

FIRST DATA CORP  
Form S-1/A  
October 01, 2015  
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As filed with the Securities and Exchange Commission on October 1, 2015

Registration No. 333-205750

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

Amendment No. 3  
to  
FORM S-1  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

First Data Corporation  
(Exact name of registrant as specified in its charter)

<b>Delaware</b> <b>(State or other jurisdiction of</b>	<b>7389</b> <b>(Primary Standard Industrial</b>	<b>47-0731996</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b>	<b>Identification Number)</b>

**225 Liberty Street, 29th Floor**

**New York, New York 10281**

**(800) 735-3362**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Adam L. Rosman, Esq.**

**Executive Vice President, General Counsel and Secretary**

**225 Liberty Street, 29th Floor**

**New York, New York 10281**

**(800) 735-3362**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*With copies to:*

**Joseph H. Kaufman, Esq.**

**Richard A. Fenyas, Esq.**

**Simpson Thacher & Bartlett LLP**

**425 Lexington Avenue**

**New York, New York 10017-3954**

**(212) 455-2000**

**Richard D. Truesdell, Jr., Esq.**

**Byron B. Rooney, Esq.**

**Davis Polk & Wardwell LLP**

**450 Lexington Avenue**

**New York, New York 10017**

**(212) 450-4000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered (1)(2)	Proposed		Amount of Registration Fee (3)
		Maximum Aggregate Offering Price per Share (2)	Proposed Maximum Aggregate Offering Price (2)	
Class A common stock, par value \$0.01 per share	184,000,000	\$20.00	\$3,680,000,000	\$372,126

(1)

Includes the aggregate offering price of shares of Class A common stock that the underwriters have the option to purchase. See Underwriting (Conflicts of Interest).

- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended.
- (3) \$11,620 of such fee was previously paid.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated October 1, 2015.**

**PRELIMINARY PROSPECTUS**

**160,000,000 Shares**

**FIRST DATA CORPORATION**

**Class A Common Stock**

This is an initial public offering of shares of Class A common stock of First Data Corporation. We are offering 160,000,000 shares of our Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. We currently expect that the initial public offering price of our Class A common stock will be between \$18.00 and \$20.00 per share. We intend to apply to list our Class A common stock on the New York Stock Exchange (NYSE) under the symbol FDC.

Upon consummation of this offering, we will have two classes of common stock: our Class A common stock and our Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except with respect to voting, conversion, and transfer restrictions applicable to the Class B common stock. Each share of Class A common stock will be entitled to one vote. Each share of Class B common stock will be entitled to ten votes and will be convertible into one share of Class A common stock automatically upon transfer, subject to certain exceptions.

After the completion of this offering, Kohlberg Kravis Roberts & Co. L.P. and its affiliates (collectively, KKR ) will continue to control a majority of the voting power of our common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE. See Principal Stockholders.

*Investing in our Class A common stock involves risk. See Risk Factors beginning on page 19 to read about factors you should consider before buying shares of our Class A common stock.*

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

	<b>Per Share</b>	<b>Total</b>
Initial public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us <sup>(1)</sup>	\$	\$

<sup>(1)</sup> See Underwriting (Conflicts of Interest).

To the extent that the underwriters sell more than 160,000,000 shares of our Class A common stock, the underwriters have the option to purchase up to an additional 24,000,000 shares from us at the initial public offering price, less the underwriting discounts and commissions, within 30 days of the date of this prospectus.

The underwriters expect to deliver the shares against payment in New York, New York on or about \_\_\_\_\_, 2015.

***Joint Book-Running Managers***

<b>Citigroup</b>	<b>Morgan Stanley</b>	<b>BofA Merrill Lynch</b>	<b>KKR</b>
<b>Barclays</b>	<b>Credit Suisse</b>	<b>Deutsche Bank Securities</b>	<b>Goldman, Sachs &amp; Co. HSBC</b>
<b>Mizuho Securities</b>	<b>PNC Capital Markets LLC</b>	<b>SunTrust Robinson Humphrey</b>	<b>Wells Fargo Securities</b>
<b><i>Co-Managers</i></b>			
<b>Allen &amp; Company LLC</b>	<b>BBVA</b>	<b>Cowen and Company</b>	

**Prospectus dated \_\_\_\_\_, 2015.**

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You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be delivered to you. We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the securities. Our business, financial condition, results of operations, and prospects may have changed since that date.

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Unless otherwise indicated or the context otherwise requires, financial data in this prospectus reflects the consolidated business and operations of First Data Corporation and its consolidated subsidiaries. Unless the context otherwise requires, all references herein to First Data, FDC, the Company, we, our, or us refer to First Data Corporation and its consolidated subsidiaries.

Amounts in this prospectus and the consolidated financial statements included in this prospectus are presented in U.S. Dollars rounded to the nearest million, unless otherwise noted. The accounting policies set out in the audited consolidated financial statements contained elsewhere in this prospectus have been consistently applied to all periods presented.

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**MARKET, RANKING, AND OTHER INDUSTRY DATA**

The data included in this prospectus regarding markets, ranking, and other industry information are based on reports of government agencies or published industry sources, and estimates are based on First Data management's knowledge and experience in the markets in which First Data operates. The Nilson Report, an industry source we cite in this prospectus, is generally published monthly. Data regarding the industries in which we compete and our market position and market share within these industries are inherently imprecise and are subject to significant business, economic, and competitive uncertainties beyond our control, but we believe they generally indicate size, position, and market share within these industries. Our own estimates are based on information obtained from our trade and business organizations and other contacts in the markets in which we operate. We are responsible for all of the disclosure in this prospectus, and we believe these estimates to be accurate as of the date of this prospectus or such other date stated in this prospectus. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for the estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties. As a result, you should be aware that market, ranking, and other similar industry data included in this prospectus, and estimates and beliefs based on that data, may not be reliable. Neither we nor the underwriters can guarantee the accuracy or completeness of any such information contained in this prospectus.

**TRADEMARKS, SERVICE MARKS, AND TRADE NAMES**

Solely for convenience, the trademarks, service marks, and trade names referred to in this prospectus are presented without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, and trade names. All trademarks, service marks, and trade names appearing in this prospectus are the property of their respective owners.

**BASIS OF PRESENTATION**

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

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**NON-GAAP FINANCIAL MEASURES**

This prospectus contains non-GAAP financial measures that are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). Specifically, we make use of the non-GAAP financial measures Adjusted EBITDA, Adjusted Net Income, and Covenant EBITDA.

Adjusted EBITDA represents:

Net income or loss attributable to First Data, *plus*

Interest expense, net;

Income tax (benefit) expense;

Depreciation and amortization;

Stock-based compensation; and

Other adjustments as described in Note (8) to Prospectus Summary Summary Historical Consolidated Financial and Other Data.

Adjusted Net Income represents:

Net income or loss attributable to First Data, *plus*

Stock-based compensation;

Loss on debt extinguishment;

Amortization of acquisition intangibles; and

Other adjustments as described in Note (9) to Prospectus Summary Summary Historical Consolidated Financial and Other Data.

We also make use of the non-GAAP financial measure Covenant EBITDA which is used to measure covenant compliance in agreements governing certain of our indebtedness. See Management's Discussion and Analysis of

Financial Condition and Results of Operations Liquidity and Capital Resources Guarantees and covenants.

Adjusted EBITDA, Adjusted Net Income, and Covenant EBITDA are not recognized terms under GAAP and do not purport to be alternatives to net income (loss) attributable to First Data as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, these measures are not intended to be a measure of free cash flow available for management's discretionary use as they do not consider certain cash requirements such as interest payments, tax payments, and debt service requirements. The presentations of these measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Management believes that Adjusted EBITDA and Adjusted Net Income are helpful in highlighting trends because they exclude the results of decisions that are outside the control of operating management. Management believes that the presentation of Covenant EBITDA is useful 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 certain of our existing indebtedness. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies 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.

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**GLOSSARY**

APIs	Application Program Interfaces
EFT	Electronic Funds Transfer
EMV	Europay, MasterCard and Visa
GSPs	Group Services Providers
ISOs	Independent Sales Organizations
ISVs	Independent Software Vendors
PCI	Payment Card Industry
POS	Point-of-Sale
PSPs	Payment Services Providers
SMBs	Small and Medium-Sized Businesses
SDKs	Software Developer Toolkits
VARs	Value-Added Resellers

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**A LETTER FROM FRANK BISIGNANO**

I joined First Data in the first half of 2013 because I saw a global leader in the rapidly innovating payments industry. First Data's central position in global electronic payments was undeniable. The company served millions of businesses around the world and processed more than 2,000 transactions per second. It had a financial services processing business with hundreds of millions of card accounts on file, owned a leading independent debit network, and operated an acquiring business that processed more than 40% of U.S. electronic payment volume, or roughly 10% of U.S. GDP. I considered First Data waterfront property.

Yes, the business had its challenges – continuous management change, a restructuring plan largely based on selling assets, \$24.5 billion of debt, and flat revenue growth the year before I joined. But I knew that payments was a growth industry, that technology was the great enabler, and that First Data had a fabulous set of assets and clients with whom it could do so much more. Simply put, I saw a unique opportunity – the potential for strong, profitable growth coupled with deleveraging, on an unparalleled scale.

I also saw that achieving this potential would require transforming this company. In the past two years, we've laid a strong foundation, and we are continuing to invest in innovation, infrastructure, and leadership. And we are just getting started.

Today, First Data offers investors the opportunity to join what I believe will be one of the most significant transformations in our industry. We will focus on three main areas: growing First Data profitably, continuing to improve our balance sheet through deleveraging and opportunistic debt refinancing, and building a durable enterprise that can withstand the uncertainties of our global economy.

This prospectus describes in detail our business and strategy, our progress, and how we're positioned well for the future. In this letter, I want to share my personal perspective on the foundation we've built, the transformation underway, and our journey ahead.

**Laying the Foundation**

As the journey began, it became immediately apparent that we weren't working on change, we were working on transformation. We needed to all row in the same direction, deliver integrated solutions, and truly manage the company as a global business.

With more than 24,000 employees in a company that was unsure of its direction, it was critical to have everyone completely aligned around a clear mission and purpose. When I arrived, fewer than 300 employees owned stock in this company. That wasn't sufficient. So in July 2013, we fundamentally changed our compensation and benefits structure. We decided that *all* employees would become *owner-associates* and have an equity stake in our future. Our managers, in particular, would receive equity as a significant component of their annual compensation.

We also decided that rather than selling assets to manage our balance sheet, we would invest and build. First Data's broad array of assets represented to us a source of tremendous competitive advantage. They gave us an opportunity to integrate our offerings and provide clients enterprise solutions on a scale our competitors could not rival.

We have global clients and we intend to further globalize our solutions. But our company was not organized to truly support our global aspirations. We recently reorganized First Data into three global lines of business. The individual geographies now report directly to me with the dissolution of our previous International segment.



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### **Our Transformation**

We have what so many innovators often lack – the ability to distribute to a large client base. We have a unique opportunity to invest in innovation, integrate new innovations into our existing offerings, and leverage the scale of our distribution. Our team’s deep expertise in technology, commerce, security, operations, and control can all be harnessed to vertically extend our relationships with our clients.

We are focused on embedding innovation deeply into First Data. *Clover*, a Silicon Valley start-up that we acquired just a few months before I joined, was the first of many examples to follow of First Data’s ability to execute from concept to commercialization, at scale. We brought *Clover*’s integrated point-of-sale operating system to market in 11 months. After *Clover*, we acquired five additional innovative commerce technology start-ups, and we now have nearly 200 employees in Silicon Valley and Silicon Alley.

But buying start-ups is not the hard part. We are proud of our ability to retain the key founders and employees of each of the start-ups we have acquired, while commercializing their innovations. We know how to manage technology and technologists.

Our vision is to be the industry’s grand collaborator. Our core belief is that through collaboration, we will help our clients grow their business through greater choice. In the past two years, we have partnered on a variety of innovations and agreements with major and emerging networks, prominent global financial institutions, marquee brands, and leading technology companies large and small.

We have also invested significantly in our technology infrastructure, both in management expertise and dollars. We worked equally on our operations and our service models to deliver to our clients’ expectations. And maintaining a robust control environment is a core responsibility that we have to our clients and regulators. We view our technology infrastructure, operations, and control environment as mission-critical to our long-term success.

First Data had been both an underinvested and undermanaged business. Before I arrived, there were five people on our Management Committee. Critical functions such as operations, technology, and operating control were not even at the table. Diversity on the team was limited at best. Today, I’m honored to partner with 15 members of my Management Committee who are diverse in every aspect, and we are proud of our inclusive environment. Below the Management Committee, we have also injected new leadership talent into First Data. Over two thirds of our 150 most senior employees have been hired since I joined.

While making these investments, we’ve also taken significant steps to strengthen our balance sheet. In the summer of 2014, we raised \$3.5 billion of equity to pay down debt in one of the largest-ever U.S. private placements. As part of that capital raise, KKR chose to invest another \$1.2 billion in First Data, including capital from its own balance sheet, solidifying First Data as KKR’s largest investment ever and the largest on its own balance sheet. The most revealing part of that capital raise was that we attracted significant interest from *new* investors who understood our transformation.

### **The Journey Ahead**

Almost daily, when I meet prospective and existing clients, their receptiveness to our new solutions gives me incredible confidence in our future. They love the innovations, but they are equally delighted to learn that a trusted name like First Data can be their partner for a broad array of commerce solutions. We are unlocking the power of enterprise solutions at First Data.



Our transformation is just starting. We are only now beginning to see the benefits of offering our clients enterprise solutions. Our pipeline of innovations webstore-in-a-box solutions, virtual gift card capabilities, solutions for alternative lenders, next-generation network fraud solutions, among others are just beginning to enter the market. And key members of our Management Committee have been here less than one year.

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We love the hand that we have – we have millions of clients, we know how to innovate and collaborate, our leadership bench is deep, and being in business with KKR has been great. We have much work to do, and we know First Data has not yet truly arrived. We know we are on the right path, and we know we will get there.

I would like to extend my gratitude to First Data’s many clients around the world. This company would not be where it is today without your support. We are truly dedicated to helping you grow your business, as we know we cannot win if you do not prosper.

I would also like to thank all of the owner-associates of First Data worldwide. The changes we have undergone in the past few years have been significant to say the least, and I deeply appreciate your tenacity and loyalty to this storied company. I am honored to be in business with each and every one of you, and consider it my personal responsibility to ensure that First Data is a great place for you to work and prosper.

As we embark on this journey as a public company, we intend to be transparent with all of our owners about what’s working well, and what is not. We will work hard to achieve the full potential of this company and make you proud to be a part of First Data.

Sincerely yours,

Frank J. Bisignano

Chairman and Chief Executive Officer

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**PROSPECTUS SUMMARY**

*This summary highlights certain significant aspects of our business and this offering. This is a summary of information contained elsewhere in this prospectus, is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the sections entitled *Risk Factors* and *Special Note Regarding Forward-Looking Statements* and the consolidated financial statements and the notes thereto, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties.*

**Our Company**

First Data sits at the center of global electronic commerce. We believe we offer our clients the most complete array of integrated solutions in the industry, covering their needs across next-generation commerce technologies, merchant acquiring, issuing, and network solutions. We serve our clients in 118 countries, reaching approximately 6 million business locations and over 4,000 financial institutions. We believe we have the industry's largest distribution network, driven by our partnerships with many of the world's leading financial institutions, our direct sales force, and a network of distribution partners. We are the largest merchant acquirer, issuer processor, and independent network services provider in the world, enabling businesses to accept electronic payments, helping financial institutions issue credit, debit and prepaid cards, and routing secure transactions between them. In 2014, we processed 74 billion transactions globally, or over 2,300 per second, and processed 28% of the world's eCommerce volume. In our largest market, the United States, we acquired \$1.7 trillion of payment volume, accounting for nearly 10% of U.S. GDP last year.

Our company is organized around three primary lines of business:

**Global Business Solutions (GBS)** This segment provides retail point-of-sale (POS) merchant acquiring and eCommerce services as well as next-generation offerings such as mobile payment services, webstore-in-a-box solutions, and our cloud-based *Clower* point-of-sale operating system, which includes a marketplace for proprietary and third-party business apps.

**Global Financial Solutions (GFS)** This segment provides credit solutions for bank and non-bank issuers. These include credit and retail private-label card processing within the United States and international markets, as well as licensed financial software systems, such as our *VisionPLUS* bank processing application, and lending solutions. GFS also provides financial institutions with a suite of related services including card personalization and embossing, statement printing, client service, and remittance processing.

**Network & Security Solutions (NSS)** This segment provides a wide range of value-added solutions that we sell to clients in our GBS and GFS segments, smaller financial institutions, and other enterprise clients. These solutions include our electronic funds transfer (EFT) network solutions, such as our *STAR Network*, our debit card processing solutions, our stored value network solutions, such as *Money Network*, *ValueLink*, *Gyft*, and *Transaction Wireless*, and our security and fraud solutions, such as *TransArmor* and *TeleCheck*. This segment also supports our other digital strategies, including online and mobile banking, and our business supporting mobile wallets.

Our business is characterized by transaction related fees, multi-year contracts, and a diverse client base, which allows us to grow alongside our clients. Our multi-year contracts allow us to achieve a high level of recurring revenues with

the same clients. Our business also generally requires minimal incremental capital expenditures and working capital to support additional revenue within our existing business lines.

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In 2014, we generated \$11.2 billion of revenue, \$1.4 billion of operating profit, and had a net loss attributable to First Data of \$458 million, reflecting an increase of 3%, 28% and 52% (decrease of loss), respectively, over 2013. For the same period, we generated segment revenues (which exclude reimbursable fees and other items) of \$6.9 billion, Adjusted EBITDA of \$2.7 billion, and Adjusted Net Income of \$488 million, reflecting an increase of 3%, 9% and 232%, respectively, over 2013. For additional information regarding our segment revenues and non-GAAP financial measures, including a reconciliation of Adjusted EBITDA and Adjusted Net Income to net income attributable to First Data, see Summary Historical Consolidated Financial and Other Data.

**Our Distribution Platform**

We deliver our solutions around the world through a broad set of distribution channels. We believe these channels, collectively, give us one of the largest sales forces in our industry, enabling us to reach clients of all sizes, types, and industry verticals in a cost-effective manner. Our large distribution platform often makes us an attractive partner for established and emerging commerce solution providers.

For GBS, we believe we have the industry's largest network of bank partnerships for merchant acquiring, including equity alliances with eight large banks around the world in which we have a controlling or material equity stake, and over 80 revenue sharing partnerships. Our bank partnerships include some of the largest financial institutions in the world, such as Bank of America Corporation, Wells Fargo, The PNC Financial Services Group, Citigroup, SunTrust Banks, Lloyds Banking Group, Allied Irish Banks, ICICI Bank, and ABN AMRO Group.

In addition, we have a large direct sales force, and we partner with over 1,100 third parties who actively re-sell our solutions, including independent sales agents, independent sales organizations (ISOs), payment services providers (PSPs), independent software vendors (ISVs), and value-added resellers (VARs) who often have specialized sales capabilities to reach into local communities, small businesses, eCommerce channels, or specific industry verticals. We also have over 1,600 referral arrangements with bank and non-bank partners.

For GFS, we have a large direct sales force and reach a broad base of smaller financial institutions through group service providers (GSPs).

For NSS, we leverage the distribution platforms of GBS and GFS, and also distribute through a direct sales force.

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**Our Transformation**

In 2013, we began transforming our business by investing in next-generation commerce solutions aimed at helping our clients grow their businesses, investing in our client-facing teams to enhance their reach and effectiveness, and recruiting a new group of experienced leaders into critical positions across the Company.

**We have moved beyond payment processing.** We believe our long-term success will be driven by focusing on helping our clients grow their businesses by providing them with a suite of new commerce-enabling technologies as well as our broad set of existing solutions. Our focus on innovation combined with the direct relationships we enjoy with many businesses and financial institutions, and the critical nature of the services we already provide many clients positions us well to quickly develop, commercialize, and deliver new commerce solutions to our clients.

We have many opportunities, in our view, to sell our expanded set of commerce solutions. We intend to sell these products to *new* clients through all of our major existing distribution channels, often through more enhanced product bundling. In addition, given the large size of our existing client base, we believe we have an outsized opportunity to sell our new solutions to *existing* clients, many of whom may not be aware of the availability of our next-generation commerce solutions nor that these solutions are designed to easily integrate into their existing First Data solutions.

**First Data's focus on innovation has accelerated.** In the last three years, we have acquired six commerce-focused technology start-ups: *Clover*, *Perka*, *Gyft*, *SpreeCommerce*, *EasyWay Ordering*, and *Transaction Wireless*; we now employ nearly 200 employees in Silicon Valley and Silicon Alley; and we have partnered with some of the world's leading technology companies to deliver commerce-enabling solutions.

Since 2013, we have launched many innovative solutions. For example, we launched *Clover*, a tablet-based integrated POS system that can harness the creativity of third-party developer solutions, to target the small and medium-sized business (SMB) market; with *Clover* we aim to create the largest open architecture operating system for commerce-enabling solutions and applications for business owners. Recognizing the growing desire for analytics, we launched *Insightics*, an innovative cloud-based software solution that unlocks the power of big data behind payment transactions for the SMB market. Seeing the growing need for security solutions, we launched *TransArmor*, an encryption and tokenization solution for business owners, and we partnered with a leading chip technology company to build a comprehensive EMV (Europay, MasterCard and Visa) solution for card issuers. Seeing the growing interest in the virtualization of payment cards, we acquired *Gyft* and *Transaction Wireless*, significantly increasing our capabilities in the issuance and distribution of virtual cards. Finally, we launched a web / mobile-enabled version of our *VisionPLUS* software application with improved features for multi-currency, multi-wallet, and prepaid cards, and we commercialized functionality for enabling consumer alerts and card controls on our U.S. issuing platform.

**We are investing to enhance our client-facing teams.** We believe we can grow our business and serve our clients better by investing to improve the effectiveness of our client-facing teams. Given our now-expanded solution suite, we believe we have more opportunities to conduct enterprise selling to new and existing clients, and more opportunities to sell new innovations into our large existing base of clients. For example, we are building out enterprise coverage teams, and we believe initiatives like these should help drive new sales and increase client loyalty and retention.

**We have also focused heavily on adding new executive talent to First Data.** Led by Chairman and CEO Frank Bisignano, our Management Committee has been significantly reconstituted and expanded, bringing to First Data deep expertise from leading global organizations in technology, financial services, payments, cyber-security, operations, and controls. Beyond the Management Committee, over two thirds of our top 150 executives have joined First Data since May 2013, injecting a significant level of new talent into the Company's leadership.



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**Benefitting from Industry Trends**

We believe First Data is strongly positioned to take advantage of several global industry trends:

*Consumer payments are continuing to shift from cash to electronic*, including in the United States, where, according to The Nilson Report dated December 2014, credit and debit card purchase volumes are projected to increase by 65% and 49%, respectively, from 2013 to 2018;

*Consumer shopping continues to shift from brick and mortar locations to online*, as global eCommerce spending as a percentage of total global retail spending is projected to increase from 6% in 2013 to 9% in 2018 according to a report by eMarketer dated December 23, 2014 (the eMarketer Report );

*SMB owners are increasingly demanding next-generation technology* such as tablet-based POS systems and devices that accept mobile payments: for example, 67% of restaurant businesses surveyed by *Hospitality Technology* in December 2014 are planning to add new functionality, features and/or modules to current POS software in 2015;

*Given recent payment data breaches, clients are increasingly demanding robust security and fraud solutions*, resulting in projected spending of \$125 billion in 2015, according to a report by IDC dated December 2014 (the IDC Report ); and

*Financial institutions continue to outsource and leverage technology providers* given their constrained budgets and growing industry complexity.

We believe First Data is well positioned to take advantage of all of these trends given the breadth of our solutions and our global operating scale.

**Our Competitive Strengths**

We believe First Data has many competitive advantages that position us favorably in the global marketplace and will help us drive growth in the future.

***Our Industry Leadership and Large Scale Give Us Operating Advantages***

Based on our size, scale, and global footprint, we are a leading provider in our industry. Our clients include some of the largest and best known global retail and financial institutions, as well as millions of smaller businesses and banks across the world. We are:

#1 in global merchant acquiring;



#1 in global issuer processing;

#1 in independent network services; and

a world leader in global eCommerce.

Our scale enables us to cost-effectively leverage our fixed technology and operations infrastructure, helping us to produce high operating margins, incur low marginal capital expenditures, and generate strong operating cash flow. Our scale also allows us to efficiently develop, acquire, and commercialize next-generation technologies globally.

***We Deliver Integrated Solutions Across the Commerce Value Chain***

We believe we offer our clients the most complete array of integrated solutions in the industry, covering their needs across next-generation commerce technology, merchant acquiring, issuing, and network solutions. We believe this differentiates us from our competition and will continue to drive growth in the future.

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Our suite of commerce-enabling solutions includes a range of products for businesses and financial institutions of all sizes and types that help our clients grow their business, interact with their customers, and manage their operations. These solutions include, among others, POS, mobile and online payment acceptance and the *Clower* operating system for business clients, and debit processing, *STAR Network* and online banking for financial institution clients.

### ***We Have a Large and Diverse Distribution Platform***

We sell our commerce-enabling solutions through a combination of channels that provide us with a large, global distribution platform. Our distribution channels allow us to reach clients of all types and sizes. Our distribution platform includes equity and revenue sharing alliances with bank partners, direct sales, referral partnerships with bank and non-bank entities, and indirect sales through third-party re-sellers.

### ***We Have a Global Footprint Enabling Us to Reach Clients Around the World***

We have operations in 36 countries and serve clients in 118 countries around the world directly and indirectly. We have well-established businesses and partnerships to serve clients in large developed economies and have also made strategic investments and developed key partnerships in fast-growing emerging markets where the penetration of electronic payments is lower, such as India and Brazil. We believe our global breadth is an increasing competitive advantage as multi-national organizations, such as retailers, restaurant chains, and financial institutions, want to work with a single trusted technology partner across multiple geographies to deploy various solutions.

### ***Our Broad-Based Client Service Capabilities Differentiate Us***

Most clients view their payments systems as mission-critical infrastructure for their businesses. In addition, our clients around the world are also facing increasing operating complexity due to new technologies, such as mobile payments, and the implementation of new regulations and standards, such as the EMV liability shift in the United States beginning in October 2015. Our ability to provide our clients with broad-based client service is a major competitive advantage, especially against emerging companies that often lack deep client service capabilities.

### ***We Have Powerful, Proprietary Technology Platforms***

We own and operate proprietary technology platforms which give us a wide range of capabilities that distinguish First Data in the global marketplace and provide us with significant competitive advantages. Our powerful technology platforms are strategically positioned around the world to meet the different technical needs of our large, diversified client base and support our global operations. We develop and maintain our platforms in-house, which enables us to ensure they are highly stable, secure, and scalable with substantial excess capacity to expand our capabilities without the need for material new investment.

### ***We Have a Strong Controls Operation***

We have built a strong controls operation that helps us manage our risks and work collaboratively with our clients on control-related issues. This provides us with a stable controls environment around enterprise risk management, underwriting and credit risk, third-party risk, and regulatory compliance, among other areas. It also makes us an attractive third-party provider for all of our clients, but particularly for our financial institution clients and partners, who are under intense regulatory scrutiny. We believe these capabilities help us retain and win clients.



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### ***Our Experienced, World-Class Management Team Has a Track Record of Execution***

Beginning with the hiring of Frank Bisignano, our Chairman and Chief Executive Officer and the former co-chief operating officer of JPMorgan Chase & Co., in April 2013, we have built a world-class management team as part of our transformation efforts. Beyond the Management Committee, over two thirds of our top 150 management executives have been hired since May 2013, bringing with them extensive operating experience in the financial services, payments, and technology industries and a track record of execution at leading public companies.

### **Our Strategies**

Our competitive strengths have positioned us favorably to pursue a variety of opportunities around the world. We plan to grow our business and improve our operations by executing on the following strategies.

#### ***Help Our Clients Grow Their Businesses Through Our Expanded Set of Solutions***

We believe our success will be driven by our focus on helping our clients grow their businesses. We intend to achieve this by providing our clients with innovative, next-generation commerce solutions along with our broad set of existing solutions. Our focus on innovation combined with the direct relationships we enjoy with many businesses and financial institutions, and the critical nature of the services we already provide to many clients positions us well, in our view, to quickly develop, commercialize, and deploy new commerce innovation to our clients.

We have many opportunities, in our view, to sell our expanded set of commerce solutions. We intend to sell these products to *new* clients through all of our major existing distribution channels, often through more enhanced product bundling. In addition, given the large size of our existing client base, we believe we have an outsized opportunity to sell our new solutions to *existing* clients, many of whom may not be aware of the availability of our next generation commerce solutions nor that these solutions are designed to easily integrate into their existing First Data solutions.

#### ***Continue Our Greater Focus on Innovation***

We drive innovation through a combination of building organically, partnering with other technology innovators, and selectively pursuing acquisitions all approaches in which we have significant experience. We believe we are an attractive partner and often the acquirer-of-choice for next-generation commerce technology companies, who seek to leverage our large distribution network and existing client base to deploy their solutions. Within the past three years, we acquired and are commercializing the solutions of six commerce-focused technology start-ups: *Clover, Perka, Gyft, SpreeCommerce, EasyWay Ordering, and Transaction Wireless*. We also partner with many leading technology companies to deliver commerce-enabling solutions.

Our innovation investments are focused on helping our clients attract new customers, interact in more innovative ways with their customers, understand their customers better, and protect their and their customers' data and other information.

#### ***Enhance Our Client-Facing Teams***

We believe we can grow our business and serve our clients better by investing in our client-facing personnel. Given our now-expanded solution suite, we believe we have more opportunities to conduct enterprise selling to new and existing clients, and more opportunities to sell new innovations into our large existing base of clients. We believe these initiatives should help drive new sales and increase client loyalty and retention.



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We are undertaking key initiatives to enhance the effectiveness of our client-facing teams, including expanding our sales force, building our enterprise coverage teams, deepening our focus on select attractive verticals, and expanding our distribution partnerships.

### ***Grow Our eCommerce Business***

Our leading eCommerce presence positions us well to continue to capitalize on this fast-growing segment. We are focused on improving the eCommerce technical capabilities we provide our clients, expanding our relationships with businesses whose presence is primarily online, and increasing sales of eCommerce to brick and mortar businesses.

We plan to strengthen our core eCommerce technical capabilities and global reach through significant ongoing investments. We are also focused on expanding our relationships with businesses whose presence is primarily online by, among other things, widening our integration with other eCommerce infrastructure partners. We also plan to increase the penetration of eCommerce sales to existing brick and mortar businesses through solutions such as *Payeezy*, increased bundling of eCommerce with other First Data solutions, and selling eCommerce solutions to clients who currently lack an online presence.

### ***Expand Our Clover Operating System***

We acquired *Clover*, an open architecture, integrated POS operating system, in December 2012. At the time of acquisition, *Clover* had less than a dozen employees, none or only partially developed software, hardware options, and distribution strategy. Since then, we have grown *Clover* to 53 engineers, launched three versions — *Clover Station*, *Clover Mobile* and *Clover Mini* — and built a robust open architecture platform that can service a broad array of business clients. Within *Clover*, we also offer a cloud-based *Clover App Market* for business applications.

Our goal with *Clover* is to create the largest open architecture platform of commerce-enabling solutions and applications for business owners. We believe we can achieve this goal by leveraging the breadth and scale of our distribution channels, and selling into our large existing client base. The recently launched *Clover Mini*, for example, will compete in the high-volume traditional POS terminal space, and will, over time, likely become First Data's preferred terminal solution for acquiring clients. We are still in the early stages of this journey, so *Clover* has not yet had an opportunity to have a material impact on our financial performance to date, but we believe that *Clover* can play a significant role in our future growth.

### ***Expanding the STAR Network's Capabilities***

We intend to drive the *STAR Network's* growth by expanding its functionality and by cross-selling it more effectively with other First Data solutions. We have already expanded *STAR's* available card holder verification methods from PIN to now also include PIN-less. We are also investing in more advanced fraud capabilities for *STAR*, and we will continue to consider additional enhancements to *STAR's* capabilities. We believe financial institutions, businesses, and commerce technology companies are increasingly looking for additional network options. This, coupled with the expanded array of solutions we sell to these business and financial services client bases, creates more opportunities for us to cross-sell *STAR* issuance and *STAR* acceptance with our other issuing and acquiring solutions.

### ***Expand Our Global Footprint and Offerings***

We have expanded globally over the past 15 years, including recently in India and Brazil, and we intend to continue to expand our global footprint by making strategic investments and developing key partnerships in attractive new markets. This strategy allows us to expand our offerings by selling many of our integrated solutions, including several

recently developed next-generation products, to our non-U.S. client base

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in existing and new markets. The realignment of our operating segments into GBS, GFS and NSS in the second quarter of 2015 was designed to establish global lines of businesses that support our client base and allow us to further globalize our solutions while working seamlessly with our teams across our regions. We are selective in determining which markets to enter and typically consider a range of factors before entering a new country or region, including local market size, growth, profitability, commerce and technology trends, regulatory and other risks, required investments, management resources, and the potential return on investment.

### ***Continue to Enhance Our Operating Efficiencies***

Our focus on cost optimization will remain a persistent part of our culture. We will leverage the deep operating expertise of our management team to identify opportunities to improve our operating efficiencies and continue to leverage our fixed technology and operations infrastructure as our business grows. We plan to execute on this strategy by implementing various initiatives, including productivity improvements, pursuing improved terms with vendors, implementing a location strategy to consolidate our work force in more efficient regional hubs, and strengthening our offshoring and outsourcing programs.

### ***Manage Our Capital Structure to Enhance Free Cash Flow Generation***

We intend to proactively manage our capital structure to reduce our interest expense and increase our free cash flow, which could be used to further de-leverage our consolidated balance sheet. For example, giving effect to this offering, the 2014 Equity Recapitalization (as defined below), and the 2015 Refinancing (as defined below), in less than two years we will have raised \$6.5 billion in equity capital to reduce debt and reduced our annual interest expense by approximately \$800 million (including the effect of the full repayment of debt of First Data Holdings Inc. ( FDH or Holdings ) in 2014).

We believe refinancing opportunities can further enhance free cash flow generation. After this offering and the related use of proceeds, we will have approximately \$18.4 billion of long-term borrowings outstanding with a weighted average cost of approximately 6.71%. In the current market environment, we believe there may be material refinancing opportunities of our debt at lower interest rates. Over \$10.0 billion of our notes become callable on more favorable terms over the 12 months commencing August 31, 2015 (before giving effect to the use of proceeds from this offering), with approximately \$1.4 billion in the second half of 2015 and \$8.6 billion in the first half of 2016. For example, in the third quarter of 2015, we refinanced our \$1.6 billion aggregate principal amount of 7.375% senior secured first lien notes and \$510 million of 8.875% senior secured first lien notes that became callable on more favorable terms in June and August of 2015, respectively, with \$1.0 billion of term loans priced at the London Interbank Offered Rate (LIBOR) plus 375 basis points and \$1.2 billion of new 5.375% senior secured first lien notes (the 2015 Refinancing ).

### **Recent Changes in Our Capital Structure**

In an effort to reduce interest expense and increase liquidity, we have recently made changes to our capital structure. In July 2014, we partially redeemed our 6.75% senior secured first lien notes due 2020, 10.625% senior unsecured notes due 2021, 11.25% senior unsecured notes due 2021, and 11.75% senior unsecured subordinated notes due 2021 with the proceeds from the July 2014 issuance of \$3.5 billion of Class B common stock of FDH, our direct parent company, in a private placement and we repriced term loans under our senior secured credit facilities (collectively, the 2014 Equity Recapitalization ). On June 2, 2015, we refinanced our senior secured revolving credit facility and increased the amount available under this facility to \$1.25 billion. In addition, in the third quarter of 2015, we completed the 2015 Refinancing.





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### **Risks Related to Our Business and this Offering**

Investing in our Class A common stock involves substantial risk, and our ability to successfully operate our business is subject to numerous risks. Risk factors related to our business include: our susceptibility to the global economy, political, and other conditions and trends in consumer, business, and government spending; changes in industry trends, the competitive landscape, and the market for electronic commerce; intense competition worldwide in the financial services, payments, and technology industries; our dependence on our merchant alliances; our ability to obtain new clients or renew existing contracts; risks related to security breaches or failures of our systems or technology; risks related to our contracts with merchants, financial institutions, and other third parties; failure to achieve cost-savings or successfully integrate acquisitions; our substantial level of indebtedness and restrictions imposed by our debt agreements; and other financial, legal, and regulatory risks. Risk factors related to this offering include: the dual class structure of our common stock concentrating voting control with KKR; and the control of us by KKR and the risk that its interests may conflict with ours or yours in the future.

Any of the factors set forth under **Risk Factors** may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under **Risk Factors** in deciding whether to invest in our Class A common stock.

### **Corporate History and Information**

We were incorporated in Delaware in 1989 and were spun off from American Express in a public offering in 1992. On September 24, 2007, we were acquired by KKR that resulted in our equity becoming privately held (the **2007 Merger**). Our principal executive offices are located at 225 Liberty Street, 29<sup>th</sup> Floor, New York, New York 10281. The telephone number of our principal executive offices is (800) 735-3362. Our Internet address is [www.firstdata.com](http://www.firstdata.com). Information on our web site does not constitute part of this prospectus.

Prior to the consummation of this offering, First Data Holdings Inc. (**FDH** or **Holdings**), our direct parent company, will merge with and into First Data Corporation, with First Data Corporation being the surviving entity (the **HoldCo Merger**). The Company will have two classes of common stock after giving effect to the **HoldCo Merger**, Class A common stock and Class B common stock, with the holders of our Class A common stock entitled to one vote per share, and the holders of our Class B common stock entitled to ten votes per share. In connection with the **HoldCo Merger**, all shares of FDH capital stock will be converted into shares of Class B common stock, and we will also effect a 3.16091-for-one reverse stock split of our capital stock (the **Reverse Stock Split**). We refer to these transactions collectively as the **Reorganization**.

### **About KKR**

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading investment firm with approximately \$101.6 billion in assets under management as of June 30, 2015. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets platforms. KKR & Co. L.P. is publicly traded on the NYSE (NYSE: KKR).



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**The Offering**

Class A common stock offered 160,000,000 shares.

Underwriters' option to purchase additional 24,000,000 shares of Class A common stock

Class A common stock to be outstanding immediately after this offering 160,000,000 shares (or 184,000,000 shares if the underwriters exercise in full their option to purchase additional shares).

Class B common stock to be outstanding immediately after this offering 719,030,067 shares.

Total common stock to be outstanding immediately after this offering 879,030,067 shares (or 903,030,067 shares if the underwriters exercise in full their option to purchase additional shares).

Voting rights Upon consummation of this offering, the holders of our Class A common stock will be entitled to one vote per share, and the holders of our Class B common stock will be entitled to ten votes per share.

Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder with our prior written consent.

If, on the record date for any meeting of the stockholders, the number of shares of Class B common stock then outstanding is less than 10% of the aggregate number of shares of Class A common stock and Class B common stock outstanding, then each share of Class B common stock will automatically convert into one share of Class A common stock.

In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain transfers to other holders of Class B common stock or their affiliates or to certain unrelated third parties as described under Description of Capital Stock Common Stock Conversion and Restrictions on Transfer.

Holders of Class A common stock and Class B common stock will vote together as a single class on all matters unless otherwise required by law.

Upon consummation of this offering, assuming no exercise of the underwriters' option to purchase additional shares, (1) holders of Class A common stock will hold approximately 2% of the combined voting power of our outstanding common stock and approximately 18% of our total equity ownership and (2) holders of Class B

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common stock will hold approximately 98% of the combined voting power of our outstanding common stock and approximately 82% of our total equity ownership.

If the underwriters exercise their option to purchase additional shares in full, (1) holders of Class A common stock will hold approximately 2% of the combined voting power of our outstanding common stock and approximately 20% of our total equity ownership and (2) holders of Class B common stock will hold approximately 98% of the combined voting power of our outstanding common stock and approximately 80% of our total equity ownership. See Description of Capital Stock Common Stock Voting Rights.

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion, and transfer restrictions applicable to the Class B common stock. See Description of Capital Stock Common Stock for a description of the material terms of our common stock.

Use of proceeds

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions, will be approximately \$2.9 billion (or \$3.4 billion, if the underwriters exercise in full their option to purchase additional shares), based on the assumed initial public offering price of \$19.00 per share, which is the mid-point of the range set forth on the cover page of this prospectus. For sensitivity analysis as to the offering price and other information, see Use of Proceeds.

We intend to use the net proceeds from this offering to redeem all \$510 million aggregate principal amount of our 11.25% senior unsecured notes due 2021, approximately \$2.0 billion aggregate principal amount of our 12.625% senior unsecured notes due 2021, and to pay applicable premiums and related fees and expenses, and for general corporate purposes.

Directed share programs

At our request, the underwriters have reserved up to 4.25% of the shares of Class A common stock being offered by this prospectus for sale at the initial public offering price to our directors, officers and other individuals associated with them, all of our employees to the extent permitted by local securities laws and regulations, and certain of our affiliates and/or their employees. The sales will be made at our direction by Morgan Stanley & Co. LLC, an underwriter of this offering, and its affiliates through a directed share program. We do not know if these persons will

choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock. Any shares sold in the directed share program to our directors, executive officers or stockholders who have entered into lock-up

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agreements described in Underwriting (Conflicts of Interest) No Sales of Similar Securities shall be subject to the provisions of such lock-up agreements. Other participants in the directed share program shall be subject to a substantially similar lock-up with respect to any shares sold to them pursuant to that program.

In addition, at our request, the underwriters have reserved up to 0.75% of the shares of Class A common stock being offered by this prospectus for sale through the LOYAL3 platform at the initial public offering price to certain of our clients and individual investors. See Underwriting (Conflicts of Interest) Directed Share Programs.

We may adjust in our discretion the allocation between directed shares sold through Morgan Stanley & Co. LLC and directed shares sold through the LOYAL3 platform.

Risk factors

See Risk Factors beginning on page 19 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

Dividend policy

We do not currently anticipate paying any dividends on our common stock immediately following this offering. Following this offering and upon repayment of certain outstanding indebtedness, we may reevaluate our dividend policy. Any future determinations relating to our dividend policies will be made at the discretion of our board of directors (the Board ) and will depend on various factors. See Dividend Policy.

Conflicts of interest

KKR beneficially owns (through its investment in New Omaha Holdings L.P. ( New Omaha )) in excess of 10% of our issued and outstanding common stock. Because KKR Capital Markets LLC, an affiliate of KKR, is an underwriter and KKR beneficially owns in excess of 10% of our issued and outstanding common stock, KKR Capital Markets LLC is deemed to have a conflict of interest under Rule 5121 ( Rule 5121 ) of the Financial Industry Regulatory Authority, Inc. ( FINRA ). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. KKR Capital Markets LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder. See Underwriting (Conflicts of Interest).



NYSE ticker symbol

FDC

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Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

gives effect to the Reorganization;

assumes (1) no exercise of the underwriters' option to purchase additional shares of our Class A common stock and (2) an initial public offering price of \$19.00 per share, the midpoint of the estimated price range set forth on the cover of this prospectus; and

does not reflect (1) 34,266,989 shares of Class B common stock issuable upon the exercise of options outstanding as of August 31, 2015, at a weighted average exercise price of \$11.09 per share, 14,326,198 of which were then vested and exercisable, 24,088,377 shares of Class B common stock issuable upon vesting of outstanding restricted stock awards (which restricted stock awards do not entitle the holder thereof to any of the rights or privileges of a stockholder unless and until the shares have been issued), and 3,906,046 shares of Class B common stock issuable upon settlement of outstanding restricted stock units, (2) 6,643,656 shares of Class A common stock issuable upon the exercise of options, with an exercise price equal to the price at which shares of Class A common stock are sold in this offering, and 3,875,466 shares of restricted Class A common stock, all of which we intend to issue in connection with this offering under our new 2015 Omnibus Incentive Plan (as defined herein), none of which are expected to vest within 180 days of this offering, (3) 71,182,033 shares of Class A common stock, plus additional shares convertible into shares of Class A common stock subject to outstanding awards granted under our 2007 Equity Plan (as defined herein), available for future issuance under the 2015 Omnibus Incentive Plan, which we intend to adopt in connection with this offering, and (4) 6,327,292 shares of Class A common stock reserved for future issuance under our Employee Stock Purchase Plan (as defined herein), which we intend to adopt in connection with this offering. See Management Compensation Discussion and Analysis Compensation Actions During 2015 Equity-Based Grants in Connection with this Offering.

**Table of Contents****Summary Historical Consolidated Financial and Other Data**

Set forth below is summary historical consolidated financial and other data of First Data Corporation as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2013 and 2014 and for the years ended December 31, 2012, 2013 and 2014 have been derived from our historical consolidated financial statements included elsewhere in this prospectus, and the summary historical financial data as of December 31, 2012 have been derived from our historical consolidated financial statements not included in this prospectus, each of which have been audited by Ernst & Young LLP. The summary historical financial data as of June 30, 2015 and for the six month periods ended June 30, 2014 and 2015 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus, which have been prepared on a basis consistent with our annual audited consolidated financial statements. The summary historical financial data as of June 30, 2014 have been derived from our historical consolidated financial statements not included in this prospectus, which have been prepared on a basis consistent with our annual audited consolidated financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for these periods. The results of operations for the interim periods are not necessarily indicative of the results for the full year or any future period.

The summary historical consolidated financial and other data should be read in conjunction with Unaudited Pro Forma Consolidated Financial Statements, Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and related notes included elsewhere in this prospectus.

(in millions, except shares and per share data)	Year Ended December 31,			Six Months Ended	
	2012	2013	2014	2014	2015
	(unaudited)				
<b>Statement of Operations Data:</b>					
Revenues <sup>(1)</sup> :	\$ 10,680	\$ 10,809	\$ 11,152	\$ 5,477	\$ 5,567
Expenses:					
Cost of services (exclusive of items shown below)	2,781	2,723	2,668	1,300	1,369
Cost of products sold	330	328	330	160	161
Selling, general and administrative	1,913	1,980	2,043	1,010	1,046
Reimbursable debit network fees, postage and other	3,362	3,507	3,604	1,805	1,799
Depreciation and amortization	1,192	1,091	1,056	528	503
Other operating expenses, net <sup>(2)</sup>	28	56	13	7	20
Operating profit	1,074	1,124	1,438	667	669
Interest income	9	11	11	7	2
Interest expense	(1,896)	(1,867)	(1,739)	(927)	(813)
Loss on debt extinguishment <sup>(3)</sup>	(56)	(79)	(274)	(3)	
Other income (expense) <sup>(4)</sup>	(94)	(47)	161	83	11
	(2,037)	(1,982)	(1,841)	(840)	(800)
Loss before income taxes and equity earnings in affiliates	(963)	(858)	(403)	(173)	(131)

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Income tax expense (benefit)	(243)	105	82	77	13
Equity earnings in affiliates	158	188	220	108	114
Net loss	(562)	(775)	(265)	(142)	(30)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	174	177	193	93	108
Net loss attributable to First Data	\$ (736)	\$ (952)	\$ (458)	\$ (235)	\$ (138)
Pro forma net income per share: <sup>(5)</sup>					
Basic			\$ 0.34		\$ 0.03
Diluted			\$ 0.34		\$ 0.03

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(in millions, except shares and per share data)	Year Ended December 31,			Six Months Ended June 30,	
	2012	2013	2014	2014	2015 (unaudited)
Pro forma weighted average common shares outstanding: <sup>(5)</sup>					
Basic			889,037,680		891,391,168
Diluted			897,337,046		902,403,851
<b>Cash Flow Data:</b>					
Net cash provided by operating activities	\$ 803	\$ 715	\$ 1,035	\$ 389	\$ 453
Net cash provided by (used in) investing activities	(397)	(353)	(329)	17	(387)
Net cash (used in) financing activities	(285)	(532)	(743)	(278)	(70)
<b>Balance Sheet Data (at period end):</b>					
Cash and cash equivalents			\$ 358		\$ 348
Total assets (including settlement assets of \$7,558 (2014) and \$8,031 (June 30, 2015))			34,200		34,497
Total debt (including current portion of long-term debt)			20,921		21,028
Total First Data stockholder's equity (deficit)			(570)		(827)
<b>Other Financial Data (unaudited):</b>					
Pro forma interest expense <sup>(6)</sup>			\$ 1,249		\$ 630
Segment Revenue <sup>(7)</sup>	\$ 6,682	\$ 6,684	6,904	\$ 3,371	3,420
Adjusted EBITDA <sup>(8)</sup>	2,436	2,449	2,663	1,295	1,265
Adjusted Net Income <sup>(9)</sup>	27	147	488	113	215
<b>Operating Data (unaudited):</b>					
North America merchant transactions <sup>(10)</sup>	38,806	40,445	41,453	20,438	21,005
International merchant transactions <sup>(11)</sup>	4,867	5,338	6,030	2,848	3,244
North America card accounts on file <sup>(12)</sup>	676	692	714	697	726
International card accounts on file <sup>(13)</sup>	98	115	132	125	137
Network transactions <sup>(14)</sup>	16,299	16,763	17,435	8,486	9,167

(1) Includes processing fees, administrative service fees, and other fees charged to merchant alliances accounted for under the equity method of \$181 million, \$164 million, and \$160 million for the years ended December 31, 2014,

2013 and 2012, respectively, and \$98 million for the six months ended June 30, 2015 and \$90 million for the six months ended June 30, 2014.

- (2) Other operating expenses, net includes restructuring, net; impairments; and litigation and regulatory settlements, as applicable to the periods presented.
- (3) Represents loss incurred due to early extinguishment of debt.
- (4) Includes investment gains and (losses), derivative financial instruments gains and (losses), divestitures, net, non-operating foreign currency exchange gains and (losses) and other, as applicable to the periods presented.
- (5) Gives effect to the Reorganization, the 2015 Refinancing, this offering and the related use of proceeds, and, for the year ended December 31, 2014 only, the 2014 Equity Recapitalization and the repayment of all outstanding debt of FDH, which occurred during 2014, as if each had occurred on January 1, 2014. See Unaudited Pro Forma Consolidated Financial Statements.
- (6) Gives effect to the 2015 Refinancing, the 2014 Equity Recapitalization, and this offering and the related use of proceeds, as if each had occurred on January 1, 2014. See Unaudited Pro Forma Consolidated Financial Statements.

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(7) A reconciliation of Segment Revenues to our Revenues is as follows:

(in millions)	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
Segment Revenues	\$ 6,682	\$ 6,684	\$ 6,904	\$ 3,371	\$ 3,420
Adjustments for non-wholly owned entities	73	39	57	16	40
ISO commission expense	563	579	587	285	308
Reimbursable debit network fees, postage, and other	3,362	3,507	3,604	1,805	1,799
<b>Revenues</b>	<b>\$ 10,680</b>	<b>\$ 10,809</b>	<b>\$ 11,152</b>	<b>\$ 5,477</b>	<b>\$ 5,567</b>

See the Segment Information notes to our consolidated financial statements included elsewhere in this prospectus.

(8) EBITDA, a measure used by management to measure operating performance, is defined as net income (loss) attributable to First Data before interest expense, net, income tax (benefit) expense, and depreciation and amortization. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net income (loss) attributable to First Data as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of EBITDA has limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Management believes that EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, these presentations of EBITDA may not be comparable to other similarly titled measures of other companies 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.

Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain items and other adjustments and is used by management as a measure of operating performance. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about non-recurring items that we do not expect to continue at the same level in the future. Because not all companies use identical calculations, this presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDA is the profit (loss) measurement we utilize in the Segment Information notes to our consolidated financial statements included elsewhere in this prospectus.





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EBITDA and Adjusted EBITDA are calculated as follows:

(in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2012	2013	2014	2014	2015
Net loss attributable to First Data	\$ (736)	\$ (952)	\$ (458)	\$ (235)	\$ (138)
Interest expense, net	1,887	1,856	1,728	920	811
Income tax (benefit) expense	(243)	105	82	77	13
Depreciation and amortization(a)	1,331	1,212	1,163	582	557
<b>EBITDA</b>	<b>2,239</b>	<b>2,221</b>	<b>2,515</b>	<b>1,344</b>	<b>1,243</b>
Stock-based compensation(b)	12	38	50	34	23
Other items(c)	150	129	(95)	(52)	50
Cost of alliance conversions and data center, technology and savings initiatives(d)	77	68	20	13	5
KKR related items(e)	34	32	27	14	11
Debt issuance costs(f)	14	5	3	3	
Loss on debt extinguishment	56	79	274	3	
Adjustments for non-wholly owned entities(g)	(102)	(81)	(86)	(42)	(43)
Amortization of initial payments for new contracts(h)	(44)	(42)	(45)	(22)	(24)
<b>Adjusted EBITDA</b>	<b>\$ 2,436</b>	<b>\$ 2,449</b>	<b>\$ 2,663</b>	<b>\$ 1,295</b>	<b>\$ 1,265</b>

- (a) Includes amortization of equity method investments included in Equity earnings in affiliates within the consolidated statements of operations and initial payments for new contracts included as contra-revenue within Transaction and processing service fees within the consolidated statements of operations.
- (b) Represents stock-based compensation recognized as expense.
- (c) Includes adjustments to exclude the official check and money order businesses due to the Company's wind down of these businesses, restructuring, certain retention bonuses, litigation and regulatory settlements, and Other income as presented in the consolidated statements of operations included elsewhere in this prospectus, which includes divestitures, impairments, derivative gains and (losses), and non-operating foreign currency gains and (losses).
- (d) Represents costs directly associated with the strategy to have First Data operate Bank of America N.A.'s legacy settlement platform and costs associated with the termination of our former Chase Paymentech alliance in 2008, both of which are considered business optimization projects, and other technology initiatives.
- (e) Represents KKR fees for management, consulting, financial and other advisory services.
- (f) Represents costs associated with refinancing and modifying our debt structure.
- (g) Net adjustment to reflect our proportionate share of alliance EBITDA within the Global Business Solutions segment, equity earnings in affiliates, and amortization related to equity method investments not included in segment EBITDA. See the Segment Information notes to our consolidated financial statements included elsewhere in this prospectus.

- (h) Represents adjustment for amortization of initial payments for new contracts which is included in Adjusted EBITDA.
  
- (9) Adjusted Net Income, a measure used by management to measure operating performance, is not a recognized term under GAAP and does not purport to be an alternative to net income (loss) attributable to First Data as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, Adjusted Net Income 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 Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Management believes that Adjusted Net Income is helpful in highlighting trends because

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Adjusted Net Income excludes the results of decisions that are outside the control of operating management. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, these presentations of Adjusted Net Income may not be comparable to other similarly titled measures of other companies 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.

Adjusted Net Income is calculated as follows and reflects items net of taxes as applicable to the periods presented:

(in millions after-tax)	Year Ended December 31,			Six Months Ended	
	2012	2013	2014	June 30, 2014	2015
Net loss attributable to First Data	\$ (736)	\$ (952)	\$ (458)	\$ (235)	\$ (138)
Stock-based compensation(a)	8	38	50	34	19
Loss on debt extinguishment	36	79	274	3	
Mark-to-market adjustment for derivatives and euro-denominated debt(b)	64	53	(82)	1	(33)
Amortization of acquisition intangibles(c)	532	721	657	332	275
Restructuring, impairment, litigation and other(d)	123	208	47	(22)	92
<b>Adjusted Net Income</b>	<b>\$ 27</b>	<b>\$ 147</b>	<b>\$ 488</b>	<b>\$ 113</b>	<b>\$ 215</b>

- (a) Stock-based compensation expense recognized as selling, general, and administrative expense in the consolidated statements of operations included elsewhere in this prospectus.
- (b) Represents mark-to-market activity related to our undesignated hedges, ineffectiveness of our designated hedges, and mark-to-market activity on our euro-denominated debt held in the United States.
- (c) Represents amortization of intangibles established in connection with the 2007 Merger and acquisitions we have made since 2007.
- (d) Includes net restructuring, impairments, litigation and regulatory settlements, investment gains and losses, net divestitures, amortization of deferred financing costs, and integration costs, as applicable to the periods presented.

- (10) North America merchant transactions in our GBS segment include acquired Visa and MasterCard credit and signature debit, American Express and Discover, PIN-debit, electronic benefits transactions, processed-only, and gateway customer transactions at the POS. North America merchant transactions reflect 100% of alliance transactions.
- (11) International merchant transactions in our GBS segment include Visa, MasterCard, and other payment network merchant acquiring transactions for clients outside the United States and Canada. Transactions include credit, POS, POS gateway, and ATM transactions.
- (12) North America card accounts on file in our GFS segment reflect the average number of bankcard and retail accounts during the periods presented.
- (13) International card accounts on file in our GFS segment reflect bankcard and retail accounts outside the United States and Canada as of the end of the periods presented.

(14) Network transactions include the debit issuer processing transactions, *STAR Network* issuer transactions, and closed loop and open loop POS transactions.

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**RISK FACTORS**

*An investment in our Class A common stock involves risk. You should carefully consider the following risks as well as the other information included in this prospectus, including Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and related notes, before investing in our Class A common stock. Any of the following risks could materially and adversely affect our business, financial condition, or results of operations. The selected risks described below, however, are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, or results of operations. In such a case, the trading price of the Class A common stock could decline and you may lose all or part of your investment.*

**Business and Operational Risks**

***Global economic, political, and other conditions may adversely affect trends in consumer, business, and government spending, which may adversely impact the demand for our services and our revenue and profitability.***

Financial services, payments, and technology industries in which we operate depend heavily upon the overall level of consumer, business, and government spending. A sustained deterioration in the general economic conditions (including distress in financial markets, turmoil in specific economies around the world, and additional government intervention), particularly in the United States or Europe, or increases in interest rates in key countries in which we operate may adversely affect our financial performance by reducing the number or average purchase amount of transactions involving payment cards. A reduction in the amount of consumer spending could result in a decrease of our revenue and profits.

Adverse economic trends may accelerate the timing, or increase the impact of, risks to our financial performance. Such trends may include, but are not limited to, the following:

Declining economies, foreign currency fluctuations, and the pace of economic recovery can change consumer spending behaviors, such as cross-border travel patterns, on which a significant portion of our revenues are dependent.

Low levels of consumer and business confidence typically associated with recessionary environments and those markets experiencing relatively high unemployment, may cause decreased spending by cardholders.

Budgetary concerns in the United States and other countries around the world could affect the United States and other specific sovereign credit ratings, impact consumer confidence and spending, and increase the risks of operating in those countries.

Emerging market economies tend to be more volatile than the more established markets we serve in the United States and Europe, and adverse economic trends may be more pronounced in such emerging markets.

Financial institutions may restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder defaults.

Uncertainty and volatility in the performance of our clients' businesses may make estimates of our revenues, rebates, incentives, and realization of prepaid assets less predictable.

Our clients may decrease spending for value-added services.

Government intervention, including the effect of laws, regulations, and/or government investments in our clients, may have potential negative effects on our business and our relationships with our clients or otherwise alter their strategic direction away from our products.

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A weakening in the economy could also force some retailers to close, resulting in exposure to potential credit losses and declines in transactions, and reduced earnings on transactions due to a potential shift to large discount merchants. Additionally, credit card issuers may reduce credit limits and become more selective in their card issuance practices. Changes in economic conditions could adversely impact our future revenues and profits and result in a downgrade of our debt ratings, which may lead to termination or modification of certain contracts and make it more difficult for us to obtain new business. Any of these developments could have a material adverse impact on our overall business and results of operations.

***Our ability to anticipate and respond to changing industry trends and the needs and preferences of our clients and consumers may affect our competitiveness or demand for our products, which may adversely affect our operating results.***

Financial services, payments, and technology industries are subject to rapid technological advancements, new products and services, including mobile payment applications, evolving competitive landscape, developing industry standards, and changing client and consumer needs and preferences. We expect that new services and technologies applicable to the financial services, payments, and technology industries will continue to emerge. These changes in technology may limit the competitiveness of and demand for our services. Also, our clients and their customers continue to adopt new technology for business and personal uses. We must anticipate and respond to these changes in order to remain competitive within our relative markets. For example, our ability to provide innovative point-of-sale technology to our merchant clients could have an impact on our Global Business Solutions business. In addition, failure to develop value-added services that meet the needs and preferences of our clients could have an adverse effect on our ability to compete effectively in our industry. Furthermore, clients and their customers potential negative reaction to our products and services can spread quickly through social media and damage our reputation before we have the opportunity to respond. If we are unable to anticipate or respond to technological changes or evolving industry standards on a timely basis, our ability to remain competitive could be materially adversely affected.

***Substantial and increasingly intense competition worldwide in the financial services, payments, and technology industries may materially and adversely affect our overall business and operations.***

Financial services, payments, and technology industries are highly competitive and our payment solutions compete against all forms of financial services and payment systems, including cash and checks, and electronic, mobile, and eCommerce payment platforms. If we are unable to differentiate ourselves from our competitors, drive value for our clients and/or effectively align our resources with our goals and objectives, we may not be able to compete effectively. Our competitors may introduce their own value-added or other services or solutions more effectively than we do, which could adversely impact our growth. We also compete against new entrants that have developed alternative payment systems, eCommerce payment systems, and payment systems for mobile devices. Failure to compete effectively against any of these competitive threats could have a material adverse effect on us. In addition, the highly competitive nature of our industry could lead to increased pricing pressure which could have a material impact on our overall business and results of operations.

***Potential changes in the competitive landscape, including disintermediation from other participants in the payments value chain, could harm our business.***

We expect that the competitive landscape will continue to change, including:

Rapid and significant changes in technology, resulting in new and innovative payment methods and programs that could place us at a competitive disadvantage and that could reduce the use of our products.

Competitors, clients, governments, and other industry participants may develop products that compete with or replace our value-added products and services.



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Participants in the financial services, payments, and technology industries may merge, create joint ventures, or form other business combinations that may strengthen their existing business services or create new payment services that compete with our services.

New services and technologies that we develop may be impacted by industry-wide solutions and standards related to migration to EMV chip technology, tokenization, or other safety and security technologies. Failure to compete effectively against any of these competitive threats could have a material adverse effect on us.

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

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

***We depend, in part, on our merchant relationships and alliances to grow our Global Business Solutions business. If we are unable to maintain these relationships and alliances, our business may be adversely affected.***

Our alliance structures take on different forms, including consolidated subsidiaries, equity method investments, and revenue sharing arrangements. Under our alliance program, a bank or other institution forms an alliance with us on an exclusive basis, either contractually or through a separate legal entity. Merchant contracts may be contributed to the alliance by us and/or the bank or institution. The banks and other institutions generally provide card association sponsorship, clearing, and settlement services and typically act as a merchant referral source when the institution has an existing banking or other relationship with such merchant. We provide transaction processing and related functions. Both we and our alliance partners may also provide management, sales, marketing, and other administrative services. The alliance structure allows us to be the processor for multiple financial institutions, any one of which may be selected by the merchant as its bank partner. We rely on the growth of our merchant relationships, alliances, and other distribution channels to support our business. There can be no guarantee that we will achieve this growth. In addition, our contractual arrangements with our merchants and merchant alliance partners are for fixed terms and may also allow for early termination upon the occurrence of certain events. There can be no assurance that we will be able to renew our contractual arrangements with these merchants or merchant alliance partners on similar terms or at all. The loss of merchant relationships or alliance and financial institution partners could negatively impact our business and result in a reduction of our revenue and profit.

***Failure to obtain new clients or renew client contracts on favorable terms could adversely affect results of operations and financial condition.***

Most of our sales involve long-term contracts, which generally require a notice period prior to their scheduled expiration if a client chooses not to renew. Some of these contracts may also allow for early termination upon the occurrence of certain events such as a change in control. While a vast majority of our contracts remain in effect through their scheduled expiration, we may face pricing pressure in obtaining and retaining our larger Global Business Solutions and Global Financial Solutions clients. Some of our competitors may offer more attractive fees to our current and prospective clients, or other services that we do not offer. Larger clients may be able to seek lower prices from us when they renew a contract, when a contract is extended,



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or when the client's business has significant volume changes. They may also reduce services if they decide to move services in-house. Further, our SMB clients may exert pricing pressure due to pricing competition or other economic needs or pressures such clients experience from their customers. On some occasions, this pricing pressure results in lower revenue from a client than we had anticipated based on our previous agreement with that client. This reduction in revenue could result in an adverse effect on our business, operating results, and financial condition.

For potential clients of our Global Business Solutions and Global Financial Solutions segments, switching from one vendor of core processing or related software and services (or from an internally-developed system) to a new vendor is a significant undertaking. As a result, potential clients often resist change. We seek to overcome this resistance through strategies such as making investments to enhance the functionality of our software. However, there can be no assurance that our strategies for overcoming potential clients' reluctance to change vendors will be successful, and this resistance may adversely affect our growth.

***Security breaches or attacks on our systems may have a significant effect on our business.***

In order to provide our services, we process, store, and transmit sensitive business information and personal consumer information, including, but not limited to, names, bankcard numbers, home or business addresses, Social Security numbers, driver's license numbers, and bank account numbers. Under the card network rules and various federal and state laws, we are responsible for information provided to us by merchants, ISOs, third-party service providers, and other agents. The confidentiality of such sensitive business information and personal consumer information that resides on our systems is critical to our business because we require such information to approve merchant accounts, process transactions, and protect against fraud. We cannot be certain that the security measures and procedures we have in place to protect this sensitive data will be successful or sufficient to counter all current and emerging technology threats designed to breach our systems in order to gain access to confidential information. The increasing sophistication of cyber criminals may increase the risk of a security breach of our systems. A breach of our products or systems processing or storing sensitive business information or personal consumer information could lead to claims against us, reputational damage, loss of our financial institution sponsorship, loss of clients' and their customers' confidence, as well as imposition of fines and damages, or potential restrictions imposed by card networks on our ability to process transactions, all of which could have a material adverse effect on our revenues, profitability, financial condition, and future growth. In addition, as security threats continue to evolve we may be required to invest additional resources to modify the security of our systems, which could have a material adverse effect on our results of operations.

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

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

our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

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

Our products are based on sophisticated software and computing systems that often encounter development delays, and the underlying software may contain undetected errors, viruses, or defects. Defects in our software products and errors or delays in our processing of electronic transactions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential clients, harm to our reputation, fines imposed by card networks, or exposure to liability claims. In addition, we rely on technologies supplied to us by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on our business, financial condition and results of operations. Although we attempt to limit our potential liability for warranty claims through disclaimers in our software documentation and limitation-of-liability provisions in our license and other agreements with our clients, we cannot assure that these measures will be successful in limiting our liability.

***Our merchants may be unable to satisfy obligations for which we may also be liable.***

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

***Fraud by merchants or others could have a material adverse effect on our business, financial condition, and results of operations.***

We may be subject to potential liability for fraudulent electronic payment transactions or credits initiated by merchants or others. Examples of merchant fraud include when a merchant or other party knowingly uses a stolen or counterfeit credit, debit or prepaid card, card number, or other credentials to record a false sales transaction, processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. It is possible that incidents of fraud could increase in the future. Failure to effectively manage risk and prevent fraud would increase our chargeback liability or other liability. Increases in chargebacks or other liability could have a material adverse effect on our business, financial condition, and results of operations.

***Future consolidation of financial institution clients or other client groups may adversely affect our financial condition.***

In recent years, we have been negatively affected by the substantial consolidation in the bank industry. Bank industry consolidation affects existing and potential clients in our service areas, primarily in Global Business Solutions and Global Financial Solutions. Our alliance strategy could also be negatively affected by consolidations, especially where the banks involved are committed to their internal merchant processing businesses that compete with us. Bank consolidation has led to an increasingly concentrated client base, resulting in a changing client mix for Global Financial Solutions as well as increased price compression. Further consolidation in the bank industry or other client base could have a negative impact on us, including a loss of revenue and price compression.



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

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

***Because we rely on third-party vendors to provide products and services, we could be adversely impacted if they fail to fulfill their obligations.***

Our business is dependent on third-party vendors to provide us with certain products and services. The failure of these vendors to perform their obligations in a timely manner could adversely affect our operations and profitability. In addition, if we are unable to renew our existing contracts with our most significant vendors, we might not be able to replace the related product or service at the same cost, which would negatively impact our profitability.

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

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

***Our business may be adversely affected by geopolitical and other risks associated with operations outside of the United States and, as we continue to expand internationally, we may incur higher than anticipated costs and may become more susceptible to these risks.***

We offer merchant acquiring, processing and issuing services outside of the United States, including in the United Kingdom, Germany, Argentina, Greece, India, and Australia, where our principal non-U.S. operations are located. Our revenues derived from these and other non-U.S. operations are subject to additional risks, including those resulting from social and geopolitical instability and unfavorable political or diplomatic developments, all of which could negatively impact our financial results.

As we expand internationally and grow our non-U.S. client base, we may face challenges due to the presence of more established competitors and our lack of experience in such non-U.S. markets, and we may also incur higher than anticipated costs. For example, we expanded our presence in Brazil in the third quarter of 2014 by launching our acquiring solution developed specifically for Brazil. If we are unable to successfully manage expenses relating to the international expansion of our business, our financial position and results of operations could be negatively impacted.

***Cost savings initiatives may not produce the savings expected and may negatively impact our other initiatives and efforts to grow our business.***

In recent years, we have implemented certain measures aimed at improving our profitability and maintaining flexibility in our capital resources, including restructuring efforts to align the business with our strategic objectives

and the introduction of cost savings initiatives. For example, in the fourth quarter of 2014, we began an off-shoring initiative to employ lower cost off-shore resources. We have forecasted cost savings from



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these initiatives based on a number of assumptions and expectations which, if achieved, would improve our profitability and cash flows from operating activities. However, there can be no assurance the expected results will be achieved. In addition, these and any future spending reductions, if any, may negatively impact our other initiatives or our efforts to grow our business, which may negatively impact our future results of operations and increase the burden on existing management, systems, and resources.

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

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

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

We have actively acquired businesses and may continue to make acquisitions of businesses or assets in the future. The acquisition and integration of businesses or assets involves a number of risks. The core risks are valuation (negotiating a fair price for the business), integration (managing the process of integrating the acquired company's people, products, technology, and other assets to extract the value and synergies projected to be realized in connection with the acquisition), regulation (obtaining necessary regulatory or other government approvals that may be necessary to complete acquisitions), and diligence (identifying undisclosed or unknown liabilities or restrictions that will be assumed in the acquisition).

In addition, acquisitions outside of the United States often involve additional or increased risks including, for example:

managing geographically separated organizations, systems and facilities;

integrating personnel with diverse business backgrounds and organizational cultures;

complying with non-U.S. regulatory requirements;

fluctuations in currency exchange rates;

enforcement of intellectual property rights in some non-U.S. countries;

difficulty entering new non-U.S. markets due to, among other things, consumer acceptance and business knowledge of these new markets; and

general economic and political conditions.

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

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### Financial Risks

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

We are highly leveraged. As of June 30, 2015, we had \$21.0 billion of total debt. Our high degree of leverage could have important consequences, including:

increasing our vulnerability to adverse economic, industry, or competitive developments;

requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use cash flow to fund our operations, capital expenditures, and future business opportunities;

making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing such indebtedness;

restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

making it more difficult for us to obtain network sponsorship and clearing services from financial institutions or to obtain or retain other business with financial institutions;

limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes; and

limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

***Our financial condition and results of operations are dependent in part upon our ongoing ability to refinance our maturing indebtedness at attractive interest rates.***

Successful execution of our business strategy is dependent in part upon our ability to manage our capital structure to reduce interest expense and enhance free cash flow generation. Our senior secured revolving credit facility has \$1.25 billion in commitments that are scheduled to mature in June 2020. In addition, approximately \$3.5 billion of obligations under our existing senior notes are scheduled to mature prior to December 31, 2020. We may not be able to refinance our senior secured credit facilities or our other existing indebtedness at or prior to their maturity at attractive rates of interest because of our high levels of debt, debt incurrence restrictions under our debt agreements or because of adverse conditions in credit markets generally.

***An increase in interest rates may negatively impact our operating results and financial condition.***

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

As of June 30, 2015, we had \$8.6 billion aggregate principal amount of variable rate long-term indebtedness as well as \$200 million of variable rate short-term indebtedness, of which interest rate swaps fix the interest rate on \$5.0 billion in notional amount. As a result, as of June 30, 2015, the impact of a 100 basis point increase in interest rates would increase our annual interest expense by approximately \$38 million.

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

The agreements governing our indebtedness contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and certain of our subsidiaries' ability to, among other things:

incur additional indebtedness or issue certain preferred shares;

pay dividends on, repurchase, or make distributions in respect of, our capital stock or make other restricted payments;

make certain investments;

sell certain assets;

create liens;

consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; and

enter into certain transactions with our affiliates.

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross-default provisions and, in the case of our senior secured revolving credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under these agreements, the holders of our debt could elect to declare all amounts outstanding thereunder to be immediately due and payable and, in the case of our senior secured revolving credit facility, terminate all commitments to extend further credit. Such actions by these holders could cause cross-defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under our senior secured credit facilities or holders of our senior secured notes could proceed against the collateral securing such debt. We have pledged a significant portion of our assets as collateral under our senior secured credit facilities and our senior secured notes. If the holders of our debt accelerate the repayment of borrowings, we may not have sufficient assets to repay our senior secured credit facilities or any other debt that may become due as a result of that acceleration and we could experience a material adverse effect on our financial condition and results of operations.

***Our consolidated balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our financial condition and results of operations.***

Our consolidated balance sheet includes goodwill and intangible assets that represent approximately 60% of our total assets at June 30, 2015. These assets consist primarily of goodwill and client relationship intangible assets associated with our acquisitions. We also expect to engage in additional acquisitions, which may result in our recognition of additional goodwill and intangible assets. Under current accounting standards, we are required to amortize certain intangible assets over the useful life of the asset, while goodwill and certain other intangible assets are not amortized.

On a regular basis we assess whether there have been impairments in the carrying value of goodwill and certain intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could have a material adverse effect on our financial condition and results of operations.

***Our results of operations may be adversely affected by changes in foreign currency exchange rates.***

We are subject to risks related to the changes in currency rates as a result of our investments in non-U.S. operations and from revenues generated in currencies other than the U.S. dollar. Revenue and profit generated by such non-U.S. operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. From time to time, we utilize foreign currency forward contracts or other derivative instruments to mitigate the cash flow or market value risks associated with foreign currency-denominated transactions. These hedge contracts may not, however, eliminate all of the risks related to foreign

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currency translation. In addition, we may become subject to exchange control regulations that restrict or prohibit the conversion of our other revenue currencies into U.S. dollars. Any of these factors could decrease the value of revenues and earnings we derive from our non-U.S. operations and have a material adverse impact on our business.

### ***Unfavorable resolution of tax contingencies could adversely affect our results of operations and cash flows from operations.***

Our tax returns and positions are subject to review and audit by federal, state, local, and international taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting our results of operations as well as our cash flows from operations. We have established contingency reserves for material, known tax exposures relating to deductions, transactions, and other matters involving some uncertainty as to the proper tax treatment of the item. These reserves reflect what we believe to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While we believe that the reserves are adequate to cover reasonably expected tax risks, there is no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost not in excess of any related reserve. An unfavorable resolution, therefore, could negatively impact our effective tax rate, financial position, results of operations, and cash flows in the current and/or future periods.

## **Regulatory and Legal Risks**

### ***Failure to comply with, or changes in, laws, regulations and enforcement activities may adversely affect the products, services, and markets in which we operate.***

We and our clients are subject to laws and regulations that affect the electronic payments industry in the many countries in which our services are used. In particular, our clients are subject to numerous laws and regulations applicable to banks, financial institutions, and card issuers in the United States and abroad, and, consequently, we are at times affected by these federal, state, and local laws and regulations. The U.S. government has increased its scrutiny of a number of credit card practices, from which some of our clients derive significant revenue. Regulation of the payments industry, including regulations applicable to us and our clients, has increased significantly in recent years. Failure to comply with laws and regulations applicable to our business may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services, and/or the imposition of consent orders or civil and criminal penalties, including fines which could have an adverse effect on our results of operation and financial condition.

We are subject to U.S. and international financial services regulations, a myriad of consumer protection laws, economic sanctions, laws and regulations, and anti-corruption laws, escheat regulations and privacy and information security regulations to name only a few. Changes to legal rules and regulations, or interpretation or enforcement of them, could have a negative financial effect on us. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), significantly changed the U.S. financial regulatory system by, among other things, creating the Consumer Financial Protection Bureau (the CFPB ) to regulate consumer financial products and services (including many offered by our clients), restrict debit card fees paid by merchants to issuer banks and allow merchants to offer discounts for different payment methods. CFPB rules, examinations, and enforcement actions may require us to adjust our activities and may increase our compliance costs. Changing regulations or standards in the area of privacy and data protection could also adversely impact us. In addition, certain of our alliance partners are subject to regulation by federal and state authority and, as a result, could pass through some of those compliance obligations to us.

***Failure to comply with the U.S. Foreign Corrupt Practices Act, anti-money laundering, economic and trade sanctions regulations, and similar laws could subject us to penalties and other adverse consequences.***

We operate our business around the world, including in certain foreign countries with developing economies, where companies often engage in business practices that are prohibited by U.S. and U.K. regulations, including the United States Foreign Corrupt Practices Act, (the "FCPA") and the U.K. Bribery Act. Such laws



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prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the U.S. and other business entities for the purpose of obtaining or retaining business. We have implemented policies to discourage such practices; however, there can be no assurance that all of our employees, consultants, and agents, including those that may be based in or from countries where practices that violate U.S. laws may be customary, will not take actions in violation of our policies, for which we may be ultimately responsible.

In addition, we are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA Patriot Act of 2001 (the BSA ). Among other things, the BSA requires money services businesses (such as money transmitters and providers of prepaid access) to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and maintain transaction records. Our subsidiary Money Network Financial LLC provides prepaid access for various open loop prepaid programs for which it is the program manager and therefore must meet the requirements of the Financial Crimes Enforcement Network, the agency that enforces the BSA.

We are also subject to certain economic and trade sanctions programs that are administered by the Treasury Department's Office of Foreign Assets Control ( OFAC ) which prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. Our businesses in those jurisdictions are subject to those data retention obligations.

Failure to comply with any of these laws and regulations or changes in this regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government, may result in significant financial penalties, reputational harm, or change the manner in which we currently conduct some aspects of our business, which could significantly affect our results of operations or financial condition.

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

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

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

Our trademarks, patents, and other intellectual property are important to our future success. The *First Data* trademark and trade name and the *STAR* trademark and trade name are intellectual property rights which are individually material to us. These trademarks and trade names are widely recognized and associated with quality and reliable service. Loss of the proprietary use of the *First Data* or *STAR* trademarks and trade names or a diminution in the perceived quality associated with them could harm the growth of our businesses. We also rely

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on proprietary technology. It is possible that others will independently develop the same or similar technology. Further, we use open source architecture in connection with our solutions, in particular our *Clover* open architecture platform. Companies that incorporate open source platforms into their solutions have, from time to time, faced claims challenging the ownership of such platforms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. We cannot guarantee that we can protect our trade secrets, know-how, or other proprietary information. Our patents could be challenged, invalidated or circumvented by others, and may not be of sufficient scope or strength to provide us with any meaningful protection or advantage. If we are unable to maintain the proprietary nature of our technologies, we could lose competitive advantages and be materially adversely affected. Additionally, the laws of certain non-U.S. countries where we do business or contemplate doing business in the future may not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings could prevent us from selling our services or prevent us from preventing others from selling competing services, and thereby may have a material adverse effect on the business and results of operations. Additionally, claims have been made, are currently pending, and other claims may be made in the future, with regard to our technology allegedly infringing on a patent or other intellectual property rights. Unfavorable resolution of these claims could either result in us being restricted from delivering the related product or service or result in a settlement that could be materially adverse to us.

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

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

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

We are involved in various litigation matters. We are also involved in or are the subject of governmental or regulatory agency inquiries or investigations and make voluntary self-disclosures to government or regulatory agencies from time to time. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. If we are unsuccessful in our defense in these litigation matters, or any other legal proceeding, we may be forced to pay damages or fines, enter into consent decrees, and/or change our business practices, any of which could have a material adverse effect on our revenue and profitability.

### **Risks Related to this Offering and Ownership of Our Class A Common Stock**

***No market currently exists for our Class A common stock, and an active, liquid trading market for our Class A common stock may not develop, which may cause our Class A common stock to trade at a discount from the initial offering price and make it difficult for you to sell the Class A common stock you purchase.***

Prior to this offering, there has not been a public market for our Class A common stock. We cannot predict the extent to which investor interest in us will lead to the development of a trading market or how active and liquid that market may become. If an active and liquid trading market does not develop or continue, you may have difficulty selling any of our Class A common stock that you purchase. The initial public offering price for the shares will be determined by

negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our Class A common stock may decline below the initial offering price, and you may not be able to sell your shares of our Class A common stock at or above the price you paid in this offering, or at all.

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***You will incur immediate and substantial dilution in the net tangible book value of the shares you purchase in this offering.***

Prior stockholders have paid substantially less per share of our common stock than the price in this offering. The initial public offering price of our Class A common stock will be substantially higher than the pro forma as adjusted net tangible book deficit per share of outstanding common stock prior to completion of the offering. Based on our pro forma net tangible book deficit as of June 30, 2015 and upon the issuance and sale of 160,000,000 shares of Class A common stock by us at an assumed initial public offering price of \$19.00 per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus), if you purchase our Class A common stock in this offering, you will pay more for your shares than the amounts paid by our existing stockholders for their shares and you will suffer immediate dilution of approximately \$37.37 per share in pro forma as adjusted net tangible book value. Dilution is the amount by which the offering price paid by purchasers of our Class A common stock in this offering will exceed the pro forma as adjusted net tangible book deficit per share of our common stock upon completion of this offering. If the underwriters exercise their option to purchase additional shares, or if outstanding options to purchase our Class B common stock are exercised, you will experience additional dilution. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase Class A common stock granted to our employees, executive officers, and directors under our 2015 Omnibus Incentive Plan or other equity compensation plans. See Dilution.

***Our stock price may change significantly following the offering, and you may not be able to resell shares of our Class A common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.***

We and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to a number of factors such as those listed in Business and Operational Risks and the following:

results of operations that vary from the expectations of securities analysts and investors;

results of operations that vary from those of our competitors;

changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;

technology changes, changes in consumer behavior or changes in clients relationships in our industry;

security breaches related to our systems or those of our clients, alliance partners, or competitors;

changes in economic conditions for companies in our industry;

changes in market valuations of, or earnings and other announcements by, companies in our industry;

declines in the market prices of stocks generally, particularly those of global payment companies;

strategic actions by us or our competitors;

announcements by us, our competitors or our alliance partners of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships, or capital commitments;

changes in general economic or market conditions or trends in our industry or the economy as a whole and, in particular, in the consumer spending environment;

changes in business or regulatory conditions;

future sales of our Class A common stock or other securities;

investor perceptions of the investment opportunity associated with our Class A common stock relative to other investment alternatives;

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the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;

announcements relating to litigation or governmental investigations;

guidance, if any, that we provide to the public, any changes in this guidance, or our failure to meet this guidance;

the development and sustainability of an active trading market for our stock;

changes in accounting principles; and

other events or factors, including those resulting from system failures and disruptions, natural disasters, war, acts of terrorism or responses to these events.

Furthermore, the stock market may experience extreme volatility that, in some cases, may be unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

***Because we have no plans to pay cash dividends on our Class A common stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A common stock for a price greater than your purchase price.***

We do not expect to pay any cash dividends on our Class A common stock for the foreseeable future. We currently intend to retain any additional future earnings to finance our operations and growth, including the repayment of our outstanding indebtedness. Going forward, any decision to pay cash dividends or other distributions on our Class A common stock will be at the discretion of our Board and will depend on our earnings, financial condition, operation results, capital requirements, and contractual, regulatory and other restrictions on the payment of dividends by us or by our subsidiaries to us, and other factors that our Board deems relevant. See Dividend Policy.

As a result, you may not receive any return on an investment in our Class A common stock unless you sell our Class A common stock for a price greater than your purchase price.

***If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.***

The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish

inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts stop covering us or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

***Transformation into a listed public company will increase our costs and may disrupt the regular operations of our business.***

Since 2007, we have operated as a privately owned company and we expect to incur additional legal, regulatory, finance, accounting, investor relations and other administrative expenses as a result of having



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publicly traded common stock. In addition, while we are currently in compliance with portions of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act ), we will be required under the Sarbanes-Oxley Act, as well as rules adopted by the SEC and the NYSE, to implement specified corporate governance practices that currently do not apply to us as a private company.

We are currently a voluntary filer and not subject to the periodic reporting requirements of the SEC. Upon completion of this offering, we will become obligated to file with the SEC annual and quarterly information and other reports. We will also be required to ensure that we have the ability to prepare financial statements on a timely basis that fully comply with all SEC reporting requirements and maintain effective internal controls over financial reporting.

The additional demands associated with being a public company may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue producing activities to management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our businesses. In addition, failure to comply with any laws or regulations applicable to us as a public company may result in legal proceedings and/or regulatory investigations, and may cause reputational damage. Any of these effects could harm our business, financial condition and results of operations.

***Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our Class A common stock to decline.***

After this offering, the sale of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering, we will have outstanding a total of 160,000,000 shares of Class A common stock and 719,030,067 shares of Class B common stock that are convertible by the holders thereof into an equal number of shares of Class A common stock automatically upon transfer, subject to certain exceptions. Of the outstanding shares, the 160,000,000 shares sold in this offering (or 184,000,000 shares if the underwriters exercise in full their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the Securities Act ), except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act ( Rule 144 ), including our directors, executive officers and other affiliates (including KKR) may be sold only in compliance with the limitations described in Shares Eligible for Future Sale.

The remaining 719,030,067 shares of Class B common stock, representing 82% of our total outstanding shares of common stock following this offering, will be restricted securities within the meaning of Rule 144 and subject to certain restrictions on resale following the consummation of this offering. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144, as described in Shares Eligible for Future Sale.

In connection with this offering, we, our directors and executive officers, and holders of substantially all of our common stock prior to this offering have each agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of both Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC. See Underwriting (Conflicts of Interest) for a description of these lock-up agreements.

In addition, 34,266,989 shares of Class B common stock, which automatically convert into an equal number of shares of Class A common stock upon transfer, subject to certain exceptions, will be eligible for sale

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upon exercise of vested options. As soon as practicable following this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options under the 2007 Equity Plan (as defined herein) and 71,182,033 shares and 6,327,292 shares of Class A common stock subject to issuance under the 2015 Omnibus Incentive Plan and the Employee Stock Purchase Plan, respectively, to be adopted in connection with this offering. Any shares of Class B common stock subject to outstanding awards granted under the 2007 Equity Plan that, after the effective date of the 2015 Omnibus Incentive Plan, are forfeited, terminated, cancelled, expire unexercised, withheld in payment of the exercise price or withheld to satisfy tax withholding obligations, which shares of Class B common stock will automatically be converted on a one-for-one basis into shares of Class A common stock, will also be subject to issuance under the 2015 Omnibus Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Once these shares are registered, they can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates.

Upon the expiration of the lock-up agreements described above, 545,913,661 shares would be subject to volume, manner of sale and other limitations under Rule 144. In addition, pursuant to the Registration Rights Agreement (as defined in Certain Relationships and Related Party Transactions Registration Rights Agreement), we have granted KKR the right to cause us, in certain instances, at our expense, to file registration statements under the Securities Act covering resales of our common stock it beneficially owns. By exercising its registration rights and selling a large number of shares, KKR could cause the prevailing market price of our Class A common stock to decline. Following completion of this offering, the shares covered by registration rights would represent approximately 61% of our total common stock outstanding (or 59%, if the underwriters exercise in full their option to purchase additional shares). Registration of any of these outstanding shares of our common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See Shares Eligible for Future Sale.

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of Class A common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of Class A common stock or other securities.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our Class A common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our Class A common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

***The dual class structure of our common stock has the effect of concentrating voting control with KKR; this will limit or preclude your ability to influence corporate matters.***

Our Class B common stock has ten votes per share, and our Class A common stock, which is the stock we are selling in this offering, has one vote per share. Stockholders who beneficially own shares of Class B common stock, including KKR and certain other stockholders, will together control approximately 98% of the voting power of our outstanding common stock following this offering. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders so long as the shares of Class B common stock represent at least 10% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected to permitted transferees or for estate planning or charitable purposes. The conversion of Class B common stock to Class A common stock

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will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. For a description of the dual class structure, see Description of Capital Stock Common Stock Voting Rights.

### ***KKR controls us and its interests may conflict with ours or yours in the future.***

Immediately following this offering of Class A common stock, KKR will not hold any of our Class A common stock, but will beneficially own 61% of our common stock through its beneficial ownership of our Class B common stock and, consequently, 73% of the combined voting power of our common stock. Each share of our Class B common stock will have ten votes per share, and our Class A common stock, which is the stock we are selling in this offering, will have one vote per share. As a result, KKR will have the ability to elect all of the members of our Board and thereby control our policies and operations, including the appointment of management, future issuances of our Class A common stock or other securities, the payment of dividends, if any, on our Class A common stock, the incurrence of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws, and the entering into of extraordinary transactions and the interests of KKR may not in all cases be aligned with your interests.

In addition, KKR may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. For example, KKR could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. KKR is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our amended and restated certificate of incorporation will provide that none of KKR or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. KKR also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

So long as KKR continues to beneficially own a sufficient number of shares of Class B common stock, even if it beneficially owns significantly less than 50% of the shares of our outstanding common stock, it will continue to be able to effectively control our decisions. For example, if our Class B common stock amounted to 15% of our outstanding common stock, beneficial owners of our Class B common stock (including KKR), would collectively control 64% of the voting power of our common stock. The shares of our Class B common stock beneficially owned by KKR may be transferred to an unrelated third party if the holders of a majority of the shares of Class B common stock have consented to such transfer in writing in advance.

In addition, KKR will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of our Company or a change in the composition of our Board and could preclude any acquisition of our Company. This concentration of voting control could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of our Company and ultimately might affect the market price of our Class A common stock.

### ***Certain provisions of Delaware law and anti-takeover provisions in our organizational documents could delay or prevent a change of control.***

Certain provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer, or prevent a merger, acquisition, tender offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including

those attempts that might result in a premium over the market price for the shares held by our stockholders.

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These provisions provide for, among other things:

a dual class common stock structure, which currently provides the holders of Class B common stock with the ability to control the outcome of matters requiring stockholder approval, so long as they continue to beneficially own a sufficient number of shares of Class B common stock, even if they own significantly less than 50% of the shares of our outstanding common stock;

a classified Board with staggered three-year terms;

the ability of our Board to issue one or more series of preferred stock;

advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;

certain limitations on convening special stockholder meetings;

the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66  $\frac{2}{3}$ % in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, once no shares of our Class B common stock remain outstanding; and

that certain provisions may be amended only by the affirmative vote of at least 66  $\frac{2}{3}$ % in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, once no shares of our Class B common stock remain outstanding.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. See Description of Capital Stock.

***Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.***

Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee or stockholder of our Company to the Company or the Company's stockholders, creditors or other constituents, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law (the DGCL) or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the

Court of Chancery of the State of Delaware, or (iv) action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.



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***Our ability to utilize net operating loss carryforwards could be limited if we were to experience an ownership change as defined in the Internal Revenue Code.***

Section 382 of the Internal Revenue Code of 1986, as amended (the Code), contains rules that impose an annual limitation on the ability of a company with net operating loss carryforwards that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock (by value) over a three-year period, to utilize its net operating loss carryforwards in years after the ownership change. These rules generally operate by focusing on ownership changes among holders owning directly or indirectly 5% or more of the shares of stock of a company or any change in ownership arising from a new issuance of shares of stock by such company. If a company's income in any year is less than the annual limitation prescribed by Section 382 of the Code, the unused portion of such limitation amount may be carried forward to increase the limitation (and net operating loss carryforward utilization) in subsequent tax years.

We do not believe that this offering will result in an ownership change for purposes of Section 382 of the Code. If, however, we were to undergo an ownership change as a result of future transactions involving our common stock, including a follow-on offering of our common stock or purchases or sales of common stock between 5% holders, our ability to use our net operating loss carryforwards would be subject to the limitations of Section 382 of the Code. As a result, a portion of our net operating loss carryforwards may expire before we would be able to use them. If we are unable to utilize our net operating loss carryforwards, there may be a negative impact on our financial position and results of operations.

In addition to the aforementioned federal income tax implications pursuant to Section 382 of the Code, most states follow the general provisions of Section 382 of the Code, either explicitly or implicitly resulting in separate state net operating loss limitations.

***We will be a controlled company within the meaning of the rules of the SEC and the NYSE. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.***

After completion of this offering, KKR will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including:

the requirement that a majority of the Board consist of independent directors as defined under the rules of the NYSE;

the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating/corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

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In addition, on June 20, 2012, the SEC adopted Rule 10C-1 ( Rule 10C-1 ) under the Securities Exchange Act of 1934, as amended (the Exchange Act ), to implement provisions of the Dodd-Frank Act pertaining to compensation committee independence and the role and disclosure of compensation consultants and other advisers to the compensation committee. The national securities exchanges (including the NYSE) have since adopted amendments to their existing listing standards to comply with provisions of Rule 10C-1, and on January 11, 2013, the SEC approved such amendments. The amended listing standards require, among others, that

compensation committees be composed of fully independent directors, as determined pursuant to new and existing independence requirements;

compensation committees be explicitly charged with hiring and overseeing compensation consultants, legal counsel and other committee advisers; and

compensation committees be required to consider, when engaging compensation consultants, legal counsel or other advisers, certain independence factors, including factors that examine the relationship between the consultant or adviser s employer and us.

As a controlled company, we will not be subject to these compensation committee independence requirements.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain matters we discuss in this prospectus may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, plans, estimates, or anticipates, or similar expressions which concern our strategy, plans, projections, or intentions. Examples of forward-looking statements include, but are not limited to, all statements we make relating to revenue, EBITDA, earnings, margins, growth rates, and other financial results for future periods. By their nature, forward-looking statements: speak only as of the date they are made; are not statements of historical fact or guarantees of future performance; and are subject to risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties, and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Such risks, uncertainties, and other important factors include, among others, the risks, uncertainties and factors set forth above under Risk Factors, and the following risks, uncertainties, and factors:

adverse impacts from global economic, political, and other conditions affecting trends in consumer, business, and government spending;

our ability to anticipate and respond to changing industry trends, including technological changes and increasing competition;

our ability to successfully renew existing client contracts on favorable terms and obtain new clients;

our ability to prevent a material breach of security of any of our systems;

our ability to implement and improve processing systems to provide new products, improve functionality, and increase efficiencies;

our merchant alliance program which involves several alliances not under our sole control and each of which acts independently of the others;

credit and fraud risks in our business units and merchant alliances, particularly in the context of eCommerce and mobile markets;

consolidation among financial institution clients or other client groups that impacts our client relationships;

our ability to improve our profitability and maintain flexibility in our capital resources through the implementation of cost savings initiatives;

our ability to successfully value and integrate acquired businesses, including those outside of the United States;

our high degree of leverage;

adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise;

changes in the interest rate environment that increase interest on our borrowings;

the impact of new laws, regulations, credit card association rules, or other industry standards; and

new lawsuits, investigations, or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings.

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There may be other factors that may cause our actual results to differ materially from the forward-looking statements, including factors disclosed under the sections entitled *Risk Factors* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this prospectus. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the risks, uncertainties, and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this prospectus apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances.

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**USE OF PROCEEDS**

We estimate that we will receive net proceeds of approximately \$2.9 billion from the sale of 160,000,000 shares of our Class A common stock in this offering, assuming an initial public offering price of \$19.00 per share, the mid-point of the estimated price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions. If the underwriters exercise in full their option to purchase additional shares, the net proceeds to us will be approximately \$3.4 billion.

We intend to use the net proceeds from this offering to redeem all \$510 million aggregate principal amount of our 11.25% senior unsecured notes due 2021, approximately \$2.0 billion aggregate principal amount of our 12.625% senior unsecured notes due 2021, and to pay applicable premiums and related fees and expenses, and for general corporate purposes. We have not yet determined whether we will repay such notes through tender offers, open market repurchases or redemption.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$19.00 per share, based on the mid-point of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$154 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions. An increase (decrease) of 1,000,000 shares from the expected number of shares to be sold by us in this offering, assuming no change in the assumed initial public offering price per share, the mid-point of the range on the cover of this prospectus, would increase (decrease) our net proceeds from this offering by \$18 million. Any increase (decrease) in net proceeds will result in an increase (decrease) to the amount redeemed of our 12.625% notes.

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**DIVIDEND POLICY**

We do not currently anticipate paying any dividends on our common stock immediately following this offering. Following this offering and upon repayment of our outstanding indebtedness, we may reevaluate our dividend policy. Any future determinations relating to our dividend policies and the declaration, amount and payment of any future dividends on our common stock will be at the sole discretion of our Board and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. Our Board may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board may deem relevant.

We paid dividends to FDH totaling \$28 million, \$686 million, and \$4 million in 2013, 2014, and the six months ended June 30, 2015, respectively. FDH used the proceeds from these dividends for the repayment of indebtedness (including a significant repayment in 2014), and the repurchase of equity from departing employees. FDH did not pay any dividends on its common stock in 2013, 2014 or the six months ended June 30, 2015.

Because a significant portion of our operations is through our subsidiaries, our ability to pay dividends depends in part on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur. In addition, our ability to pay dividends is limited by covenants in our senior secured credit facilities and the indentures governing our senior notes. See [Description of Indebtedness](#) for a description of the restrictions on our ability to pay dividends.



**Table of Contents****DILUTION**

If you invest in our Class A common stock in this offering, your ownership interest in us will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book deficit per share of our common stock after this offering. Dilution results from the fact that the per share offering price of the Class A common stock is substantially in excess of the book deficit per share attributable to the shares of common stock held by existing stockholders.

Our pro forma net tangible book deficit as of June 30, 2015 and after giving effect to the Reorganization and the 2015 Refinancing was approximately \$(18.8) billion, or \$(26.22) per share of our common stock. We calculate pro forma net tangible book deficit per share by taking the amount of our total tangible assets, reduced by the amount of our total liabilities, and then dividing that amount by the total number of shares of common stock outstanding.

After giving effect to (i) the Reorganization and the 2015 Refinancing, (ii) our sale of the shares in this offering at an assumed initial public offering price of \$19.00 per share, the midpoint of the price range described on the cover of this prospectus, and (iii) the application of the net proceeds from this offering, our pro forma as adjusted net tangible book deficit on June 30, 2015 would have been \$(16.4) billion, or \$(18.37) per share of our common stock. This amount represents an immediate decrease in pro forma net tangible book deficit of \$7.85 per share to existing stockholders and an immediate and substantial dilution in net tangible book value of \$37.37 per share to new investors purchasing shares in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share of Class A common stock	\$ 19.00
Pro forma net tangible book value (deficit) per share as of June 30, 2015	\$ (26.22)
Increase in pro forma tangible book value (deficit) per share attributable to new investors	\$ 7.85
Pro forma as adjusted net tangible book value (deficit) per share after this offering	\$ (18.37)
Dilution per share to new investors	\$ (37.37)

Dilution is determined by subtracting pro forma as adjusted net tangible book deficit per share of common stock after the offering from the initial public offering price per share of Class A common stock.

If the underwriters exercise in full their option to purchase additional shares, the pro forma as adjusted tangible book deficit per share after giving effect to the offering would be \$(17.47) per share. This represents a decrease in pro forma as adjusted net tangible book deficit of \$0.90 per share to the existing stockholders and results in dilution in pro forma as adjusted net tangible book value of \$36.47 per share to new investors.

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and offering expenses payable by us, a \$1.00 increase or decrease in the assumed initial public offering price of \$19.00 per share, the midpoint of the range set forth on the

cover of this prospectus, would decrease or increase the pro forma as adjusted net tangible book deficit attributable to new investors purchasing shares in this offering by \$0.15 per share and would increase or decrease the dilution to new investors by \$0.85 per share.

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The following table summarizes, as of June 30, 2015, the differences between the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors. As the table shows, new investors purchasing shares of Class A common stock in this offering will pay an average price per share substantially higher than our existing stockholders paid to acquire shares of Class B common stock. The table below assumes an initial public offering price of \$19.00 per share, the midpoint of the range set forth on the cover of this prospectus, for shares purchased in this offering and excludes underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Avg / Share
	Number	%	Amount	%	
Existing stockholders	717,784,056	82%	\$ 10,216,493,369	77%	\$ 14.23
New investors	160,000,000	18%	3,040,000,000	23%	19.00
<b>Total</b>	<b>877,784,056</b>	<b>100%</b>	<b>\$ 13,256,493,369</b>	<b>100%</b>	

If the underwriters were to fully exercise the underwriters' option to purchase 24,000,000 additional shares of our Class A common stock, the percentage of shares of our common stock held by existing stockholders would be 80% and the percentage of shares of our common stock held by new investors would be 20%.

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, a \$1.00 increase or decrease in the assumed initial public offering price of \$19.00 per share, the midpoint of the range set forth on the cover of this prospectus, would increase or decrease total consideration paid by new investors and total consideration paid by all stockholders by approximately \$160 million.

To the extent that outstanding options are exercised, outstanding restricted stock awards vest, outstanding restricted stock units settle, or other issuances of common stock, or grants of options, restricted stock awards, restricted stock units or other equity-based awards are made, there will be further dilution to new investors.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2015:

on an actual basis;

on a pro forma basis to give effect to the Reorganization and the 2015 Refinancing; and

on a pro forma basis as adjusted to give effect to (1) the sale by us of approximately 160,000,000 shares of our Class A common stock in this offering, after deducting estimated underwriting discounts and commissions and offering expenses payable by us; (2) the application of the estimated net proceeds from the offering at an assumed initial public offering price of \$19.00 per share, the mid-point of the price range set forth on the cover page of this prospectus, as described in *Use of Proceeds*; and (3) the payment of the termination fee to KKR as described in *Certain Relationships and Related Party Transactions Management Agreement* and other expenses related to this offering.

You should read this table in conjunction with the information contained in *Use of Proceeds*, *Unaudited Pro Forma Consolidated Financial Statements*, *Selected Historical Consolidated Financial Data*, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and *Description of Indebtedness*, as well as the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	<b>As of June 30, 2015</b>		
	<b>Actual</b>	<b>Pro Forma for the Reorganization and the 2015 Refinancing</b>	<b>Pro Forma As Adjusted</b>
<b>(in millions, except shares)</b>			
Cash and cash equivalents <sup>(1)</sup>	\$ 348	\$ 348	\$ 325
<b>Debt:</b>			
<b>Senior secured credit facilities:</b>			
Revolving credit facility <sup>(2)</sup>	\$ 204	\$ 204	\$ 204
Term Loans <sup>(3)</sup>	8,590	9,591	9,591
First Lien Notes <sup>(4)</sup>	3,502	2,607	2,607
Second Lien Notes <sup>(5)</sup>	3,000	3,000	3,000
Unsecured Notes <sup>(6)</sup>	4,040	4,040	1,551
Subordinated Notes <sup>(7)</sup>	1,609	1,609	1,609
Capital leases	193	193	193
Other existing debt <sup>(8)</sup>	27	27	27
<b>Total debt</b>	<b>21,165</b>	<b>21,271</b>	<b>18,782</b>

Stockholders equity (deficit):			
Common Stock, \$0.01 par value (1,000 shares authorized, issued and outstanding, <i>actual</i> ; no shares authorized, issued and outstanding, <i>pro forma</i> and <i>pro forma as adjusted</i> )			
Class A common stock, \$0.01 par value (no shares authorized, issued and outstanding, <i>actual</i> ; 1,600,000,000 shares authorized, no shares issued and outstanding, <i>pro forma</i> ; 1,600,000,000 shares authorized and 160,000,000 shares issued and outstanding, <i>pro forma as adjusted</i> )			
			2
Class B common stock, \$0.01 par value (no shares authorized, issued and outstanding, <i>actual</i> ; 800,000,000 shares authorized and 717,784,056 shares issued and outstanding, <i>pro forma</i> ; 800,000,000 shares authorized and 731,480,761 shares issued and outstanding, <i>pro forma as adjusted</i> )			
		7	7
Additional paid-in capital	9,912	10,143	13,350
Accumulated loss	(9,689)	(9,927)	(10,689)
Accumulated other comprehensive loss	(1,050)	(1,050)	(1,050)
Total First Data Corporation stockholders deficit	(827)	(827)	1,620
Total capitalization	\$ 20,338	\$ 20,444	\$ 20,402

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- (1) Pro forma as adjusted reflects estimated fees and expenses (other than underwriting discounts and commissions) of \$7 million incurred in connection with this offering and \$16 million of cash bonuses which will be paid to certain executives in connection with this offering.
- (2) As of June 30, 2015, our senior secured revolving credit facility had commitments from financial institutions to provide approximately \$1.25 billion of credit which matures on June 2, 2020, subject to certain conditions. As of June 30, 2015, approximately \$1.0 billion remained available under this facility (giving effect to \$41 million of outstanding letters of credit).
- (3) Represents the aggregate face amount of our March 2017 Term Loans, March 2018 Term Loans, September 2018 Term Loans and March 2021 Term Loans. Pro forma reflects the addition of the July 2022 Term Loans (includes face amount of 250 million estimated at \$276 million).
- (4) Represents the aggregate face amount of our 7.375% senior secured first lien notes due 2019, 8.875% senior secured first lien notes due 2020, 6.75% senior secured first lien notes due 2020 and, pro forma, our 5.375% senior secured first lien notes due 2023 (collectively, the first lien notes ). Pro forma reflects the issuance of the 5.375% notes and the redemption and/or repurchase of the 7.375% notes and 8.875% notes.
- (5) Represents the aggregate face amount of our 8.25% senior secured second lien notes due 2021 and 8.75% senior secured second lien notes due 2022 (collectively, the second lien notes and, together with the first lien notes, the senior secured notes ).
- (6) Represents the aggregate face amount of our 12.625% senior unsecured notes due 2021, 11.25% senior unsecured notes due 2021, and 10.625% senior unsecured notes due 2021 (collectively, the senior notes ). Pro forma as adjusted reflects the redemption of the outstanding amount of our 11.25% senior unsecured notes due 2021 and a portion of our 12.625% senior unsecured notes due 2021, as described in Use of Proceeds.
- (7) Represents the face amount of our 11.75% senior subordinated notes due 2021 (the senior subordinated notes ).
- (8) Consists of \$27 million of borrowings outstanding under lines of credit. As of June 30, 2015, we had approximately \$302 million available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. As of June 30, 2015, we had a \$150 million committed line of credit for one of our U.S. alliances. The remainder of these arrangements is primarily associated with international operations and are in various functional currencies, the most significant of which are the Australian dollar, the Polish zloty, and the euro. Of the amounts outstanding as of June 30, 2015, \$25 million was uncommitted.

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**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

We derived the unaudited pro forma financial information set forth below by the application of pro forma adjustments to the audited and unaudited consolidated financial statements included elsewhere in this prospectus.

The unaudited pro forma consolidated statements of operations for the year ended December 31, 2014 and the six months ended June 30, 2015 have been presented on a pro forma basis giving effect to the following as of January 1, 2014:

the Reorganization, including the HoldCo Merger and the Reverse Stock Split, and the 2015 Refinancing and, for the pro forma consolidated statement of operations for the year ended December 31, 2014 only, the 2014 Equity Recapitalization and the repayment of all outstanding debt of FDH, which occurred during 2014; and

as further adjusted to give effect to the sale of 160,000,000 shares of our Class A common stock in this offering at an initial public offering price of \$19.00 per share, the mid-point of the estimated offering price range set forth on the cover page of this prospectus, yielding net proceeds of approximately \$2.9 billion which will be used as described in Use of Proceeds.

The unaudited pro forma consolidated balance sheet as of June 30, 2015 has been presented on a pro forma basis which gives effect to the following as of that date:

the Reorganization, including the HoldCo Merger and the Reverse Stock Split, and the 2015 Refinancing; and

as further adjusted to give effect to the sale of 160,000,000 shares of our Class A common stock in this offering at an initial public offering price of \$19.00 per share, the mid-point of the estimated offering price range set forth on the cover page of this prospectus, yielding net proceeds of approximately \$2.9 billion which will be used as described in Use of Proceeds, and \$290 million in share-based compensation expense recognized as a result of this offering.

The unaudited pro forma consolidated statements of operations give effect to the pro forma adjustments as if they had occurred at the beginning of the periods presented. The notes to the unaudited pro forma financial statements provide a more detailed discussion of how such adjustments were derived and presented in the pro forma financial statements.

The pro forma adjustments set forth below were based on available information and certain assumptions made by our management and may be revised as additional information becomes available. The unaudited pro forma financial data is presented for informational purposes only, and does not purport to represent what our results of operations would actually have been if the transactions had occurred on the date indicated, nor does it purport to project our results of operations that we may achieve in the future. The pro forma adjustments do not include the impact of any non-recurring additional charges which are directly related to the completion of this offering.

The unaudited pro forma financial data and the accompanying notes should be read in conjunction with Selected Historical Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results

of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.



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**FIRST DATA CORPORATION**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

(in millions, except shares and per share data)	Actual	Reorganization, 2015 Refinancing and 2014 Equity Recapitalization Adjustments	Pro Forma for the Reorganization, the 2015 Refinancing and the 2014 Equity Recapitalization	Offering Adjustments	Pro Forma As Adjusted
Revenues	\$ 11,152		\$ 11,152		\$ 11,152
Expenses	9,714		9,714	\$ 2 <sup>(d)</sup>	9,716
Operating profit	1,438		1,438	(2)	1,436
Interest income	11		11		11
Interest expense	(1,739)	\$ 183 <sup>(a)</sup>	(1,556)	307 <sup>(e)</sup>	(1,249)
Loss on debt extinguishment	(274)	274 <sup>(b)</sup>			
Other income	161		161		161
	(1,841)	457	(1,384)	307	(1,077)
(Loss) gain before income taxes and equity earnings in affiliates	(403)	457	54	305	359
Income tax expense	82		82		82
Equity earnings in affiliates	220		220		220
Net (loss) income	(265)	457	192	305	497
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	193		193		193
Net (loss) income attributable to First Data Corporation	\$ (458)	\$ 457	\$ (1)	\$ 305	\$ 304
Net (loss) income per share:					
Basic	\$ (458,000)		\$ (0.00)		\$ 0.34
Diluted	\$ (458,000)		\$ (0.00)		\$ 0.34

Weighted average  
common shares  
outstanding:

Basic	1,000	715,340,975	889,037,680 <sup>(f)</sup>
Diluted	1,000	715,340,975 <sup>(c)</sup>	897,337,046 <sup>(f)</sup>

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## FIRST DATA CORPORATION

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

## FOR THE SIX MONTHS ENDED JUNE 30, 2015

(in millions, except shares and per share data)	Actual	Reorganization and 2015 Refinancing Adjustments	Pro Forma for the Reorganization and the 2015 Refinancing	Offering Adjustments	Pro Forma As Adjusted
Revenues	\$ 5,567		\$ 5,567		\$ 5,567
Expenses	4,898		4,898	\$ 1 <sup>(d)</sup>	4,899
Operating profit	669		669	(1)	668
Interest income	2		2		2
Interest expense	(813)	\$ 29 <sup>(a)</sup>	(784)	154 <sup>(e)</sup>	(630)
Other income	11		11		11
	(800)	29	(771)	154	(617)
Loss before income taxes and equity earnings in affiliates	(131)	29	(102)	153	51
Income tax expense	13	5	18	15	33
Equity earnings in affiliates	114		114		114
Net (loss) income	(30)	24	(6)	138	132
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	108		108		108
Net (loss) income attributable to First Data Corporation	\$ (138)	\$ 24	\$ (114)	\$ 138	\$ 24
Net (loss) income per share:					
Basic	\$ (138,000)		\$ (0.16)		\$ 0.03
Diluted	\$ (138,000)		\$ (0.16)		\$ 0.03
Weighted average common shares outstanding:					
Basic	1,000		717,694,463		891,391,168 <sup>(f)</sup>

Diluted	1,000	717,694,463 <sup>(c)</sup>	902,403,851 <sup>(f)</sup>
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**FIRST DATA CORPORATION**  
**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2015**

(in millions, except shares)	Actual	Reorganization Refinancing Adjustments	Pro Forma for the and 2015 Reorganization and Refinancing	Offering Adjustments	Pro Forma As Adjusted
<b>Assets</b>					
Total current assets	\$ 10,520		\$ 10,520	\$ (20) <sup>(g)</sup>	\$ 10,500
Property and equipment, net of accumulated depreciation of \$1,316	931		931		931
Goodwill	16,955		16,955		16,955
Customer relationships, net of accumulated amortization of \$5,085	2,383		2,383		2,383
Other intangibles, net of accumulated amortization of \$2,044	1,772		1,772		1,772
Investment in affiliates	1,098		1,098		1,098
Other long-term assets	838		838	(3) <sup>(h)</sup>	835
<b>Total assets</b>	<b>\$ 34,497</b>		<b>\$ 34,497</b>	<b>\$ (23)</b>	<b>\$ 34,474</b>
<b>Liabilities and Equity</b>					
Total current liabilities	\$ 10,120		\$ 10,120		\$ 10,120
Long-term borrowings	20,721		20,721	\$ (2,470) <sup>(i)</sup>	18,251
Long-term deferred tax liabilities	536		536		536
Other long-term liabilities	832		832		832
<b>Total liabilities</b>	<b>32,209</b>		<b>32,209</b>	<b>(2,470)</b>	<b>29,739</b>
Redeemable noncontrolling interest	78		78		78
First Data Corporation shareholder s deficit:					
Common Stock, \$0.01 par value; (1,000 shares authorized, issued and outstanding, <i>actual</i> ; no shares authorized, issued and outstanding, <i>pro forma</i> and <i>pro forma as adjusted</i> )					
Class A common stock, \$0.01 par value (no shares authorized and outstanding, <i>actual</i> ; 1,600,000,000				2	2

shares authorized, no shares issued and outstanding, <i>pro forma</i> ; 1,600,000,000 shares authorized and 160,000,000 shares issued and outstanding, <i>pro forma as adjusted</i> )					
Class B common stock, \$0.01 par value (no shares authorized and outstanding, <i>actual</i> ; 800,000,000 shares authorized and 717,784,056 shares issued and outstanding, <i>pro forma</i> ; 800,000,000 shares authorized and 731,480,761 shares issued and outstanding, <i>pro forma as adjusted</i> )		\$	7	7	7
Additional paid-in capital	9,912		231	10,143	3,207 <sup>(i)</sup>
Accumulated loss	(9,689)		(238)	(9,927)	(762) <sup>(k)</sup>
Accumulated other comprehensive loss	(1,050)			(1,050)	(1,050)
Total First Data Corporation shareholder s deficit	(827)		(827)	2,447	1,620
Noncontrolling interests	3,037		3,037		3,037
Total equity	2,210		2,210	2,447	4,657
Total liabilities and equity	\$ 34,497	\$	34,497	\$ (23)	\$ 34,474

**Table of Contents****NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA**

- (a) Represents net reduction of interest expense associated with the Reorganization, the 2015 Refinancing, the 2014 Equity Recapitalization, and the repayment of all outstanding debt of FDH, which occurred during 2014.

<b>Reduction of interest expense (in millions)</b>	<b>Year Ended December 31, 2014</b>	<b>Six Months Ended June 30, 2015</b>
Holdco Merger and the repayment of all outstanding debt of FDH (i)	\$	\$
2014 Equity Recapitalization (ii)	124	
2015 Refinancing (iii)	59	29
Total	\$ 183	\$ 29

- (i) FDH's interest expense in 2014 was \$127 million. All debt was fully repaid in 2014.
- (ii) Represents net interest savings related to the 2014 Equity Recapitalization. Savings were calculated based on (1) the repayment of \$753 million of the 6.75% notes, \$285 million of the 10.625% notes, \$275 million of the 11.25% notes and \$866 million of the 11.75% notes that were redeemed using proceeds from FDH's July 11, 2014 private equity issuance and (2) the net 0.5% reduction in interest rate on the term loans under our senior secured credit facility that were repriced on July 18, 2014, partially offset by an increase in interest obligations attributable to an increase in the principal amount of term loans as a result of the repricing.
- (iii) Represents interest savings related to the 2015 Refinancing executed on July 10, 2015 and August 11, 2015. On July 10, 2015, we entered into a joinder to our senior secured credit facilities providing for incremental term loans of \$725 million and 250 million (\$276 million), the proceeds of which were used to redeem \$955 million of our 7.375% senior secured first lien notes due 2019. Savings were calculated based on the difference between the 7.375% annual interest rate of the notes being redeemed and the variable rate interest on the incremental term loans based on one month LIBOR rates plus 3.75% as of June 30, 2015, which resulted in annual interest rates of 3.991% for dollar-denominated term loans and 3.720% for euro-denominated term loans, partially offset by interest obligations on additional principal amounts of debt. A 0.125% change in interest rates would impact our interest expense by \$1 million annually. On August 11, 2015, the Company issued and sold \$1.2 billion aggregate principal amount of 5.375% senior secured first lien notes due 2023, the proceeds of which were used to (i) redeem and repurchase all of our outstanding 7.375% senior secured notes due 2019 and all of our outstanding 8.875% senior secured notes due 2020 and (ii) pay related fees and expenses. Savings were calculated based on the difference between the 7.375% and 8.875% annual interest rates of the notes repurchased and redeemed and the 5.375% annual interest rate of the new notes issued, partially offset by interest obligations on additional principal amounts of debt.

For the year ended December 31, 2014, on a pro forma basis for the combination of the Reorganization, 2014 Equity Recapitalization and full repayment of FDH debt in 2014 (\$228 million in cash interest at FDC and \$215 million in payment-in-kind interest expense at FDH), and 2015 Refinancing (\$59 million in cash interest based on LIBOR at July 10, 2015 for the variable rate debt), as if each had occurred on January 1, 2014, cash and payment-in-kind interest

would have been reduced by approximately \$500 million relative to a full year when they were all outstanding.

- (b) Represents the reduction of call premiums and discounts for the 2014 Equity Recapitalization.
- (c) Unaudited pro forma diluted net loss per share excludes all outstanding options and unvested restricted stock from the calculation of diluted shares due to these securities being anti-dilutive because of the Company's net loss attributable to First Data Corporation.
- (d) On September 28, 2015, we authorized the grant of restricted stock, restricted stock units, and options to certain executives in connection with this offering. These awards are expected to be valued at approximately \$145 million based on the mid-point of the estimated price range set forth on the cover page of this prospectus, resulting in incremental unrecognized compensation expense. Two thirds of these grants will be subject to time-based vesting conditions over the next five years and one third will be subject to a



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performance-based vesting condition. Performance based awards have been excluded from the pro forma statement of operations because the performance condition is based on the Company's stock price and is not readily determinable. In addition, we will pay \$16 million of cash bonuses to certain executives in connection with this offering, which will be recognized over five years of service as described in Management Compensation Discussion and Analysis Compensation Actions During 2015 Cash Bonuses in Connection with this Offering.

(in millions)	Year ended December 31, 2014	Six months ended June 30, 2015
Estimated expense for time-based awards	\$ 19	\$ 10
Expense related to cash bonuses	3	1
Savings from automatic termination of Management Agreement with KKR	(20)	(10)
	\$ 2	\$ 1

- (e) Represents the net reduction in interest expense associated with the redemption of \$510 million aggregate principal amount of our 11.25% senior unsecured notes due 2021 and approximately \$2.0 billion aggregate principal amount of our 12.625% senior unsecured notes due 2021 with the net proceeds from this offering. We expect to incur \$394 million in debt extinguishment costs (\$359 million in call premiums, \$19 million in write-off of discounts and \$16 million in write-off of debt issuance costs associated with these transactions).
- (f) Amounts utilized in earnings per share computations for pro forma as adjusted are as follows:

	Year ended December 31, 2014	Six months ended June 30, 2015
Basic weighted-average shares	889,037,680(i)	891,391,168(i)
Common stock equivalents	8,299,366(ii)	11,012,683(ii)
	897,337,046	902,403,851

- (i) Includes 13.7 million shares of restricted stock that will vest either upon the completion of this offering or within the 180-day lock-up period after the date of this prospectus.
- (ii) Includes 5.9 million options that will vest either upon the completion of this offering or within the 180-day lock-up period after the date of this prospectus.
- (g) Represents \$16 million of cash bonuses which will be paid to certain executives in connection with this offering and \$7 million in expenses payable by us expected to be incurred in connection with this offering, offset by a current prepaid expense increase of \$3 million related to the cash bonuses.

- (h) Represents \$16 million in write-off of debt issuance costs associated with repayment of debt with the net proceeds of this offering, offset by a \$13 million increase in long-term prepaid expenses associated with the cash bonuses discussed in note (g) above.
  
- (i) Represents the redemption of \$510 million aggregate principal amount of our 11.25% senior unsecured notes due 2021 and approximately \$2.0 billion aggregate principal amount of our 12.625% senior unsecured notes due 2021 with the net proceeds from this offering.

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(j) Represents the change to additional paid-in capital as a result of this offering as follows:

**(in millions)**

Gross proceeds (i)	\$ 3,040
Share-based compensation expense to be recognized over the 180-day lock-up period	195
Share-based compensation expense to be recognized upon the completion of this offering	95
Underwriting discounts and commissions	(114)
Expenses expected to be incurred in connection with this offering	(7)
Par value of Class A common stock issued in connection with this offering	(2)
	<b>\$ 3,207</b>

(i) Assumes an offering of 160,000,000 shares of our Class A common stock at an initial public offering price of \$19.00 per share, the mid-point of the price range set forth on the cover of this prospectus.

(k) Represents the change to accumulated loss as a result of this offering as follows:

**(in millions)**

Debt extinguishment costs associated with the reduction of debt with the net proceeds of this offering	\$ (394)
Share-based compensation expense to be recognized over the 180-day lock-up period after the date of this prospectus	(195)
Share-based compensation expense to be recognized upon the completion of this offering	(95)
Termination fee paid to KKR as described in Certain Relationships and Related Party Transactions Management Agreement	(78)
	<b>\$ (762)</b>

As of June 30, 2015, we had unrecognized stock-based compensation expense of \$503 million, of which \$195 million will be recognized in connection with this offering over the 180-day lock-up period after the date of this prospectus and \$95 million will be recognized upon the completion of this offering. The amounts that will be recognized in connection with this offering were included as an adjustment to accumulated loss as discussed above. During the third quarter of 2015, we authorized the grant of restricted stock, restricted stock units, and options to certain executives in connection with this offering. These awards are expected to be valued at \$145 million based on the mid-point of the estimated price range set forth on the cover page of this prospectus, resulting in incremental unrecognized compensation expense. The amortization of these time-based awards is included in the pro forma statement of operations as described in (d) above. The remaining unrecognized stock-based compensation expense, which is not included in the pro forma statement of operations, will be recognized over the requisite service period, generally over three to five years. See our audited and unaudited consolidated financial statements included elsewhere in this prospectus for additional information on stock compensation plans.



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The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data as of December 31, 2013 and 2014 and for the years ended December 31, 2012, 2013 and 2014 have been derived from our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. The selected historical consolidated financial data for the six month periods ended June 30, 2014 and 2015 and as of June 30, 2015 have been derived from our unaudited consolidated financial statements and related notes appearing elsewhere in this prospectus, which have been prepared on a basis consistent with our annual audited consolidated financial statements. The selected historical consolidated financial data as of December 31, 2010, 2011 and 2012 and for the years ended December 31, 2010 and 2011 have been derived from our audited consolidated financial statements and related notes thereto not included in this prospectus. The selected historical consolidated financial data as of June 30, 2014 have been derived from our unaudited consolidated financial statements and related notes thereto not included in this prospectus, which have been prepared on a basis consistent with our annual audited consolidated financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for these periods. The results of operations for the interim periods are not necessarily indicative of the results for the full year or any future period.

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

(in millions, except shares and per share data)	Year Ended December 31,					Six Months Ended June 30,	
	2010	2011	2012	2013	2014	2014 (unaudited)	2015 (unaudited)
<b>Statement of Operations Data:</b>							
Revenues	\$ 10,380	\$ 10,714	\$ 10,680	\$ 10,809	\$ 11,152	\$ 5,477	\$ 5,567
Operating expenses <sup>(1)</sup>	9,782	9,728	9,578	9,629	9,701	4,803	4,878
Other operating expenses, net <sup>(2)</sup>	82	44	28	56	13	7	20
Interest expense	(1,797)	(1,833)	(1,896)	(1,867)	(1,739)	(927)	(813)
Net loss	(847)	(336)	(562)	(775)	(265)	(142)	(30)
Net loss attributable to First Data Corporation	(1,022)	(516)	(736)	(952)	(458)	(235)	(138)
Depreciation and amortization <sup>(3)</sup>	1,526	1,344	1,331	1,212	1,163	582	557
<b>Historical:</b>							
Net loss per share:							
Basic and diluted	\$ (1,022,000)	\$ (516,000)	\$ (736,000)	\$ (952,000)	\$ (458,000)	\$ (235,000)	\$ (138,000)
Weighted average common shares outstanding:							

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Basic and diluted	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Pro forma:</i> <sup>(4)</sup>							
Net income per share							
Basic					\$	0.34	\$ 0.03
Diluted					\$	0.34	\$ 0.03
Weighted average common shares outstanding:							
Basic						889,037,680	891,391,168
Diluted						897,337,046	902,403,851

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(in millions)	As of December 31,					As of June 30,	
	2010	2011	2012	2013	2014	2014	2015
						(unaudited)	
<b>Balance Sheet Data:</b>							
Total assets	\$ 37,544	\$ 40,276	\$ 37,865	\$ 35,178	\$ 34,200	\$ 37,168	\$ 34,497
Total current and long-term settlement assets	7,059	10,839	9,228	7,557	7,558	9,810	8,031
Total liabilities	33,456	36,801	35,207	33,534	31,600	35,803	32,209
Settlement obligations	7,059	10,838	9,226	7,553	7,557	9,806	8,031
Long-term borrowings	22,439	22,522	22,549	22,614	20,760	22,678	20,721
Other long-term liabilities <sup>(5)</sup>	2,153	1,459	1,313	1,302	1,309	1,358	1,368
Redeemable noncontrolling interests	28	67	67	69	70	70	78
Total equity	4,060	3,408	2,591	1,575	2,530	1,295	2,210

- (1) Operating expenses include Cost of services; Cost of products sold; Selling, general and administrative; Reimbursable debit network fees, postage and other; and Depreciation and amortization.
- (2) Other operating expenses, net includes restructuring, net; impairments; and litigation and regulatory settlements, as applicable to the periods presented.
- (3) Includes amortization of initial payments for new contracts, which is recorded as a contra revenue within Transaction and processing service fees and amortization related to equity method investments, which is netted within Equity earnings in affiliates in our consolidated statements of operations.
- (4) Gives effect to the Reorganization, the 2015 Refinancing, this offering and the related use of proceeds, and, for the year ended December 31, 2014 only, the 2014 Equity Recapitalization, and the repayment of all outstanding debt of FDH, which occurred during 2014, as if each had occurred on January 1, 2014. See Unaudited Pro Forma Consolidated Financial Statements.
- (5) Other long-term liabilities include Long-term deferred tax liabilities.

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

*The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with Prospectus Summary, Summary Historical Consolidated Financial Data, Selected Historical Consolidated Financial Data, and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results may differ materially from those anticipated in any forward-looking statements as a result of many factors, including those set forth under Special Note Regarding Forward-Looking Statements, Risk Factors, and elsewhere in this prospectus.*

**Executive Overview**

First Data sits at the center of global electronic commerce. We believe we offer our clients the most complete array of integrated solutions in the industry, covering their needs across next generation commerce technologies, merchant acquiring, issuing, and network solutions. We serve our clients in 118 countries, reaching approximately 6 million business locations and over 4,000 financial institutions. We believe we have the industry's largest distribution network, driven by our partnerships with many of the world's leading financial institutions, our direct sales force, and a network of distribution partners. We are the largest merchant acquirer, issuer processor, and independent network services provider in the world, enabling businesses to accept electronic payments, helping financial institutions issue credit, debit and prepaid cards, and routing secure transactions between them. In 2014, we processed 74 billion transactions globally, or over 2,300 per second, and processed 28% of the world's eCommerce volume. In our largest market, the United States, we acquired \$1.7 trillion of payment volume, accounting for nearly 10% of U.S. GDP last year.

Our business is characterized by transaction related fees, multi-year contracts, and a diverse client base, which allows us to grow alongside our clients. Our multi-year contracts allow us to achieve a high level of recurring revenues with the same clients. While the contracts typically do not specify fixed revenues to be realized thereunder, they do provide a framework for revenues to be generated based on volume of services provided during such contract's term. Our business also generally requires minimal incremental capital expenditures and working capital to support additional revenue within our existing business lines.

**Our Segments**

In the second quarter of 2015, we realigned our operating segments into three reportable segments: Global Business Solutions, Global Financial Solutions, and Network & Security Solutions. The realignment of our segments was designed to establish global lines of businesses that support our global client base and allow us to further globalize our solutions while working seamlessly with our teams across our regions (the United States and Canada ( North America ), Europe, Middle East and Africa ( EMEA ), Latin America ( LATAM ), and Asia Pacific ( APAC )) and be supported by a corporate team focused on companywide issues. Following the realignment, we retroactively adjusted all segment information to reflect this new segmentation.

In examining our performance, management places particular focus on our Segment Revenue and Segment EBITDA, as well as the operating metrics described in Segment Results.

*Global Business Solutions*



Our largest segment, Global Business Solutions, provides businesses of all sizes and types with a wide range of solutions at the point of sale, including merchant acquiring, eCommerce, mobile commerce, POS technology, and other business solutions. We serve approximately 4 million business locations in the United States and 2 million outside the United States. Our largest service in this segment is merchant acquiring, which facilitates the acceptance of commercial transactions at the point of sale, including retail transactions at physical

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business locations, mobile commerce transactions through mobile or tablet devices, or eCommerce transactions over the Internet. In 2014, we acquired \$1.7 trillion of payment volume in the United States and \$211 billion of payment volume outside the United States, up 2% and 14%, respectively, over 2013.

The Global Business Solutions segment generates approximately 77% of its revenues from clients in our North America region, 14% from clients in our EMEA region, 5% from clients in our APAC region, and 4% from clients in our LATAM region. The Global Business Solutions segment's revenues and earnings are impacted by the number of transactions, payment volume, the mix of credit cards, debit cards, stored value cards, and checks at the POS, and the size of the client. GBS generally experiences increased POS activity during the traditional holiday shopping period in the fourth quarter, the back-to-school buying period in the third quarter, and certain holidays.

### *Global Financial Solutions*

Our Global Financial Solutions segment provides financial institutions, which include bank and non-bank issuers such as retailers with proprietary card portfolios, with a broad range of solutions that enable them to offer financial products and solutions to their customers. We serve over 4,000 financial institutions globally and deliver value to clients through a variety of channels, including end-to-end outsourced processing, managed services, and various software delivery models utilizing our proprietary *VisionPLUS* application. Our solutions include credit, retail, commercial card and loan processing, and related supporting services. In 2014, we processed 6.5 billion transactions on our platforms.

The Global Financial Solutions segment generates approximately 55% of its revenues from clients in our North America region, 33% from clients in our EMEA region, 6% from clients in our LATAM region, and 6% from clients in our APAC region. Within the United States, revenues are diversified across financial institutions of all sizes, which are spread across the country. The Global Financial Solutions segment's revenues and earnings are impacted by the number of consumer, commercial, and retail private label credit card accounts that are issued and actively in use. Revenue and profit growth comes primarily from increased card usage, issuance of new cards from growth in existing clients and sales to new clients, and the related account conversions.

### *Network & Security Solutions*

Our Network & Security Solutions segment provides a wide range of network services and security, risk and fraud management solutions to business and financial institution clients in our GBS and GFS segments and independently to other financial institutions, businesses, governments, processors, and other clients. Our largest service in this segment is our *STAR Network*, which enables clients to encrypt, route, and decrypt various types of financial data, process debit and ATM transactions, and provide access to demand deposit accounts.

Our Network & Security Solutions segment is divided into four product lines: EFT Network, Stored Value Network, Security and Fraud, and Other.

## **Components of Revenue**

We generate revenue by providing commerce-enabling solutions. Set forth below is a description of our revenues by segment and factors impacting total revenues.

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### *Global Business Solutions*

Our GBS segment revenues are primarily derived from processing credit and debit card transactions for business clients and also include fees for providing processing, loyalty and software services and sales and leases of POS devices. Revenues are generated from a variety of sources:

Discount fees charged to a merchant, net of credit and debit card interchange and assessment fees charged by the payment networks. The discount fee is typically either a percentage of the purchase amount or an interchange fee plus a fixed dollar amount;

Processing fees charged to our alliances;

Processing fees charged to merchant acquirers who have outsourced their transaction processing to us;

Sales and leases of POS devices;

Fees from providing reporting and other services; and

Software and software-as-a-service fees generated from the *Clover App Market*.

GBS revenue is presented net of interchange fees and assessments but includes reimburseable debit network fees and other, which is also included as an expense.

A substantial portion of our business within the GBS segment is conducted through merchant alliances between the Company and financial institutions. If we have majority ownership and management control over an alliance, then the alliance's financial statements are consolidated with ours and the related processing fees are treated as an intercompany transaction and eliminated upon consolidation. If we do not have a controlling ownership interest in an alliance, we use the equity method of accounting to account for our investment in the alliance. As a result, our consolidated revenues include certain processing fees charged to alliances accounted for under the equity method.

A large portion of segment revenue is derived from transaction and processing related services. This business is dependent on macroeconomic consumer trends and global economic conditions that affect the volume of consumer spending and the use of electronic payments and changes in these factors have in the past impacted, and may in the future impact, our ability to grow this portion of the business. We have begun to implement recent initiatives, such as the introduction of several new products and expansion of our sales force, in an effort to grow this business versus prior periods.

### *Global Financial Solutions*

Our GFS revenues are primarily derived from credit and retail card processing services, output, loyalty and software services provided to financial institutions. Revenues for GFS services are typically generated on the basis of number of accounts on file, statements/letters printed and mailed, and personalized plastics issued.

*Network & Security Solutions*

Our NSS revenues are primarily derived from network and card processing fees and also include security, risk and fraud management solutions and information services. Network access fees charged to businesses are assessed generally on a per transaction basis.

**Recent Developments**

*New Products and Markets*

We recently launched new products to help our clients grow their businesses. For example:

*Clover Station* our tablet based integrated POS solution that simplifies the way SMBs operate.

*Clover Mobile* allows our clients to accept payments wherever their business takes them.

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*Clover Mini* redefines the payment terminal. In addition to its sleek design, cloud-based software, elegant ease of use, and ability to accept most payment types (including swipe, PIN debit, EMV, and near-field communication (NFC) transactions), it provides access to the Clover App Market designed to do for the small business owner what the smartphone did for the consumer. *Clover* has not yet had an opportunity to have a material impact on our financial performance to date, but we believe that *Clover* can play a significant role in our future growth.

*Insightics* an innovative cloud-based software that unlocks the power of big data behind payment transactions to give SMBs the ability to monitor key business metrics affecting their business, better understand customers to engage effectively, and derive more value from marketing and loyalty programs to grow revenue.

*Perka* a digital loyalty marketing platform, an alternative to traditional paper and plastic card-based incentive programs. With *Perka*, virtually any business can customize and launch a mobile loyalty program that works on all cell phones, creating customer loyalty and driving growth.

*Gyft* a leading digital platform that enables consumers to buy, send, manage, and redeem gift cards using mobile devices. *Gyft*'s capabilities, combined with our long-standing experience in prepaid solutions, create a distinct combination in a rapidly growing market for virtual gift cards. Additionally, in October 2014 *Gyft* became the first gift card solution to enable consumers to buy virtual gift cards with Apple Pay's in-app payment functionality.

We also recently announced a global alliance with a leading technology consultant to develop next generation payment technology software using our *VisionPLUS* platform.

Internationally, we expanded our presence in Brazil in the third quarter of 2014 with our launch of *Bin*, our Brazilian acquiring solution. Brazil is one of the fastest-growing payments markets in the world and our partnership with local banking cooperative, Bancoob, is providing access to an existing base of merchants and sponsorship to expand across Brazil.

In June 2015, we acquired Transaction Wireless, Inc. (TWI), a digital gift card distribution platform. TWI's cloud-based, digital gift card distribution platform supports comprehensive open and closed loop prepaid, store-branded gift card program management, offering end-to-end card management and business to business and business to customer distribution solutions for retailers, distributors and resellers. TWI will be reported as part of our Network & Security Solutions segment.

### *Changes in Capital Structure*

During 2014, we made significant changes to our capital structure to reduce our interest expense and increase our free cash flow. This included our parent company, FDH, completing a \$3.5 billion private equity placement. Approximately \$2.5 billion of the net proceeds were contributed to us as a capital contribution and used to strengthen our consolidated balance sheet by paying down approximately \$2.2 billion of debt and \$214 million in call premiums. Additionally, we repriced \$5.7 billion of our 2018 Term Loans during 2014. As a result, as of December 31, 2014, we had a weighted average interest rate of 7.4% across our debt and approximately 80% of our debt was at a fixed rate, providing a measure of protection if interest rates begin to rise.

On June 2, 2015, we refinanced our senior secured revolving credit facility and increased the amount available under this facility to \$1.25 billion. On July 10, 2015, we entered into a joinder agreement to our senior secured credit facilities providing for incremental term loans of \$725 million and 250 million (\$276 million), the proceeds of which were used to redeem \$955 million of our 7.375% senior secured first lien notes due 2019. Associated with the redemption, we incurred approximately \$43 million in interest and call premiums. Should interest rates remain stable, we anticipate that these transactions will reduce our cash interest expense going forward.

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On August 11, 2015, we issued \$1.2 billion of our 5.375% senior secured first lien notes due 2023. The proceeds of this offering were used to repurchase and redeem the remaining outstanding amounts of our 7.375% senior secured first lien notes due 2019 and our 8.875% senior secured first lien notes due 2020 and pay related fees and expenses. These transactions are anticipated to reduce our cash interest expense going forward.

In addition, we will use the proceeds of this offering to repay certain indebtedness.

We also plan to effect the Reorganization, which will change the structure of our capital stock. See Prospectus Summary Corporate History and Information and Description of Capital Stock.

## **Factors and Trends Impacting Our Business and Results of Operations**

We believe there are a number of factors that impact our business, results of operations and financial condition. In general, revenues across our Global Business Solutions, Global Financial Solutions and Network & Security Solutions segments are impacted by factors such as global economic and consumer spending trends, foreign exchange rates, geopolitical events, the pace of adoption of commerce-enablement and payment solutions, types and quantities of products and services provided to enterprises, timing and length of contract renewals, new enterprise wins, retention rates, mix of payment solution types employed by consumers, changes in interchange rates and size of enterprise served.

Additional factors impacting our Global Business Solutions segment include the mix of business vertical categories served and the pace of business creation and dissolution.

Additional factors impacting our Global Financial Solutions segment include the mix of financial institution types served, financial industry consolidation and regulatory changes.

Additional factors impacting our Network & Security Solutions segment include the mix of enterprise types served, the pace of business creation and dissolution, financial industry consolidation, regulatory changes, the occurrence of data breaches and cybersecurity threats.

We also believe our results of operations could be impacted by changes to our expense structure as a result of capital structure modifications, operational efficiencies, investments in new products and solutions, advancements in technology, foreign exchange rates, geographic expansion, acquisitions and divestitures.

## **Factors Affecting the Comparability of Our Results of Operations**

As a result of a number of factors, our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods. Key factors affecting the comparability of our results of operations are summarized below.

### *Currency Impact*

A portion of our revenues and liabilities are in foreign currencies. As a result, changes in foreign currencies against the U.S. dollar can impact our results of operations. Additionally, we have substantial intercompany debts in foreign currencies, which impacts our results of operations. In recent periods, the U.S. dollar has appreciated significantly

against most foreign currencies, which has negatively impacted our revenues generated in foreign currencies as presented in U.S. dollars in our consolidated financial statements. We have presented changes related to our segment results of operations on a constant currency basis in Segment Results.

*Interest Expense and Debt Extinguishment Costs*

As a result of the 2014 Equity Recapitalization, we incurred substantial debt extinguishment costs, but lowered the average interest rate of our outstanding debt and thereby lowered our interest expense. In connection with



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the use of proceeds from this offering, we also expect to incur debt extinguishment costs, but expect to lower our ongoing interest expense. We also anticipate that the 2015 Refinancing will lower our ongoing interest expense.

### *Sale of Electronic Funds Source LLC*

The sale of Electronic Funds Source LLC (EFS) in the second quarter of 2014 resulted in a pretax gain of \$98 million and we no longer generate the revenues or EBITDA that were associated with the EFS business.

### *TeleCheck*

The amount of revenue generated from our *TeleCheck* business continues to drop steadily. Our *TeleCheck* business involves the verification and guaranteeing of checks. The revenue generated by this business is decreasing with the general decline in the use of checks.

### *Stock-Based Compensation Expense*

Most of our outstanding stock-based compensation awards vest upon the later of a service condition, a liquidity event, such as this offering, or termination of employment. In connection with this offering, we expect to incur \$290 million in stock-based compensation expense, of which \$195 million will be recognized over the 180-day lock-up period after the date of this prospectus and \$95 million will be recognized upon the completion of this offering. Furthermore, we expect stock-based compensation to be higher in the future as our awards will be expensed over the requisite service period. See note 11 *Stock Compensation Plans* in the audited consolidated financial statements included elsewhere in this prospectus for additional information about our stock compensation plans.

### *Management Fee Expenses*

In connection with this offering, our Management Agreement (as defined herein) with KKR will terminate and going forward, we will not incur annual expenses related to this agreement.

## **Results of Operations**

Consolidated results should be read in conjunction with segment results and the Segment Information notes to our consolidated financial statements included elsewhere in this prospectus, which provides more detailed discussions concerning certain components of our consolidated statements of operations. All significant intercompany accounts and transactions have been eliminated within the consolidated results.

**Table of Contents****Consolidated Results for the Six Months Ended June 30, 2015 and 2014**

(in millions)	Six Months Ended June 30,		Percent Change
	2015	2014	
	(unaudited)		
<b>Statement of Operations Data:</b>			
Revenues	\$ 5,567	\$ 5,477	2 %
Expenses:			
Cost of services (exclusive of items shown below)	1,369	1,300	5 %
Cost of products sold	161	160	1 %
Selling, general and administrative	1,046	1,010	4 %
Reimbursable debit network fees, postage and other	1,799	1,805	%
Depreciation and amortization	503	528	(5)%
Other operating expenses, net	20	7	186 %
Total expenses	4,898	4,810	2 %
Operating profit	669	667	%
Interest income	2	7	(71)%
Interest expense	(813)	(927)	(12)%
Loss on debt extinguishment		(3)	(100)%
Other income	11	83	(87)%
	(800)	(840)	(5)%
Loss before income taxes and equity earnings in affiliates	(131)	(173)	(24)%
Income tax expense	13	77	(83)%
Equity earnings in affiliates	114	108	6 %
Net loss	(30)	(142)	(79)%
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	108	93	16 %
Net loss attributable to First Data	\$ (138)	\$ (235)	(41)%

**Operating revenues overview**

(in millions)	Six months ended June 30,		Percent Change
	2015	2014	
Transaction and processing service fees	\$ 3,233	\$ 3,212	1%

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Product sales and other	535	460	16%
Reimbursable debit network fees, postage, and other	1,799	1,805	%
Total revenues	\$ 5,567	\$ 5,477	2%

*Transaction and processing service fees* revenue increased during the six months ended June 30, 2015 compared to the same period in 2014 driven by net volume increases, which includes organic growth and net lost business, of approximately \$95 million and net rate increases of approximately \$20 million that includes a timing benefit resulting from certain fee increases which only impacted the first quarter of 2015, partially offset by an incentive payment received during 2014 and negative foreign exchange rate movements. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees revenue growth rates by approximately 3 percentage points for the six months ended June 30, 2015 compared to the same period in 2014. Refer to Segment Results within this prospectus for additional information on our growth drivers.

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*Product sales and other* revenue increased for the six months ended June 30, 2015 compared to the same period in 2014 due to growth in equipment sales of \$34 million and a \$45 million increase in software sales, partially offset by negative foreign currency fluctuations.

**Operating expenses overview**

(in millions)	Six months ended June 30,		
	2015	2014	Percent Change
Cost of services (exclusive of items shown below)	\$ 1,369	\$ 1,300	5%
Cost of products sold	161	160	1%
Selling, general, and administrative	1,046	1,010	4%
Reimbursable debit network fees, postage, and other	1,799	1,805	%
Depreciation and amortization	503	528	(5)%
Other operating expenses, net (a)	20	7	186%
<b>Total expenses</b>	<b>\$ 4,898</b>	<b>\$ 4,810</b>	<b>2%</b>

(a) Other operating expenses, net includes restructuring, net.

*Cost of services* expense increased for the six months ended June 30, 2015 compared to the same period in 2014 due to an increase in employee and contractor related expenses of \$25 million as a result of product development initiatives. The first quarter of 2015 was negatively impacted by two customer related matters totaling \$25 million. Additionally, in the first quarter of 2014, cost of services benefited by a combined \$17 million from a tax recovery in Australia and a gain on the revaluation of settlement funds associated with the devaluation of the Argentina Peso. In addition, the rate of increase was impacted by a combined \$18 million in expenses recognized during 2014 for uncollectible receivables and a legal reserve. The remaining difference is driven by numerous immaterial items.

*Cost of products sold* expense increased for the six months ended June 30, 2015 compared to the same period in 2014 due to growth in equipment sales, partially offset by lower expenses driven by the strength of the U.S. dollar, which lowered these expenses by 6%.

**Selling, general, and administrative**

(in millions)	Six months ended June 30,		
	2015	2014	Percent Change
Salaries, wages, bonus, and other	\$ 391	\$ 381	3%
Independent sales organizations (ISO) commissions	308	285	8%
Outside professional services	105	105	%
Internal sales commissions	75	68	10%
Other	167	171	(2)%
<b>Selling, general, and administrative expense</b>	<b>\$ 1,046</b>	<b>\$ 1,010</b>	<b>4%</b>

*Selling, general, and administrative* expense increased for the six months ended June 30, 2015 compared to the same period in 2014 due to increased commissions of \$30 million driven by sales growth, marketing activity of \$8 million and an increase in employee related expenses of \$35 million. This increase was partially offset by a change in compensation programs of \$19 million due to our shift toward equity compensation as well as a decrease in stock compensation expense of \$11 million related to the departure of fewer executive officers in 2015.

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*Depreciation and amortization* expense decreased for the six months ended June 30, 2015 compared to the same period in 2014 due to a decrease in the amortization of acquisition related intangible assets.

*Other operating expenses, net* includes restructuring. Refer to note 3 *Restructuring* to our unaudited consolidated financial statements included elsewhere in this prospectus for details regarding restructuring charges and our restructuring program. Pursuant to our recently announced expense management initiative, we are seeking to achieve \$200 million in annualized savings by mid-2016. We expect to incur \$75 million of restructuring charges of which we incurred \$20 million during the six months ended June 30, 2015, related to severance costs. The first half of 2015 did not include any meaningful savings as a result of this program.

***Interest income (expense)***

(in millions)	Six months ended June 30,		
	2015	2014	Percent Change
Interest income	\$ 2	\$ 7	(71)%
Interest expense	(813)	(927)	(12)%

*Interest income* decreased for the six months ending June 30, 2015 compared to the same period in 2014 due to liquidation of short-term investments during the first quarter of 2015.

*Interest expense* decreased for the six months ending June 30, 2015 compared to the same period in 2014 due to lower outstanding debt balances as a result of debt extinguishments, lower interest rates as a result of debt exchanges and refinancing, and lower financing fees amortization. Refer to note 5 *Borrowings* to our unaudited consolidated financial statements included elsewhere in this prospectus for additional information.

***Loss on debt extinguishment***

We incurred a \$3 million loss on the extinguishment of debt during the first half of 2014.

***Other income (expense)***

(in millions)	Six months ended June 30,	
	2015	2014
Investment gains	\$	\$ 89
Derivative financial instruments losses	(16)	(4)
Divestitures, net gains	3	1
Non-operating foreign currency gains (losses)	24	(3)
Other income (expense)	\$ 11	\$ 83

*Investment gains* in the six months ended June 30, 2014 relate to the sale of our 30% minority interest in EFS resulting in a pretax gain of \$89 million.

*Derivative financial instruments losses* increased for the six months ending June 30, 2015 compared to the same period in 2014 due to the fair value adjustments on our interest rate swaps and cross currency swaps that are not

designated as accounting hedges.

*Non-operating foreign currency gains and (losses)* for the six months ended June 30, 2015 and 2014 relate to currency translations on our euro-denominated debt and our intercompany loans. The gain in the six months ended June 30, 2015 was driven by the U.S. dollar strengthening 8% against the euro.

**Table of Contents*****Income taxes***

(in millions)	Six months ended June 30,	
	2015	2014
Income tax expense	\$ 13	\$ 77
Effective income tax rate	(77)%	(118)%

The effective tax rate for the six months ended June 30, 2015 was different from the statutory rate as a result of our inability to recognize tax benefits attributable to our domestic losses while at the same time recording tax expense on our foreign earnings. Our tax expense in all quarters was also impacted by us not recording tax expense on noncontrolling interests from pass through entities.

Our liability for unrecognized tax benefits was \$242 million as of June 30, 2015. We anticipate that it is reasonably possible that the liability for unrecognized tax benefits may decrease by \$0 to \$124 million over the next twelve months beginning June 30, 2015 as a result of the possible closure of federal tax audits, potential settlements with certain states and foreign countries and the lapse of the statute of limitations in various state and foreign jurisdictions.

***Equity earnings in affiliates***

(in millions)	Six months ended June 30,		
	2015	2014	Percent Change
Equity earnings in affiliates	\$ 114	\$ 108	6%

*Equity earnings in affiliates* increased for the six months ended June 30, 2015 compared to the same period in 2014 mostly due to higher volumes, pricing initiatives, and increased terminal revenues.

***Net income attributable to noncontrolling interests and redeemable noncontrolling interest***

(in millions)	Six months ended June 30,		
	2015	2014	Percent Change
Net income attributable to noncontrolling interests and redeemable noncontrolling interest	\$ 108	\$ 93	16%

*Net income attributable to noncontrolling interests and redeemable noncontrolling interest* mostly relates to our consolidated alliances. Net income attributable to noncontrolling interests and redeemable noncontrolling interest increased for the six months ended June 30, 2015 compared to the same period in 2014 due to net volume growth including both organic growth and net lost business, partially offset by attrition. Refer to note 7 Redeemable Noncontrolling Interests to our unaudited consolidated financial statements included elsewhere in this prospectus for additional information.



**Table of Contents****Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012**

(in millions)	Year Ended December 31,			Percent Change	
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Revenues	\$ 11,152	\$ 10,809	\$ 10,680	3%	1%
Expenses:					
Cost of services (exclusive of items shown below)	2,668	2,723	2,781	(2)%	(2)%
Cost of products sold	330	328	330	1%	(1)%
Selling, general and administrative	2,043	1,980	1,913	3%	4%
Reimbursable debit network fees, postage and other	3,604	3,507	3,362	3%	4%
Depreciation and amortization	1,056	1,091	1,192	(3)%	(8)%
Other operating expenses, net	13	56	28	(77)%	100%
Total expenses	9,714	9,685	9,606	%	1%
Operating profit	1,438	1,124	1,074	28%	5%
Interest income	11				