	<u>\$ 464.1</u>	<u>\$ 461.9</u>	0%	<u>\$ 441.8</u>	<u>\$ 427.0</u>	3%

	Three Months Ended June 30,			Three Months Ended March 31,		
	2013	2012	Change	2013	2012	Change
Segment Revenue	\$ 424.9	\$ 424.6	0%	\$ 408.6	\$ 404.9	1%
Foreign exchange impact (2)	7.8			5.4		
Segment Revenue on a constant currency basis	<u>\$ 432.7</u>	<u>\$ 424.6</u>	2%	<u>\$ 414.0</u>	<u>\$ 404.9</u>	2%

(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 2013 revenue and 2013 revenue calculated using 2012 exchange rates.

International Non-GAAP Reconciliation

(\$ in millions)

	<u>Three months ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
<u>International Segment Revenue By Line of Business (Constant Currency)</u>			
International Segment Revenue - merchant acquiring	\$ 226.8	\$ 209.8	8%
Foreign exchange impact (1)	<u>(2.3)</u>		
International Segment Revenue - merchant acquiring on a constant currency basis	<u>\$ 224.5</u>	<u>\$ 209.8</u>	7%
International Segment Revenue - card issuing	\$ 221.0	\$ 215.1	3%
Foreign exchange impact (1)	<u>6.7</u>		
International Segment Revenue - card issuing on a constant currency basis	<u>\$ 227.7</u>	<u>\$ 215.1</u>	6%

(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 June 30,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
EMEA revenue	\$ 281.8	\$ 247.5	14%
Foreign exchange impact (1)	(17.0)		
EMEA revenue on a constant currency basis	<u>\$ 264.8</u>	<u>\$ 247.5</u>	7%
APAC revenue	\$ 86.8	\$ 90.6	-4%
Foreign exchange impact (1)	2.0		
APAC revenue on a constant currency basis	<u>\$ 88.8</u>	<u>\$ 90.6</u>	-2%
LA revenue	\$ 56.4	\$ 61.0	-8%
Foreign exchange impact (1)	18.3		
LA revenue on a constant currency basis	<u>\$ 74.7</u>	<u>\$ 61.0</u>	22%
Canada revenue	\$ 22.8	\$ 25.8	-12%
Foreign exchange impact (1)	1.1		
Canada revenue on a constant currency basis	<u>\$ 23.9</u>	<u>\$ 25.8</u>	-7%

(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)

	Three Months Ended June 30,		Change
	2014	2013 (2)	
<u>International Segment EMEA Region Revenue By Line of Business (Constant Currency)</u>			
EMEA revenue - merchant acquiring	\$ 156.1	\$ 136.4	14%
Foreign exchange impact (1)	(9.5)		
EMEA revenue - merchant acquiring on a constant currency basis	<u>\$ 146.6</u>	<u>\$ 136.4</u>	7%
EMEA revenue - card issuing	\$ 125.7	\$ 111.1	13%
Foreign exchange impact (1)	(7.5)		
EMEA revenue - card issuing on a constant currency basis	<u>\$ 118.2</u>	<u>\$ 111.1</u>	6%

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

(2) 3 months ended June 30, 2013 conformed to current period presentation.

Cash Flow Non-GAAP Reconciliation

(\$ in millions)

	Three Months Ended	Six Months Ended
	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Adjusted EBITDA	\$ 669	\$ 1,283
Total working capital/other	<u>(36)</u>	<u>(126)</u>
	<u>\$ 633</u>	<u>\$ 1,157</u>
Net cash provided by operating activities	\$ 427	\$ 383
Cash interest payments	<u>264</u>	<u>867</u>
Net cash provided by operating activities excluding cash interest payments	691	1,250
Net income attributable to noncontrolling interests	<u>(58)</u>	<u>(93)</u>
	<u>\$ 633</u>	<u>\$ 1,157</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 and Quarterly Report on Form 10-Q for the period ending March 31.