Ascent Solar Technologies, Inc.
Form 8-K
November 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of Earliest Event Reported): November 23, 2015 (November 22, 2015)

ASCENT SOLAR TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-32919	20-3672603
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

12300 Grant Street Thornton, Colorado	80241
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (720) 872-5000
Not Applicable
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry Into a Material Definitive Agreement.

Previous Agreements to Retire Outstanding Senior Secured Convertible Notes.

As previously disclosed, on September 4, 2015, Ascent Solar Technologies, Inc. (the "Company") entered into a Cancellation and Waiver Agreement (the "Cancellation Agreement"), between the Company and an institutional investor (the "Holder"). Pursuant to the Cancellation Agreement, the Company had agreed to retire all $21.2 aggregate principal amount of its currently outstanding Senior Secured Convertible Notes (the "Outstanding Notes").

Pursuant to the terms of the Cancellation Agreement, on September 4, 2015 the Company retired approximately $14.9 million aggregate principal amount of Outstanding Notes in exchange for a payment of approximately $18.8 million. A $6.3 million portion of Outstanding Notes remained outstanding. Pursuant to the terms of the Cancellation Agreement, the Company was scheduled to make a payment of approximately (i) $2.4 million on October 19, 2015 in order to retire an additional $2.4 million aggregate principal amount of currently Outstanding Notes, and (ii) $3.9 million on December 4, 2015 in order to retire the remaining $3.9 million aggregate principal amount of currently Outstanding Notes.

As previously disclosed, on October 8, 2015, the parties entered into Amendment No. 1 ("Amendment No. 1") to the Cancellation Agreement. Amendment No. 1 provided that:

- The Company would not make the October 19 payment to retire the $2.4 million portion of the Outstanding Notes.
- The December 4 payment was modified, and the Company agreed instead to make a payment of $2.8 million on December 20, 2015 in order to retire a $2.8 million aggregate principal amount portion of currently Outstanding Notes.
- An approximate $3.5 million portion of the currently Outstanding Notes was reinstated. This $3.5 million portion of the Outstanding Notes remained outstanding with all its current and existing rights and terms including, without limitation, existing rights of conversion and redemption.

Amendment No. 2 to Agreement to Retire Outstanding Senior Secured Convertible Notes.

On November 22, 2015 the parties entered into Amendment No. 2 ("Amendment No. 2") to the Cancellation Agreement. Amendment No. 2 provides that:

- The December 20 payment has been modified. The Company now has agreed instead to make a payment of $1.0 million on December 21, 2015 in order to retire a $1.0 million aggregate principal amount portion of currently Outstanding Notes.

- An approximate $1.8 million portion of the currently Outstanding Notes was reinstated. Except as provided below, this $1.8 million portion of the Outstanding Notes will remain outstanding with all its current and existing rights and terms including, without limitation, existing rights of conversion and redemption.

- The Holder agreed to release as of January 15, 2016 the security interest on that portion of the collateral securing the Outstanding Notes that constitutes accounts receivable of the Company. The Holder also agreed to release as of February 8, 2016 the security interest in the remaining collateral securing the Outstanding Notes.

- With respect to the $1.8 million portion of the Outstanding Notes only, the Holder agreed to waive all portions of the pricing formulas contained in such Outstanding Notes (and the corresponding number of common shares to be issued) based upon any trading price information for the Company's common stock subsequent to the date that any shares of common stock are priced and issued under the provisions of the Outstanding Notes.

There will be no further issuances of the Company's common stock in connection with payments on or conversions of the $1.0 million portion of the Outstanding Notes so long as the Company does not default in making the required payment on December 21, 2015. If the Company does not make such payment, then the $1.0 million uncancelled portion of the Outstanding Notes would continue to remain outstanding with substantially all of its current existing terms and conditions.

After giving effect to Amendment No. 2, the Company has approximately $3.9 million aggregate principal amount of Outstanding Notes currently outstanding (including the $1.0 portion now scheduled for repayment on December 21, 2015).
There is no assurance that the Company will be able to secure additional financing to provide funds sufficient to pay the December 21 payment referred to above on acceptable terms or at all.

The foregoing description of Amendment No. 2 is a summary and is qualified in its entirety by reference to the document, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Amendment No. 2 dated November 22, 2015 to Cancellation and Waiver Agreement dated September 4, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	ASCENT SOLAR TECHNOLOGIES, INC.	
November 23, 2015	By:	/s/ Victor Lee
		Name: Victor Lee
		Title: Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description
10.1	Amendment No. 2 dated November 22, 2015 to Cancellation and Waiver Agreement dated September 4, 2015

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Intercompany payable (receivable)

5,707.0

5,614.9

(4,618.7

)

(4,544.6

)

(1,088.3

)

(1,070.3

)

Total liabilities	
	26,483.2
	26,391.1
	5,968.5
	6,042.7
	4,349.2
	4,367.1
First Data Corporation stockholder s equity	
	96.6
	96.6
	21,707.5

21,632.5

5,580.5

5,562.5

(27,288.0

)

(27,195.0

)

Total equity

96.6

96.6

21,707.6

21,632.5

12,242.7

12,224.8

(30,638.9

)

(30,545.9

)

Total liabilities and equity

26,579.8
26,487.7
27,676.1
27,675.2
16,659.3
16,659.3
(30,638.9)
(30,545.9)

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2011							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions) Source/(use)	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) income	$ (392.9)	$ (392.9)	$ 154.1	$ 154.9	$ 261.5	$ 259.0	$ (335.4)	$ (333.7)
Other non-cash and non-operating items, net	(223.4)	(222.0)	(117.1)	(116.8)	3.9	3.9	335.4	333.7
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(111.0)	(110.2)	171.3	171.3	104.7	103.9		
Net cash (used in) provided by operating activities	(623.5)	(621.3)	679.8	680.9	578.5	575.2		
CASH FLOWS FROM FINANCING ACTIVITIES								
Intercompany	665.1	662.9	(603.3)	(604.4)	(61.8)	(58.5)		
Net cash provided by (used in) financing activities	625.0	622.8	(630.2)	(631.3)	(459.8)	(456.5)	156.0	156.0

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The following tables present the results of operations, comprehensive income, financial position and cash flows of FDC (FDC Parent Company), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and consolidation adjustments for the three and six months ended June 30, 2012 and 2011, and as of June 30, 2012 and December 31, 2011 to arrive at the information for FDC on a consolidated basis.

	Three months ended June 30, 2012				
(in millions)	**FDC Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidation Adjustments**	**Consolidated**
Revenues:					
Transaction and processing service fees	$	$ 1,052.0	$ 619.6	$ (49.4)	$ 1,622.2
Product sales and other		146.7	86.2	(15.9)	217.0
Reimbursable debit network fees, postage and other		615.0	242.2	(10.9)	846.3
		1,813.7	948.0	(76.2)	2,685.5
Expenses:					
Cost of services (exclusive of items shown below)		421.0	341.8	(49.4)	713.4
Cost of products sold		65.2	36.9	(15.9)	86.2
Selling, general and administrative	32.2	293.6	133.1		458.9
Reimbursable debit network fees, postage and other		615.0	242.2	(10.9)	846.3
Depreciation and amortization	1.9	178.0	114.6		294.5
Other operating expenses:					
Restructuring, net	(0.2)	1.7	11.7		13.2
Impairments		5.1			5.1
	33.9	1,579.6	880.3	(76.2)	2,417.6
Operating (loss) profit	(33.9)	234.1	67.7		267.9
Interest income	0.1	0.1	1.5		1.7
Interest expense	(476.3)	(1.7)	(2.7)		(480.7)
Interest income (expense) from intercompany notes	48.2	(49.7)	1.5		
Other income (expense)	0.6		(23.2)		(22.6)
Equity earnings from consolidated subsidiaries	141.9	50.3		(192.2)	
	(285.5)	(1.0)	(22.9)	(192.2)	(501.6)
(Loss) income before income taxes and equity earnings in affiliates	(319.4)	233.1	44.8	(192.2)	(233.7)
Income tax (benefit) expense	(162.0)	98.9	(11.6)		(74.7)
Equity earnings in affiliates		43.3	0.7		44.0
Net (loss) income	(157.4)	177.5	57.1	(192.2)	(115.0)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests			15.3	27.1	42.4
Net (loss) income attributable to First Data Corporation	$ (157.4)	$ 177.5	$ 41.8	$ (219.3)	$ (157.4)
Comprehensive (loss) income	$ (305.4)	$ 165.3	$ (120.5)	$ (3.3)	$ (263.9)

Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest			14.4	27.1	41.5
Comprehensive (loss) income attributable to First Data Corporation	$ (305.4)	$ 165.3	$ (134.9)	$ (30.4)	$ (305.4)

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Six months ended June 30, 2012				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$	$ 2,061.3	$ 1,209.5	$ (95.3)	$ 3,175.5
Product sales and other		279.3	170.3	(29.2)	420.4
Reimbursable debit network fees, postage and other		1,205.5	469.5	(21.4)	1,653.6
		3,546.1	1,849.3	(145.9)	5,249.5
Expenses:					
Cost of services (exclusive of items shown below)		865.0	639.1	(95.3)	1,408.8
Cost of products sold		129.9	70.5	(29.2)	171.2
Selling, general and administrative	65.3	582.2	257.9		905.4
Reimbursable debit network fees, postage and other		1,205.5	469.5	(21.4)	1,653.6
Depreciation and amortization	4.1	366.1	233.4		603.6
Other operating expenses:					
Restructuring, net	(0.2)	1.6	15.5		16.9
Impairments		5.1			5.1
	69.2	3,155.4	1,685.9	(145.9)	4,764.6
Operating (loss) profit	(69.2)	390.7	163.4		484.9
Interest income	0.1	0.3	3.8		4.2
Interest expense	(933.0)	(3.4)	(5.4)		(941.8)
Interest income (expense) from intercompany notes	94.9	(97.9)	3.0		
Other income (expense)	(24.9)	0.2	(6.1)		(30.8)
Equity earnings from consolidated subsidiaries	288.7	81.2		(369.9)	
	(574.2)	(19.6)	(4.7)	(369.9)	(968.4)
(Loss) income before income taxes and equity earnings in affiliates	(643.4)	371.1	158.7	(369.9)	(483.5)
Income tax (benefit) expense	(333.5)	156.6	(6.0)		(182.9)
Equity earnings in affiliates		70.6	0.9		71.5
Net (loss) income	(309.9)	285.1	165.6	(369.9)	(229.1)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests			29.0	51.8	80.8
Net (loss) income attributable to First Data Corporation	$ (309.9)	$ 285.1	$ 136.6	$ (421.7)	$ (309.9)
Comprehensive (loss) income	$ (349.7)	$ 278.9	$ 70.9	$ (272.0)	$ (271.9)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest			26.0	51.8	77.8
Comprehensive (loss) income attributable to First Data Corporation	$ (349.7)	$ 278.9	$ 44.9	$ (323.8)	$ (349.7)

33

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Three months ended June 30, 2011 (As Corrected)				
(in millions)	**FDC Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidation Adjustments**	**Consolidated**
Revenues:					
Transaction and processing service fees	$	$ 1,015.6	$ 619.8	$ (42.0)	$ 1,593.4
Product sales and other		136.5	97.0	(16.1)	217.4
Reimbursable debit network fees, postage and other		634.1	325.5	(20.6)	939.0
		1,786.2	1,042.3	(78.7)	2,749.8
Expenses:					
Cost of services (exclusive of items shown below)		489.6	271.9	(42.0)	719.5
Cost of products sold		66.9	41.7	(16.1)	92.5
Selling, general and administrative	68.5	241.1	129.0		438.6
Reimbursable debit network fees, postage and other		634.1	325.5	(20.6)	939.0
Depreciation and amortization	2.1	202.2	125.5		329.8
Other operating expenses:					
Restructuring, net	(0.3)	4.8	13.9		18.4
	70.3	1,638.7	907.5	(78.7)	2,537.8
Operating (loss) profit	(70.3)	147.5	134.8		212.0
Interest income	0.1	0.2	1.6		1.9
Interest expense	(456.9)	(2.1)	(3.3)		(462.3)
Interest income (expense) from intercompany notes	39.9	(42.9)	3.0		
Other income (expense)	(15.7)		14.3		(1.4)
Equity earnings from consolidated subsidiaries	148.4	33.1		(181.5)	
	(284.2)	(11.7)	15.6	(181.5)	(461.8)
(Loss) income before income taxes and equity earnings in affiliates	(354.5)	135.8	150.4	(181.5)	(249.8)
Income tax (benefit) expense	(178.7)	68.1	22.5		(88.1)
Equity earnings in affiliates		33.0	0.5		33.5
Net (loss) income	(175.8)	100.7	128.4	(181.5)	(128.2)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest			14.5	33.1	47.6
Net (loss) income attributable to First Data Corporation	$ (175.8)	$ 100.7	$ 113.9	$ (214.6)	$ (175.8)
Comprehensive (loss) income	$ (131.4)	$ 78.4	$ 177.0	$ (198.4)	$ (74.4)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests			23.9	33.1	57.0
Comprehensive (loss) income attributable to First Data Corporation	$ (131.4)	$ 78.4	$ 153.1	$ (231.5)	$ (131.4)

34

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Six months ended June 30, 2011				
			(As Corrected)		
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$	$ 1,966.3	$ 1,188.6	$ (78.5)	$ 3,076.4
Product sales and other		267.5	177.4	(30.6)	414.3
Reimbursable debit network fees, postage and other		1,225.6	617.9	(40.2)	1,803.3
		3,459.4	1,983.9	(149.3)	5,294.0
Expenses:					
Cost of services (exclusive of items shown below)		952.7	561.8	(78.5)	1,436.0
Cost of products sold		135.2	78.7	(30.6)	183.3
Selling, general and administrative	132.0	470.0	248.3		850.3
Reimbursable debit network fees, postage and other		1,225.6	617.9	(40.2)	1,803.3
Depreciation and amortization	4.3	418.3	249.0		671.6
Other operating expenses:					
Restructuring, net	(0.4)	15.5	15.9		31.0
	135.9	3,217.3	1,771.6	(149.3)	4,975.5
Operating (loss) profit	(135.9)	242.1	212.3		318.5
Interest income	0.2	0.4	3.2		3.8
Interest expense	(894.2)	(3.7)	(6.7)		(904.6)
Interest income (expense) from intercompany notes	75.7	(84.7)	9.0		
Other income (expense)	(99.9)	9.3	62.9		(27.7)
Equity earnings from consolidated subsidiaries	277.8	55.9		(333.7)	
	(640.4)	(22.8)	68.4	(333.7)	(928.5)
(Loss) income before income taxes and equity earnings in affiliates	(776.3)	219.3	280.7	(333.7)	(610.0)
Income tax (benefit) expense	(383.4)	125.2	22.1		(236.1)
Equity earnings in affiliates		60.8	0.4		61.2
Net (loss) income	(392.9)	154.9	259.0	(333.7)	(312.7)
Less: Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest			27.3	52.9	80.2
Net (loss) income attributable to First Data Corporation	$ (392.9)	$ 154.9	$ 231.7	$ (386.6)	$ (392.9)
Comprehensive (loss) income	$ (192.1)	$ 202.7	$ 439.3	$ (552.2)	$ (102.3)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests			36.9	52.9	89.8
Comprehensive (loss) income attributable to First Data Corporation	$ (192.1)	$ 202.7	$ 402.4	$ (605.1)	$ (192.1)

35

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	As of June 30, 2012				
(in millions)	**FDC Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidation Adjustments**	**Consolidated**
ASSETS					
Current assets:					
Cash and cash equivalents	$ 128.7	$ 42.8	$ 312.0	$	$ 483.5
Accounts receivable, net of allowance for doubtful accounts	1.5	938.9	747.0		1,687.4
Settlement assets (a)		6,504.4	5,253.5		11,757.9
Other current assets	76.9	223.6	72.5		373.0
Total current assets	207.1	7,709.7	6,385.0		14,301.8
Property and equipment, net of accumulated depreciation	29.9	589.8	234.9		854.6
Goodwill		9,508.6	7,624.2		17,132.8
Customer relationships, net of accumulated amortization		2,278.3	1,802.8		4,081.1
Other intangibles, net of accumulated amortization	605.7	648.3	620.3		1,874.3
Investment in affiliates		1,404.4	37.8		1,442.2
Long-term settlement assets (a)			99.8		99.8
Other long-term assets	447.3	331.5	92.2		871.0
Investment in consolidated subsidiaries	25,502.4	5,366.5		(30,868.9)	
Total assets	$ 26,792.4	$ 27,837.1	$ 16,897.0	$ (30,868.9)	$ 40,657.6
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 7.5	$ 149.0	$ 84.6	$	$ 241.1
Short-term and current portion of long-term borrowings	0.3	47.4	54.5		102.2
Settlement obligations (a)		6,504.4	5,350.9		11,855.3
Other current liabilities	599.6	568.5	378.8		1,546.9
Total current liabilities	607.4	7,269.3	5,868.8		13,745.5
Long-term borrowings	22,423.2	67.7	23.5		22,514.4
Long-term deferred tax (assets) liabilities	(1,114.3)	1,647.2	100.4		633.3
Intercompany payable (receivable)	6,566.7	(5,380.6)	(1,186.1)		
Intercompany notes	(1,990.2)	2,042.1	(51.9)		
Other long-term liabilities	594.7	114.8	26.4		735.9
Total liabilities	27,087.5	5,760.5	4,781.1		37,629.1
Redeemable equity interest			67.0	(67.0)	
Redeemable noncontrolling interest				67.0	67.0
First Data Corporation stockholder s (deficit) equity	(295.1)	22,076.6	5,494.6	(27,571.2)	(295.1)
Noncontrolling interests			58.1	3,198.5	3,256.6
Equity of consolidated alliance			6,496.2	(6,496.2)	
Total equity	(295.1)	22,076.6	12,048.9	(30,868.9)	2,961.5
Total liabilities and equity	$ 26,792.4	$ 27,837.1	$ 16,897.0	$ (30,868.9)	$ 40,657.6

36

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	As of December 31, 2011 (As Corrected)				
(in millions)	**FDC Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidation Adjustments**	**Consolidated**
ASSETS					
Current assets:					
Cash and cash equivalents	$ 162.2	$ 37.1	$ 286.4	$	$ 485.7
Accounts receivable, net of allowance for doubtful accounts	25.3	939.4	883.9		1,848.6
Settlement assets (a)		6,093.2	4,565.1		10,658.3
Other current assets	45.7	212.0	65.2		322.9
Total current assets	233.2	7,281.7	5,800.6		13,315.5
Property and equipment, net of accumulated depreciation	31.4	623.5	281.0		935.9
Goodwill		9,510.5	7,694.1		17,204.6
Customer relationships, net of accumulated amortization		2,468.4	1,957.0		4,425.4
Other intangibles, net of accumulated amortization	606.8	638.7	633.7		1,879.2
Investment in affiliates		1,452.8	37.8		1,490.6
Long-term settlement assets (a)			181.0		181.0
Other long-term assets	465.7	304.3	74.1		844.1
Investment in consolidated subsidiaries	25,150.6	5,395.3		(30,545.9)	
Total assets	$ 26,487.7	$ 27,675.2	$ 16,659.3	$ (30,545.9)	$ 40,276.3
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 7.1	$ 113.4	$ 85.4	$	$ 205.9
Short-term and current portion of long-term borrowings	0.3	39.6	93.5		133.4
Settlement obligations (a)		6,093.2	4,744.6		10,837.8
Other current liabilities	690.5	544.6	408.0		1,643.1
Total current liabilities	697.9	6,790.8	5,331.5		12,820.2
Long-term borrowings	22,422.4	69.0	30.3		22,521.7
Long-term deferred tax (assets) liabilities	(1,091.6)	1,677.5	109.5		695.4
Intercompany payable (receivable)	5,614.9	(4,544.6)	(1,070.3)		
Intercompany notes	(1,887.3)	1,949.9	(62.6)		
Other long-term liabilities	634.8	100.1	28.7		763.6
Total liabilities	26,391.1	6,042.7	4,367.1		36,800.9
Redeemable equity interest			67.4	(67.4)	
Redeemable noncontrolling interest				67.4	67.4
First Data Corporation stockholder s equity	96.6	21,632.5	5,562.5	(27,195.0)	96.6
Noncontrolling interests			60.8	3,250.6	3,311.4
Equity of consolidated alliance			6,601.5	(6,601.5)	
Total equity	96.6	21,632.5	12,224.8	(30,545.9)	3,408.0
Total liabilities and equity	$ 26,487.7	$ 27,675.2	$ 16,659.3	$ (30,545.9)	$ 40,276.3

(a) The majority of the Guarantor settlement assets relate to FDC s merchant acquiring business. FDC believes the settlement assets are not available to satisfy any claims other than those related to the settlement liabilities.

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Six months ended June 30, 2012				
(in millions)	**FDC Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidation Adjustments**	**Consolidated**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income	$ (309.9)	$ 285.1	$ 165.6	$ (369.9)	$ (229.1)
Adjustments to reconcile to net cash (used in) provided by operating activities:					
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	4.1	433.2	239.9		677.2
Charges (gains) related to other operating expenses and other income (expense)	24.7	6.5	21.6		52.8
Other non-cash and non-operating items, net	(269.6)	(159.1)	0.8	369.9	(58.0)
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(320.5)	253.2	19.1		(48.2)
Net cash (used in) provided by operating activities	(871.2)	818.9	447.0		394.7
CASH FLOWS FROM INVESTING ACTIVITIES					
Current period acquisitions		(1.9)			(1.9)
Contributions to equity method investments		(7.9)			(7.9)
Payments related to other businesses previously acquired		(3.2)			(3.2)
Additions to property and equipment	(0.2)	(47.2)	(44.1)		(91.5)
Proceeds from sale of property and equipment		6.5	0.9		7.4
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(0.7)	(82.0)	(16.5)		(99.2)
Distributions and dividends from subsidiaries	63.7	109.8		(173.5)	
Other investing activities	0.9	0.3	6.0		7.2
Net cash provided by (used in) investing activities	63.7	(25.6)	(53.7)	(173.5)	(189.1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Short-term borrowings, net			(34.3)		(34.3)
Debt modification proceeds (payments) and related financing costs, net	7.1				7.1
Principal payments on long-term debt	(0.1)	(26.7)	(9.2)		(36.0)
Proceeds from sale-leaseback transactions		13.8			13.8
			(27.6)	(103.9)	(131.5)

Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests					
Purchase of noncontrolling interest			(25.1)		(25.1)
Distributions paid to equity holders			(211.7)	211.7	
Redemption of Parent s redeemable common stock	(0.1)				(0.1)
Cash dividends	(4.0)		(65.7)	65.7	(4.0)
Intercompany	771.1	(777.6)	6.5		
Net cash provided by (used in) financing activities	774.0	(790.5)	(367.1)	173.5	(210.1)
Effect of exchange rate changes on cash and cash equivalents		2.9	(0.6)		2.3
Change in cash and cash equivalents	(33.5)	5.7	25.6		(2.2)
Cash and cash equivalents at beginning of period	162.2	37.1	286.4		485.7
Cash and cash equivalents at end of period	$ 128.7	$ 42.8	$ 312.0	$	$ 483.5

Table of Contents

FIRST DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

(in millions)	FDC Parent Company	Guarantor Subsidiaries	Six months ended June 30, 2011 (As Corrected) Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income	$ (392.9)	$ 154.9	$ 259.0	$ (333.7)	$ (312.7)
Adjustments to reconcile to net cash (used in) provided by operating activities:					
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	4.3	465.3	255.4		725.0
Charges related to other operating expenses and other income (expense)	99.5	6.2	(47.0)		58.7
Other non-cash and non-operating items, net	(222.0)	(116.8)	3.9	333.7	(1.2)
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(110.2)	171.3	103.9		165.0
Net cash (used in) provided by operating activities	(621.3)	680.9	575.2		634.8
CASH FLOWS FROM INVESTING ACTIVITIES					
Current period acquisitions		(12.5)	(0.1)		(12.6)
Contributions to equity method investments		(0.7)			(0.7)
Proceeds from dispositions, net of expenses paid and cash disposed			1.7		1.7
Proceeds from sale of property and equipment		1.2	1.2		2.4
Additions to property and equipment	(4.1)	(56.7)	(51.0)		(111.8)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(0.1)	(80.1)	(23.5)		(103.7)
Distributions and dividends from subsidiaries	45.6	110.4		(156.0)	
Other investing activities	0.7	0.4	(2.8)		(1.7)
Net cash provided by (used in) investing activities	42.1	(38.0)	(74.5)	(156.0)	(226.4)
CASH FLOWS FROM FINANCING ACTIVITIES					
Short-term borrowings, net			(110.1)		(110.1)
Debt modification proceeds (payments) and related financing costs, net	(39.7)				(39.7)
Principal payments on long-term debt	(0.1)	(26.9)	(12.4)		(39.4)

Proceeds from sale of leaseback transactions			11.7		11.7
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests			(25.2)	(106.0)	(131.2)
Distributions paid to equity holders			(216.4)	216.4	
Redemption of Parent s redeemable common stock	(0.3)				(0.3)
Cash dividends			(45.6)	45.6	
Intercompany	662.9	(604.4)	(58.5)		
Net cash provided by (used in) financing activities	622.8	(631.3)	(456.5)	156.0	(309.0)
Effect of exchange rate changes on cash and cash equivalents		(10.4)	13.0		2.6
Change in cash and cash equivalents	43.6	1.2	57.2		102.0
Cash and cash equivalents at beginning of period	164.1	21.1	324.3		509.5
Cash and cash equivalents at end of period	$ 207.7	$ 22.3	$ 381.5	$	$ 611.5

39

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

Results of Operations

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.

(in millions)	Three months ended June 30, 2012	Three months ended June 30, 2011	%	Six months ended June 30, 2012	Six months ended June 30, 2011	%
Revenues:						
Transaction and processing service fees	$ 1,622.2	$ 1,593.4	2%	$ 3,175.5	$ 3,076.4	3%
Product sales and other	217.0	217.4	0%	420.4	414.3	1%
Reimbursable debit network fees, postage and other	846.3	939.0	(10)%	1,653.6	1,803.3	(8)%
	2,685.5	2,749.8	(2)%	5,249.5	5,294.0	(1)%
Expenses:						
Cost of services (exclusive of items shown below)	713.4	719.5	(1)%	1,408.8	1,436.0	(2)%
Cost of products sold	86.2	92.5	(7)%	171.2	183.3	(7)%
Selling, general and administrative	458.9	438.6	5%	905.4	850.3	6%
Reimbursable debit network fees, postage and other	846.3	939.0	(10)%	1,653.6	1,803.3	(8)%
Depreciation and amortization	294.5	329.8	(11)%	603.6	671.6	(10)%
Other operating expenses, net (a)	18.3	18.4	*	22.0	31.0	*
	2,417.6	2,537.8	(5)%	4,764.6	4,975.5	(4)%
Interest income	1.7	1.9	(11)%	4.2	3.8	11%
Interest expense	(480.7)	(462.3)	4%	(941.8)	(904.6)	4%
Other income (expense) (b)	(22.6)	(1.4)	*	(30.8)	(27.7)	*
Income tax benefit	(74.7)	(88.1)	(15)%	(182.9)	(236.1)	(23)%
Equity earnings in affiliates	44.0	33.5	31%	71.5	61.2	17%
Net loss	(115.0)	(128.2)	(10)%	(229.1)	(312.7)	(27)%

Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests		42.4		47.6	(11)%		80.8		80.2	1%
Net loss attributable to First Data Corporation	$	(157.4)	$	(175.8)	(10)%	$	(309.9)	$	(392.9)	(21)%

* Calculation not meaningful

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

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

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

Table of Contents

Operating revenues overview.

Transaction and processing service fees. Revenue increased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due to new business, growth in merchant transactions and dollar volumes both domestically and internationally and lower debit interchange rates as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Lower debit interchange rates positively impacted the transaction and processing service fees growth rates by approximately 2 percentage points for both the three and six-month periods. Partially offsetting these increases were decreases due to lost business, price compression, changes in merchant and pricing mix and foreign currency exchange rate movements. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees growth rates by approximately 1 percentage point for both the three and six-month periods.

Product sales and other. Revenue is flat for the three months ended June 30, 2012 compared to the same period in 2011. Decreases in terminal sales internationally and foreign currency exchange rate movements were mostly offset by increases in software licensing and maintenance revenue. Revenue increased slightly for the six months ended June 30, 2012 compared to the same period in 2011 due to increases in professional services income domestically and investment income which were partially offset by decreases in terminal sales and foreign exchange rate movements. Foreign currency exchange rate movements negatively impacted the product sales and other growth rates by approximately 3 and 2 percentage points for the three and six-month periods, respectively.

Reimbursable debit network fees, postage and other. Revenue and expense decreased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due to the cap on debit interchange rates imposed by the Dodd-Frank Act in October 2011 partially offset by growth of personal identification number (PIN)-debit transaction and dollar volumes. The cap on debit interchange rates imposed by the Dodd-Frank Act impacted the reimbursable debit network fees, postage and other growth rates by approximately 16 percentage points for both the three and six-month periods.

Operating expenses overview.

Cost of services. Expenses decreased for the three and six-month periods ended June 30, 2012 compared to the same periods in 2011 due to decreased operations and technology costs as a result of cost cutting initiatives, cost efficiencies as a result of the shift in processing from the alliance partner to the Company related to the Banc of America Merchant Services, LLC (BAMS) alliance beginning in October 2011 and lower net check warranty expense. Net check warranty expense decreased due to lower check volumes and better risk assessment data.

Cost of products sold. Expenses decreased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due most significantly to lower terminal sales, lower cost terminal replacements internationally, settlement of a dispute with a vendor internationally and foreign currency exchange rate movements. Foreign currency exchange rate movements positively impacted the growth rates for the three and six months ended June 30, 2012 by approximately 3 and 2 percentage points, respectively.

Selling, general and administrative. Expenses increased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due most significantly to growth in payments made to independent sales organizations (ISO s). Growth in payments made to ISO s increased due to the Company increasing the number of ISO s and an increase in ISO transaction volumes which negatively impacted the selling, general and administrative growth rates for the three and six months ended June 30, 2012 by approximately 5 and 6 percentage points, respectively.

Depreciation and amortization. Expenses decreased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due most significantly to a decrease in the amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in the prior period and certain other intangible assets that have become fully amortized. These decreases were partially offset by increases due to newly capitalized assets.

Table of Contents

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

		Pretax Benefit (Charge)				
(in millions)	**Approximate Number of Employees**	**Retail and Alliance Services**	**Financial Services**	**International**	**All Other and Corporate**	**Totals**
Three months ended June 30, 2012						
Restructuring charges	490	$ (3.0)	$	$ (12.1)	$ (0.5)	$ (15.6)
Restructuring accrual reversals		1.0		0.4	1.0	2.4
Total pretax (charge) benefit, net of reversals		$ (2.0)	$	$ (11.7)	$ 0.5	$ (13.2)
Six months ended June 30, 2012						
Restructuring charges	570	$ (3.0)	$	$ (16.1)	$ (0.8)	$ (19.9)
Restructuring accrual reversals		1.0		0.7	1.3	3.0
Total pretax (charge) benefit, net of reversals		$ (2.0)	$	$ (15.4)	$ 0.5	$ (16.9)
Three months ended June 30, 2011						
Restructuring charges	260	$ (1.2)	$ (0.4)	$ (16.0)	$ (1.6)	$ (19.2)
Restructuring accrual reversals		0.1		0.2	0.5	0.8
Total pretax charge, net of reversals		$ (1.1)	$ (0.4)	$ (15.8)	$ (1.1)	$ (18.4)
Six months ended June 30, 2011						
Restructuring charges	520	$ (2.7)	$ (5.6)	$ (22.5)	$ (2.8)	$ (33.6)
Restructuring accrual reversals		0.8		0.9	0.9	2.6
Total pretax charge, net of reversals		$ (1.9)	$ (5.6)	$ (21.6)	$ (1.9)	$ (31.0)

The Company recorded restructuring charges during the three and six months ended June 30, 2012 related primarily to employee reduction and certain employee relocation efforts in Germany. The Company expects to record a total of approximately $23 million of restructuring charges in 2012 in connection with the restructuring event in Germany. Additional restructuring charges were recorded in 2012 in connection with management s alignment of the business with strategic objectives as well as refinements of estimates.

The Company estimates cost savings resulting from restructuring activities recorded during the three months ended June 30, 2012 of approximately $10 million in 2012 and approximately $30 million on an annual basis.

The Company also recorded restructuring charges during the six months ended June 30, 2011 in connection with management s alignment of the business with strategic objectives.

The following table summarizes the Company s utilization of restructuring accruals for the six months ended June 30, 2012:

(in millions)		Employee Severance		Facility Closure
Remaining accrual as of January 1, 2012	$	16.7	$	0.9
Expense provision		19.9		
Cash payments and other		(13.5)		(0.5)
Changes in estimates		(2.9)		(0.1)
Remaining accrual as of June 30, 2012	$	20.2	$	0.3

Interest expense. Interest expense increased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due to higher average interest rates resulting primarily from the March 2012 and April 2011 debt modifications and amendments.

The Company utilizes interest rate swaps to hedge its interest payments on a portion of its variable rate debt from fluctuations in interest rates. While these swaps do not qualify for hedge accounting, they continue to be effective economically in eliminating

Table of Contents

variability in interest rate payments. Additionally, the Company utilizes a fixed to floating interest rate swap, which does not qualify for hedge accounting, to maintain a desired ratio of fixed rate and floating rate debt. The fair value adjustments for interest rate swaps that do not qualify for hedge accounting as well as interest rate swap ineffectiveness are recorded in the Other income (expense) line item of the Consolidated Statements of Operations and totaled charges of $46.6 million and $47.2 million for the three and six months ended June 30, 2012 and benefits of $9.4 million and $4.4 million for the three and six months ended June 30, 2011, respectively.

Other income (expense).

	Three months ended June 30,		**Six months ended June 30,**	
(in millions)	**2012**	**2011**	**2012**	**2011**
Investment gains	$	$	$ 0.3	$
Derivative financial instruments gains and (losses)	(40.1)	6.2	(43.8)	(5.1)
Divestitures, net		(0.9)		(0.9)
Non-operating foreign currency gains and (losses)	17.5	(6.7)	12.7	(21.7)
Other income (expense)	$ (22.6)	$ (1.4)	$ (30.8)	$ (27.7)

Derivative financial instruments gains and (losses). The net gains and losses for the three and six months ended June 30, 2012 and 2011 were due most significantly to the fair value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges.

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

Income taxes. The Company s effective tax rates on pretax loss from continuing operations were tax benefits of 39.4% and 44.4%, for the three and six months ended June 30, 2012, respectively, and 40.7% and 43.0%, for the same periods in 2011. The effective tax rates for the three and six months ended June 30, 2012 were higher than the federal statutory rates primarily due to net income attributable to noncontrolling interests for which there was no tax expense provided, foreign income taxed at lower effective rates, certain prior period tax adjustments, and state tax benefits partially offset by an increase in the Company s valuation allowance against foreign tax credits, and a net expense relating to tax effects of foreign exchange gains and losses on intercompany notes. The effective tax rate for the six-month period was also affected by a decrease in the Company s liability for unrecognized tax benefits.

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

The balance of the Company s liability for unrecognized tax benefits was approximately $286 million as of June 30, 2012. During the six months ended June 30, 2012, the Company s liability for unrecognized tax benefits was reduced by approximately $51 million upon closure of the 2003 and 2004 federal tax years and the resolution of certain state audit issues. The liability for interest accrued on the unrecognized tax benefits of $25 million and the contra-liability for the federal benefit on state taxes of $4 million were reduced at the same time. The Company anticipates it is reasonably possible that its liability for unrecognized tax benefits may decrease by approximately $131 million within the next twelve months as the result of the possible closure of its 2005 through 2007 federal tax years, potential settlements with certain states and foreign countries and the lapse of the statute of limitations in various state and foreign jurisdictions. The potential decrease relates to various federal, state and foreign tax benefits including research and experimentation credits, transfer pricing adjustments and certain amortization and loss deductions.

In addition to the liability discussed above, the balance of the uncertain income tax liability for which The Western Union Company is required to indemnify the Company was approximately $5 million as of June 30, 2012. During the six months ended June 30, 2012, this liability decreased by approximately $6 million upon closure of the 2003 and 2004 federal tax years and the resolution of certain state audit issues. The Company anticipates that it is reasonably possible that the uncertain income tax liability may

Table of Contents

decrease by approximately $5 million within the next twelve months as a result of the possible closure of the 2005 and 2006 federal tax years.

Equity earnings in affiliates. Equity earnings in affiliates increased for the three and six months ended June 30, 2012, compared to the same periods in 2011. Transaction and dollar volume growth, pricing increases and the positive impact of lower debit interchange rates as a result of the Dodd-Frank Act were partially offset by increased amortization associated with a referral payment to one of the Company s merchant alliance partners in the fourth quarter of 2011. Amortization of the referral payment negatively impacted the equity earnings in affiliates growth rate by approximately 14 and 29 percentage points for the three and six months ended June 30, 2012, respectively.

Net income attributable to noncontrolling interests and redeemable noncontrolling interests. Most of the net income attributable to noncontrolling interests and redeemable noncontrolling interests relates to the Company s consolidated merchant alliances. Net income attributable to noncontrolling interests and redeemable noncontrolling interests decreased for the three months ended June 30, 2012 compared to the same period in 2011 due to an increase in processing expense due to a shift in processing related to the BAMS alliance. Net income attributable to noncontrolling interests and redeemable noncontrolling interest increased for the six months ended June 30, 2012 when compared to the same period in 2011 due to the impact of lower debit interchange rates as a result of the Dodd-Frank Act, transaction and dollar volume growth and pricing increases partially offset by the aforementioned increase in processing expenses.

Segment results. For a detailed discussion of the Company s principles regarding its segments, refer to Item 7: Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

Retail and Alliance Services segment results.

	Three months ended June 30,				Change
(in millions)	**2012**		**2011**		**%**
Revenues:					
Transaction and processing service fees	$	809.4	$	740.9	9%
Product sales and other		104.5		102.8	2%
Segment revenue	$	913.9	$	843.7	8%
Segment EBITDA	$	415.2	$	352.2	18%
Segment margin		45%		42%	4 pts
Key indicators:					
Domestic merchant transactions (a)		9,360.8		9,059.6	3%

	Six months ended June 30,				Change
(in millions)	**2012**		**2011**		**%**
Revenues:					
Transaction and processing service fees	$	1,555.8	$	1,405.0	11%
Product sales and other		205.4		203.5	1%
Segment revenue	$	1,761.2	$	1,608.5	9%
Segment EBITDA	$	767.2	$	637.7	20%
Segment margin		44%		40%	4 pts
Key indicators:					
Domestic merchant transactions (a)		18,195.6		17,431.1	4%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, processed-only and gateway customer transactions at the point of sale (POS). Domestic merchant transactions reflect 100% of alliance transactions.

Table of Contents

Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Three months ended June 30, 2012		2011		Change %
Acquiring revenue	$	610.7	$	560.8	9%
Check processing revenue		76.5		82.5	(7)%
Prepaid revenue		68.0		64.2	6%
Processing fees and other revenue from alliance partners		54.2		33.4	62%
Total transaction and processing service fees revenue	$	809.4	$	740.9	9%

(in millions)	Six months ended June 30, 2012		2011		Change %
Acquiring revenue	$	1,162.8	$	1,047.0	11%
Check processing revenue		152.7		164.7	(7)%
Prepaid revenue		134.3		129.6	4%
Processing fees and other revenue from alliance partners		106.0		63.7	66%
Total transaction and processing service fees revenue	$	1,555.8	$	1,405.0	11%

Acquiring revenue. Acquiring revenue increased in the three and six months ended June 30, 2012 compared to the same periods in 2011 mainly from lower debit interchange rates as a result of the Dodd-Frank Act which benefited growth for acquiring revenue by an estimated $25 million and $51 million or 4 and 5 percentage points, respectively. Acquiring revenue also benefited from increases in merchant transactions and dollar volumes, new sales and pricing increases for regional merchants. These increases were partially offset by decreases resulting from the impact of merchant mix on transactions and dollar volumes, the affect of shifts in pricing mix, merchant attrition and price compression.

Revenue growth outpaced transaction growth for the periods presented driven most significantly by the impact of lower debit interchange rates discussed above partially offset by merchant mix, pricing mix and price compression. Revenue per transaction increased 8% for the second quarter of 2012 compared to the same period in 2011 driven by the impact of lower debit interchange rates discussed above as well as increased fees from the shift in processing related to the Banc of America Merchant Services, LLC (BAMS) alliance described in the Processing fees and other revenue from alliance partners section below. In addition, there were decreases in transaction growth resulting from deconversions occurring throughout 2011 and the first quarter of 2012 that did not materially impact revenue. The average ticket size of signature based transactions decreased slightly in the second quarter of 2012 as compared to the same period in 2011.

Check processing revenue. Check processing revenue decreased in the three and six months ended June 30, 2012 versus the comparable periods in 2011 due most significantly to lower overall check volumes from check writer and merchant attrition and the impact of merchant mix resulting from a shift in regional to national merchants.

Prepaid revenue. Prepaid revenue increased in the three and six months ended June 30, 2012 compared to the same periods in 2011 due most significantly to higher transaction volumes within the open loop payroll distribution program related to existing customers and new business partially offset by the disposition of a line of business in the second quarter of 2011.

Processing fees and other revenue from alliance partners. The increase in processing fees and other revenue from alliance partners in the three and six months ended June 30, 2012 compared to the same periods in 2011 resulted from increased fees from the BAMS alliance due to a shift of processing from the alliance partner to the Company beginning in October 2011, as well as increased transaction and dollar volumes within the Company s merchant alliances. The impact of the shift in processing benefited the three and six month 2012 growth rates by approximately $17 million and $34 million or 52 and 54 percentage points, respectively.

Table of Contents

Product sales and other revenue. Product sales and other revenue increased in the three and six-month periods ended June 30, 2012 versus the comparable periods in 2011 primarily due to growth in leasing revenue from increased lease originations and lease renewals partially offset by a decline in equipment sales including lower bulk sales.

Segment EBITDA. The impact of the revenue items noted above primarily contributed to the increase in Retail and Alliance Services segment EBITDA in the three and six months ended June 30, 2012 compared to the same periods in 2011. The Dodd-Frank Act benefited segment EBITDA growth rates in the three and six- month periods ended June 30, 2012 compared to the prior year by an estimated $23 million and $47 million or 7 percentage points for both periods. The impact from the shift in processing related to the BAMS alliance positively impacted segment EBITDA growth rates for the three and six months ended June 30, 2012 compared to the same periods in 2011 by approximately $14 million and $27 million or 4 percentage points for both periods.

Financial Services segment results.

	Three months ended June 30,				Change
(in millions)		**2012**		**2011**	**%**
Revenues:					
Transaction and processing service fees	$	338.8	$	337.7	0%
Product sales and other		9.9		6.9	43%
Segment revenue	$	348.7	$	344.6	1%
Segment EBITDA	$	150.3	$	142.5	5%
Segment margin		43%		41%	2 pts
Key indicators:					
Domestic debit issuer transactions (a)		3,163.4		3,313.0	(5)%

	Six months ended June 30,				Change
(in millions)		**2012**		**2011**	**%**
Revenues:					
Transaction and processing service fees	$	676.9	$	669.2	1%
Product sales and other		17.4		13.0	34%
Segment revenue	$	694.3	$	682.2	2%
Segment EBITDA	$	307.7	$	279.2	10%
Segment margin		44%		41%	3 pts
Key indicators:					
Domestic debit issuer transactions (a)		6,256.0		6,360.2	(2)%
Domestic active card accounts on file (end of period) (b)		133.7		114.2	17%
Domestic card accounts on file (end of period) (c)		736.2		681.6	8%

(a) Domestic debit issuer transactions include signature and PIN-debit transactions, STAR and non-STAR branded.

(b) Domestic active card accounts on file include bankcard and retail accounts that had a balance or any monetary posting or authorization activity during the last month of the quarter.

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

Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Three months ended June 30, 2012		2011	Change %
Credit card, retail card and debit processing	$	230.3	$ 229.8	0%
Output services		54.7	54.3	1%
Other revenue		53.8	53.6	0%
Total transaction and processing service fees revenue	$	338.8	$ 337.7	0%

Table of Contents

(in millions)	Six months ended June 30, 2012		2011	Change %
Credit card, retail card and debit processing	$ 457.2		$ 450.9	1%
Output services	111.9		110.6	1%
Other revenue	107.8		107.7	0%
Total transaction and processing service fees revenue	$ 676.9		$ 669.2	1%

Credit card, retail card and debit processing revenue. Credit card and retail card processing revenue increased for the three and six months ended June 30, 2012 versus the comparable periods in 2011 due to net new business and volume growth from existing customers mostly offset by price compression on contract renewals as well as volume based pricing incentives. Growth in domestic active card accounts on file benefited primarily from net new account conversions, mostly retail accounts; the substantial majority of which were converted in March 2012.

Debit processing revenue decreased for the three months ended June 30, 2012 versus the comparable period in 2011 due primarily to net lost business and price compression on contract renewals as well as other net contractual pricing incentives partially offset by new fees implemented in 2011, primarily regulatory compliance fees and volume growth from existing customers. Debit processing revenue remained flat for the six months ended June 30, 2012 compared to the prior year due to net lost business and price compression on contract renewals as well as other net contractual pricing incentives offset by volume growth from existing customers and new fees implemented in 2011 as mentioned above.

Debit issuer transaction growth in the three and six months ended June 30, 2012 compared to the same periods in 2011 decreased due to lost business, including the loss of a large financial institution that substantially deconverted in June 2012. This decrease was partially offset by net impacts from the implementation of the Dodd-Frank Act discussed below and growth of existing clients due in part to the shift to debit cards from cash and checks.

The implementation of the Dodd-Frank Act resulted in a net increase in debit issuer transactions. Growth benefited from new contracts with financial institutions and transactions routed on behalf of other networks through the Company s gateway. This growth was partially offset by losses in the existing customer base from merchant routing decisions. The net revenue impact from the implementation of the Dodd-Frank Act was minimal because of lower rates on new transactions from regulated financial institutions and gateway transactions compared to rates on transactions lost due to routing decisions.

Output services revenue. Output services revenue increased for the three and six months ended June 30, 2012 versus the comparable periods in 2011 due to growth from existing customers and net new business mostly offset by volume based pricing incentives.

Other revenue. Other revenue consists mostly of revenue from remittance processing, information services, online banking and bill payment services as well as voice services. Other revenue for the three and six months ended June 30, 2012 was flat compared to the same periods in 2011 due to increases in online banking and bill payment services offset by decreases in voice services and information services volumes.

Segment EBITDA. Financial Services segment EBITDA increased for the three and six months ended June 30, 2012 compared to the same periods in 2011 due most significantly to decreased operating expenses, primarily technology and operations costs, resulting from reduced headcount and operational efficiencies as well as from the revenue items noted above. The decrease in operating expenses benefited the segment EBITDA growth rates for the three and six-month periods ended June 30, 2012 compared to the prior year by 3 and 6 percentage points, respectively.

Table of Contents

International segment results.

(in millions)	Three months ended June 30, 2012		Three months ended June 30, 2011		Change %
Revenues:					
Transaction and processing service fees	$	321.1	$	341.5	(6)%
Product sales and other		93.7		100.3	(7)%
Equity earnings in affiliates		9.8		9.7	1%
Segment revenue	$	424.6	$	451.5	(6)%
Segment EBITDA	$	117.5	$	119.1	(1)%
Segment margin		28%		26%	2 pts
Key indicators:					
International transactions (a)		2,070.3		1,895.4	9%

(in millions)	Six months ended June 30, 2012		Six months ended June 30, 2011		Change %
Revenues:					
Transaction and processing service fees	$	630.7	$	665.2	(5)%
Product sales and other		180.2		184.8	(2)%
Equity earnings in affiliates		18.6		16.8	11%
Segment revenue	$	829.5	$	866.8	(4)%
Segment EBITDA	$	212.9	$	210.8	1%
Segment margin		26%		24%	2 pts
Key indicators:					
International transactions (a)		3,982.8		3,633.1	10%
International card accounts on file (end of period) (b)		70.8		88.7	(20)%

(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. International transactions for the three months ended March 31, 2012 and for both the three and six-month periods ended June 30, 2011 reflect an updated count of international transactions.

(b) International card accounts on file include bankcard and retail. International card accounts on file for as of June 30, 2011 reflects an updated count of card accounts on file.

Summary. Segment revenue in the three and six months ended June 30, 2012 versus the comparable periods in 2011 was negatively impacted due to the impact of foreign currency exchange rate movements partially offset by the items discussed below. Foreign currency exchange rate movements negatively impacted the total segment revenue growth rates in the three and six months ended June 30, 2012 by 7 and 5 percentage points, respectively, compared to the same periods in 2011.

Transaction and processing service fees revenue. Transaction and processing service fees revenue includes merchant related services and card services revenue. Merchant related services revenue encompasses merchant acquiring and processing revenue, debit transaction revenue, POS/ATM transaction revenue and fees from switching services. Card services revenue represents monthly managed service fees for issued cards. Merchant related services transaction and processing service fee revenue represented approximately 60% and card services revenue represented approximately 40% of total transaction and processing service fees revenue for all periods presented.

Transaction and processing service fees revenue decreased in the three and six months ended June 30, 2012 compared to the same periods in 2011 due to declines in the card issuing businesses partially offset by growth in the merchant acquiring businesses. Revenue in the card issuing businesses declined primarily due to lost business in Germany, the United Kingdom and China as well as lower revenue in Greece driven by the economic recession and a strategic decision to exit low-margin businesses. Partially offsetting these decreases were increased transaction volumes in the card issuing business in Argentina and new business in Canada. Increases in the merchant acquiring businesses resulted from growth in the merchant acquiring alliances and direct sales channels in the United Kingdom and Canada. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees

Table of Contents

growth rates for the three and six months ended June 30, 2012 versus the comparable periods in 2011 by 7 and 4 percentage points, respectively.

Transaction and processing service fees revenue is driven by accounts on file and transactions. The spread between growth in these two indicators and revenue growth was impacted by foreign currency exchange rate movements, the mix of transaction types and price compression. International card accounts on file in the six months ended June 30, 2012 as compared to the same period in 2011 decreased primarily due to lost business in China and the United Kingdom that deconverted in the fourth quarter of 2011.

Product sales and other revenue. Product sales and other revenue decreased for the three and six months ended June 30, 2012 versus the same periods in 2011 due to declines in terminal sales and lease originations in Germany as well as a decrease resulting from the strategic decision to exit a line of business in Greece. Partially offsetting these decreases were increases due to new sales, price increases and higher terminal installations in Argentina. The impact of foreign currency exchange rate movements negatively impacted the growth rates for product sales and other revenue for the three and six months ended June 30, 2012 compared to the same periods in 2011 by 7 and 6 percentage points, respectively.

Segment EBITDA. Segment EBITDA decreased in the three months ended June 30, 2012 compared to the same period in 2011 due to the impact of foreign currency exchange rate movements partially offset by the revenue items noted above. Segment EBITDA growth was negatively impacted by 6 percentage points in the three months ended June 30, 2012 compared to the same period in 2011 from the impact of foreign currency exchange rate movements.

Segment EBITDA increased in the six months ended June 30, 2012 versus the comparable period in 2011 due to the revenue items noted above as well as from decreased expenses, principally operations and technology costs, driven by cost cutting initiatives. The segment EBITDA growth rate for the six months ended June 30, 2012 versus the comparable period in 2011 benefited from decreased operations and technology costs by 5 percentage points. The increase in segment EBITDA for the six months ended June 30, 2012 compared to the prior year was partially offset by foreign currency exchange rate movements which impacted the segment EBITDA growth rate by 5 percentage points.

Capital Resources and Liquidity

FDC s source of liquidity is principally cash generated from operating activities supplemented as necessary on a short-term basis by borrowings against its revolving credit facility. The Company believes its current level of cash and short-term financing capabilities along with future cash flows from operations are sufficient to meet the needs of the business. The following discussion highlights changes in the Company s debt structure as well as the Company s cash flow activities and the sources and uses of funding during the six months ended June 30, 2012 and 2011. Refer to Note 4 to the Company s Consolidated Financial Statements in Item 1 of this Form 10-Q for additional information regarding the Company s debt structure.

Debt Offering. On August 2, 2012, the Company entered into an agreement to issue $1,300.0 million aggregate principal amount of 6.750% senior secured notes due 2020. The notes will be issued at 99.193% of the par amount for a discount totaling $10.5 million. The Company anticipates that the offering will close on August 16, 2012. Interest on the notes will be payable semi-annually on May 1 and November 1 of each year, commencing on May 1, 2013. In accordance with the terms of FDC s Amended Credit Agreement, FDC will use the net proceeds from the offering of approximately $1,267 million to repay a portion of its outstanding senior secured term loans.

Related Financing Costs. In connection with the debt offering discussed above, the Company anticipates incurring costs of approximately $23 million.

Debt modifications and amendments. On March 13, 2012, FDC amended its credit agreement to, among other things:

(i) convert approximately $3.2 billion of the existing term loans maturing in 2014 (the 2014 Term Loans) under FDC s senior secured term credit facilities into a new dollar-denominated term loan tranche and a new euro-denominated term loan tranche, which will each mature on March 24, 2017 (collectively, the 2017 Term Loans);

(ii) permit FDC to provide a loan extension request upon such shorter notice period as may be agreed by the administrative agent;

(iii) permit the deduction of fees and expenses related to any loan extensions from the net cash proceeds of any substantially concurrent debt offering related thereto that are being used to repay term loans under its senior secured credit facilities;

(iv) increase the Maximum Incremental Facilities Amount (as defined in the Amended Credit Agreement) by the amount of outstanding 2014 Term Loans, provided such increased amount may only be used for the incurrence of indebtedness the net cash proceeds of which are substantially concurrently used to prepay 2014 Term Loans;

(v) increase the Maximum Incremental Facilities Amount by the amount of any permanent reduction and/or termination of the revolving credit commitments after the effectiveness date of the Amendment Agreement;

(vi) permit voluntary prepayments of term loans to be directed to a class of Extended Term Loans (as defined in the Amended Credit Agreement) without requiring a prepayment of existing term loans from which such Extended Term Loans were converted; and

(vii) provide for an increase in the interest applicable to the 2017 Term Loans to a rate equal to, at FDC s option, either (i) LIBOR for deposits in the applicable currency plus 500 basis points or (ii) with regard to dollar-denominated borrowings, a base rate plus 400 basis points.

The amendment became effective on March 23, 2012 when FDC issued $845 million aggregate principal amount of additional 7.375% senior secured notes due June 15, 2019 and, using the net proceeds therefrom, effected a prepayment of the outstanding 2017 Term Loans under the Amended Credit Agreement of approximately $807 million. The additional notes are treated as a single series with and have the same terms as the previously existing 7.375% notes. The additional notes and the previously existing 7.375% notes vote as one class under the related indenture.

On August 8, 2012, FDC launched a request to amend and extend all or a portion of the outstanding term loans maturing in 2014 (the 2014 Term Loans), under FDC s senior secured term credit facilities into a new dollar-denominated term loan tranche and a new euro-denominated term loan tranche, maturing on March 24, 2017. The effectiveness of the agreement is subject to certain conditions. The 2014 Term Loan holders are under no obligation to accept the extension request and there can be no assurance that any amount of the 2014 Term Loans will be extended.

The Company has taken a number of steps to extend its debt maturities and intends to extend additional maturity dates as opportunities allow.

Cash and cash equivalents. Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. At June 30, 2012 and December 31, 2011, the Company held $483.5 million and $485.7 million in cash and cash equivalents, respectively.

Included in cash and cash equivalents are amounts held by Integrated Payment Systems Inc. (IPS) and the BAMS alliance, that are not available to fund operations outside of those businesses. At June 30, 2012 and December 31, 2011, the cash and cash equivalents held by IPS and the BAMS alliance totaled $119.7 million and $75.2 million, respectively. All other domestic cash balances, to the extent available, are used to fund the Company s short-term liquidity needs.

Cash and cash equivalents also includes amounts held outside of the U.S. at June 30, 2012 and December 31, 2011 totaling $221.1 million and $216.0 million, respectively. As of June 30, 2012, there was approximately $80 million of cash and cash equivalents held outside of the U.S. that could be used for general corporate purposes. FDC plans to fund any cash needs throughout the remainder of 2012 within the International segment with cash held by the segment, but if necessary, could fund such needs using cash from the U.S., subject to satisfying debt covenant restrictions**.**

Cash flows from operating activities.

	Six months ended June 30,	
Source/(use) (in millions)	**2012**	**2011**
Net loss	$ (229.1)	$ (312.7)
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	677.2	725.0
Charges related to other operating expenses and other income (expense)	52.8	58.7
Other non-cash and non-operating items, net	(58.0)	(1.2)
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:		
Accounts receivable, current and long-term	95.6	291.6
Other assets, current and long-term	168.5	80.0
Accounts payable and other liabilities, current and long-term	(114.3)	64.6
Income tax accounts	(198.0)	(271.2)
Net cash provided by operating activities	$ 394.7	$ 634.8

Table of Contents

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

FDC s operating cash flow is significantly impacted by its level of debt. Approximately $910 million and $514 million in cash interest was paid during the six months ended June 30, 2012 and 2011, respectively. The increase in cash interest payments from 2011 is primarily due to changes in the timing of coupon payments resulting from the Company s debt modification activities during the last two years.

Cash flows from operating activities decreased for the six months ended June 30, 2012 compared to the same period in 2011 primarily due to the increase in cash interest payments partially offset by increased operating income.

FDC anticipates funding operations throughout the remainder of 2012 primarily with cash flows from operating activities and by closely managing discretionary capital and other spending; however, any shortfalls would be supplemented as necessary by borrowings against its revolving credit facility.

Cash flows from investing activities.

	Six months ended June 30,			
Source/(use) (in millions)		**2012**		**2011**
Current period acquisitions	$	(1.9)	$	(12.6)
Contributions to equity method investments		(7.9)		(0.7)
Payments related to other businesses previously acquired		(3.2)		
Proceeds from dispositions, net of expenses paid and cash disposed				1.7
Proceeds from sale of property and equipment		7.4		2.4
Additions to property and equipment		(91.5)		(111.8)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs		(99.2)		(103.7)
Other investing activities		7.2		(1.7)
Net cash used in investing activities	$	(189.1)	$	(226.4)

Acquisitions and dispositions. The Company may finance acquisitions through a combination of internally generated funds, reinvestment of proceeds from asset sales, short-term borrowings and equity of its parent company. The Company may also consider using long-term borrowings subject to restrictions in its debt agreements. Although the Company considers potential acquisitions from time to time, the Company s plan for the remainder of 2012 does not include funding of material acquisitions.

In the first quarter of 2012, the Company contributed $7.9 million for a working capital settlement in connection with the contribution of its transportation business to the TCH LLC alliance formed in November 2011.

The Company continues to manage its portfolio of businesses and evaluate the possible divestiture of businesses that do not match its long-term growth objectives.

Capital expenditures. Capital expenditures are anticipated to be approximately $425 to $475 million in 2012 and are expected to be funded by cash flows from operations and reinvestment of proceeds from asset sales. If, however, those sources are insufficient, the Company will decrease its discretionary capital expenditures or utilize its revolving credit facility.

Table of Contents

Cash flows from financing activities.

Source/(use) (in millions)	Six months ended June 30, 2012	2011
Short-term borrowings, net	$ (34.3)	$ (110.1)
Debt modification proceeds (payments) and related financing costs, net	7.1	(39.7)
Principal payments on long-term debt	(36.0)	(39.4)
Proceeds from sale-leaseback transactions	13.8	11.7
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	(131.5)	(131.2)
Purchase of noncontrolling interest	(25.1)	
Redemption of Parent s redeemable common stock	(0.1)	(0.3)
Cash dividends	(4.0)	
Net cash used in financing activities	$ (210.1)	$ (309.0)

Short-term borrowings, net. The cash activity related to short-term borrowings in 2012 and 2011 resulted primarily from net paydowns on FDC s credit lines used principally to prefund settlement activity.

FDC utilizes its revolving credit facility on a short-term basis to fund investing or operating activities when cash flows from operating activities are not sufficient. The Company believes the capacity under its senior secured revolving credit facility is sufficient to meet its short-term liquidity needs. FDC s senior secured revolving credit facility can be used for working capital and general corporate purposes.

As of June 30, 2012, FDC s senior secured revolving credit facility had commitments from financial institutions to provide $1,515.3 million of credit. Besides the letters of credit discussed below, FDC had no amount outstanding against this facility as of June 30, 2012 and December 31, 2011. Therefore, as of June 30, 2012, $1,464.4 million remained available under this facility, $499.1 million of which is due to expire on September 24, 2013. Excluding the letters of credit, the maximum amount outstanding against this facility during both the three and six months ended June 30, 2012 was approximately $295 million while the average amount outstanding during the three and six months ended June 30, 2012 was approximately $59 million and $37 million, respectively.

Debt modification proceeds (payments) and related financing costs. During 2012, FDC received net cash proceeds of $7 million related to the March 2012 debt modification discussed above, a substantial portion of which were used to pay expenses related to the modification that were included in the Company s results of operations.During the first six months of 2011, FDC paid $18.6 million in fees related to the December 2010 debt exchange and $21.1 million in fees related to the April 2011 debt modification and amendments as discussed in Item 7 in the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

Principal payments on long-term debt. Payments for capital leases totaled $36.0 million and $39.4 million for the six months ended June 30, 2012 and 2011, respectively.

As of August 10, 2012, FDC s long-term corporate family rating from Moody s was B3 (stable). The long-term local issuer credit rating from Standard and Poor s was B (stable). The long-term issuer default rating from Fitch was B (negative outlook). The Company s current level of debt may impair the ability of the Company to get additional funding beyond its revolving credit facility if needed.

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

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

Purchase of noncontrolling interest. In April 2012, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay, a provider of card and electronic payment processing services to merchant acquiring banks, for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in 2013.

Cash dividends. The Company paid cash dividends to its parent company, First Data Holdings Inc., in 2012.

Table of Contents

FIRST DATA CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS (Continued)

Letters, lines of credit and other.

	Total Available (a)		Total Outstanding	
(in millions)	As of June 30, 2012	As of December 31, 2011	As of June 30, 2012	As of December 31, 2011
Letters of credit (b)	$ 500.0	$ 500.0	$ 50.9	$ 45.0
Lines of credit and other (c)	$ 269.5	$ 341.2	$ 40.3	$ 76.4

(a) Total available without giving effect to amounts outstanding.

(b) Up to $500 million of FDC s senior secured revolving credit facility is available for letters of credit. Outstanding letters of credit are held in connection with lease arrangements, bankcard association agreements and other security agreements. The maximum amount of letters of credit outstanding during both the three and six months ended June 30, 2012 was approximately $52 million. All letters of credit expire prior to May 30, 2013 with a one-year renewal option. FDC expects to renew most of the letters of credit prior to expiration.

(c) As of June 30, 2012, represents $231.4 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available in various currencies to fund settlement and other activity for the Company s international operations. FDC cannot use these lines of credit for general corporate purposes. Certain of these arrangements are uncommitted but, as of the dates presented, FDC had borrowings outstanding against them.

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

Significant non-cash transactions. During the six months ended June 30, 2011, the principal amount of FDC s senior unsecured notes due 2015 increased by $35.6 million resulting from the payment of accrued interest expense. Beginning October 1, 2011, the interest on FDC s senior unsecured notes due 2015 is required to be paid in cash.

During the six months ended June 30, 2012 and 2011, the Company entered into capital leases, net of trade-ins, totaling approximately $34 million and $85 million, respectively.

As discussed above, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in 2013.

Guarantees and covenants. For a description of guarantees and covenants and covenant compliance refer to the Guarantees and covenants and Covenant compliance sections in Item 7: Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Annual Report on Form 10-K for the year ended December 31, 2011. As of June 30, 2012, the Company was in compliance with all applicable covenants, including its sole financial covenant with Consolidated Senior Secured Debt of $12,080.6 million, Consolidated EBITDA of $2,895.3 million and a Ratio of 4.17 to 1.00 compared to the maximum ratio allowed by the covenant of 6.50 to 1.00.

Table of Contents

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

(in millions)		Last twelve months ended June 30, 2012
Net loss attributable to First Data Corporation	$	(433.1)
Interest expense, net (1)		1,862.0
Income tax benefit		(216.9)
Depreciation and amortization (2)		1,296.4
EBITDA (16)		2,508.4
Stock based compensation (3)		15.4
Restructuring, net (4)		42.3
Divestitures, net (5)		(58.3)
Derivative financial instruments (gains) and losses (6)		(19.4)
Official check and money order EBITDA (7)		(3.0)
Cost of alliance conversions and other technology initiatives (8)		55.2
KKR related items (9)		23.4
Debt issuance costs (10)		3.7
Projected near-term cost savings and revenue enhancements (11)		158.0
Net income attributable to noncontrolling interests and redeemable noncontrolling interests (12)		180.6
Equity entities taxes, depreciation and amortization (13)		15.4
Non-operating foreign currency (gains) and losses (14)		(39.7)
Other (15)		13.3
Consolidated EBITDA (16)	$	2,895.3

(1) Includes interest expense and interest income.

(2) Includes amortization of initial payments for new contracts which is recorded as a contra-revenue within Transaction and processing service fees of $44.5 million and amortization related to equity method investments, which is netted within the Equity earnings in affiliates line of $74.9 million.

(3) Stock based compensation recognized as expense.

(4) Restructuring charges in connection with management s alignment of the business with strategic objectives and employee reduction and certain employee relocation efforts in Germany.

(5) Due mostly to a gain recognized upon disposition of the Company s controlling interest in a business, in connection with the formation of an alliance.

(6) Represents fair market value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges.

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

(8) Represents costs directly associated with the termination of the Chase Paymentech alliance and expenses related to the conversion of certain Banc of America Merchant Services alliance merchant clients onto FDC platforms, all of which are considered business optimization projects, and other technology initiatives. Effective October 1, 2011, FDC and BofA jointly decided to have FDC operate the Bank s

legacy settlement platform. Costs associated with the revised strategy are also included in this line item.

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

(10) Debt issuance costs represent non-capitalized costs associated with issuing debt and modifying FDC s debt structure.

(11) Reflects cost savings and revenue enhancements projected to be achieved within twelve months on an annualized basis. Includes cost savings initiatives associated with the business optimization projects and other technology initiatives described in Note 8, the BAMS alliance, operations and technology initiatives, headcount reductions and other addressable spend reductions.

(12) Net income attributable to noncontrolling interests and redeemable noncontrolling interests in restricted subsidiaries.

(13) Represents FDC s proportional share of income taxes, depreciation and amortization on equity method investments.

(14) Includes net gains and losses related to the fair value adjustments of FDC s intercompany loans and its euro-denominated debt.

(15) Includes items such as litigation and regulatory settlements, impairments and other as applicable to the period presented.

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

Table of Contents

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

Consolidated EBITDA (or debt covenant EBITDA) is defined as EBITDA adjusted to exclude certain non-cash items, non-recurring items that FDC does not expect to continue at the same level in the future and certain items management believes will impact future operating results and adjusted to include near-term cost savings projected to be achieved within twelve months on an annualized basis (see Note 8 above). Consolidated EBITDA is further adjusted to add net income attributable to noncontrolling interests and redeemable noncontrolling interests of certain non-wholly-owned subsidiaries and exclude other miscellaneous adjustments that are used in calculating covenant compliance under the agreements governing FDC s senior unsecured debt and/or senior secured credit facilities. The Company believes that the inclusion of supplementary adjustments to EBITDA are appropriate to provide additional information to investors about items that will impact the calculation of EBITDA that is used to determine covenant compliance under the agreements governing FDC s senior unsecured debt and/or senior secured credit facilities. Since not all companies use identical calculations, this presentation of Consolidated EBITDA may not be comparable to other similarly titled measures of other companies.

Off-Balance Sheet Arrangements

During the six months ended June 30, 2012 and 2011, the Company did not engage in any off-balance sheet financing activities other than those discussed in the Off-Balance Sheet Arrangements discussion in Item 7 of the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

Contractual Obligations

During the six months ended June 30, 2012, there were no material changes outside the ordinary course of business in the Company s contractual obligations and commercial commitments from those reported at December 31, 2011 in the Company s Annual Report on Form 10-K other than an approximate $78 million reduction in the Company s liability for unrecognized tax benefits discussed in the Income Taxes section above.

In March 2012, as discussed above within Capital Resources and Liquidity , FDC amended its credit agreement to, among other things, convert approximately $3.2 billion of the existing term loans maturing in 2014 under FDC s senior secured term credit facilities into a new dollar-denominated term loan tranche and a new euro-denominated term loan tranche, which will each mature on March 24, 2017. Additionally, FDC issued $845 million aggregate principal amount of additional 7.375% senior secured notes due June 15, 2019 and, using the net proceeds therefrom, effected a prepayment of the outstanding 2017 Term Loans under the Amended Credit Agreement of approximately $807 million. The combined effect of these events did not materially impact the total amount of the Company s outstanding obligations but increased future interest payments and extended the maturity of approximately $2.4 billion of obligations from 2014 to 2017 and $0.8 billion of obligations from 2014 to 2019.

Critical Accounting Policies

The Company s critical accounting policies have not changed from those reported in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

New Accounting Guidance

In July 2012, the Financial Accounting Standards Board issued guidance related to testing indefinite-lived intangibles for impairment. Under the amended guidance, an entity has the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its

Table of Contents

carrying amount. If it is determined that the fair value is more likely than not greater than the carrying amount, then quantitative impairment testing is unnecessary. The amendments will be effective for the Company s 2013 annual impairment test with early adoption permitted. Management is currently assessing the impact of the revised guidance on its testing for impairment and is considering early adoption for its 2012 annual impairment test.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes from the Company s Annual Report on Form 10-K for the year ended December 31, 2011 related to its exposure to market risk from interest rates or foreign currency.

Regulatory

Through its merchant alliances, the Retail and Alliance Services segment holds 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, the Company actively maintains an antitrust compliance program.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

The Company s disclosure controls and procedures are designed to cause information required to be disclosed in reports that the Company files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The Company has evaluated, under the supervision of its Chief Executive Officer and Chief Financial Officer, the effectiveness of disclosure controls and procedures as of June 30, 2012. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective as of June 30, 2012, to ensure that material information regarding the Company is made known to management, including the Chief Executive Officer and Chief Financial Officer, to allow the Company to meet its disclosure obligations.

Changes in internal control over financial reporting

There were no changes in the Company s internal control over financial reporting identified in connection with the above evaluation that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Table of Contents

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. None of these matters, either individually or in the aggregate, currently is material to the Company except those matters reported in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 (the Annual Report). There were no material developments in the litigation matters previously disclosed except as discussed below.

ATM Fee Antitrust Litigation

In the ATM Fee Antitrust Litigation action that was previously reported in the Annual Report, on July 12, 2012, the United States Court of Appeals for the Ninth Circuit affirmed the Northern District Court of California s dismissal of all the claims against the defendants. On July 26, 2012, the plaintiffs petitioned the Ninth Circuit for rehearing en banc.

ITEM 1A. RISK FACTORS

The following risk factor has changed materially from the one set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2011. This should be reviewed in conjunction with those described in the Annual Report on Form 10-K and in other reports the Company files with the Securities and Exchange Commission in evaluating the Company s business.

The Company s business may be adversely affected by risks associated with foreign operations.

The Company is subject to risks related to the changes in currency rates as a result of its 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, the Company utilizes 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, the Company is subject to exchange control regulations that restrict the conversion of its revenue and assets denominated in Argentine pesos into U.S. dollars. Those regulations may become more restrictive in the future. Similar regulations also may be adopted in other jurisdictions that restrict or prohibit the conversion of the Company s other foreign currencies into U.S. dollars. The occurrence of any of these factors could decrease the value of revenues and earnings the Company derives from its international operations and have a material adverse impact on the Company s business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None

Table of Contents

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification of Chief Executive Officer of First Data Corporation Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer of First Data Corporation Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
99.1	Private Securities Litigation Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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* These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

Table of Contents

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST DATA CORPORATION
(Registrant)

Date: August 13, 2012	By	/s/ RAY E. WINBORNE **Ray E. Winborne** **Executive Vice President, Chief Financial Officer** **(Principal Financial Officer)**
Date: August 13, 2012	By	/s/ BARRY D. COOPER **Barry D. Cooper** **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**

Table of Contents

INDEX TO EXHIBITS

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