FIRST DATA CORP
Form 10-Q
November 12, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2014
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-11073

FIRST DATA CORPORATION
(Exact name of registrant as specified in its charter)
www.firstdata.com

DELAWARE	47-0731996
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

225 LIBERTY STREET 29th FLOOR NEW YORK, NEW YORK	10281
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code (800) 735-3362

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2014
Common Stock, $0.01 par value per share	1,000 shares

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FORWARD LOOKING STATEMENTS

Certain matters the Company discusses in this Quarterly Report on Form 10-Q and in other public statements may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates,” or “anticipates” or similar expressio 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. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. While there is no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those in the forward-looking statements include: (a) our high degree of leverage; (b) our ability to implement and improve processing systems to provide new products, improve functionality and increase efficiencies, including our merchant suite, Clover, Perka and Gyft solutions; (c) our ability to anticipate and respond to technological changes, particularly with respect to e-commerce and mobile commerce, (d) our merchant alliance program which involves several alliances not under our sole control and each of which acts independently of the others; (e) our ability to prevent a material breach of security of any of our systems; (f) catastrophic events that impact our or our major customers’ operating facilities, communication systems and technology; (g) adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise; (h) the impact of new laws, regulations, credit card association rules or other industry standards, including new U.S. financial regulatory reform legislation and regulations; (i) our ability to successfully convert accounts under service contracts with major clients; (j) consolidation among client financial institutions or other client groups that impacts our client relationships; (k) credit and fraud risks in our business units and the merchant alliances, particularly in the context of e-commerce markets; (l) changes in the interest rate environment that increases interest on our borrowings; (m) new lawsuits, investigations or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings, and other risks that are set forth in Part II, “Item 1A. Risk Factors” of this Form 10-Q and those that are set forth in the “Risk Factors” and “Management Discussion and Analysis of Results of Operations and Financial Condition” sections of the Annual Report on Form 10-K for the period ended December 31, 2013. We do not intend to revise or update any forward-looking statement because of new information or future developments that may arise.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in millions)	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Revenues:				
Transaction and processing service fees:				
Merchant related services (a)	$1,019.9	$996.4	$3,015.3	$2,963.2
Check services	65.5	70.8	198.1	214.5
Card services (a)	458.4	423.7	1,345.5	1,250.2
Other services	135.5	129.3	378.0	364.6
Product sales and other (a)	223.7	215.5	638.7	622.8
Reimbursable debit network fees, postage and other	888.1	876.4	2,692.9	2,596.5
Total revenues	2,791.1	2,712.1	8,268.5	8,011.8
Expenses:				
Cost of services (exclusive of items shown below)	692.2	708.6	2,024.8	2,119.2
Cost of products sold	82.6	80.9	245.2	246.9
Selling, general and administrative	503.7	463.6	1,479.7	1,420.1
Reimbursable debit network fees, postage and other	888.1	876.4	2,692.9	2,596.5
Depreciation and amortization	268.7	271.3	796.2	818.2
Other operating expenses:	=			
Restructuring, net	3.2	7.8	10.5	46.0
Total expenses	2,438.5	2,408.6	7,249.3	7,246.9
Operating profit	352.6	303.5	1,019.2	764.9
Interest income	2.5	2.7	9.1	8.0
Interest expense	(417.6)	(469.0)	(1,347.8)	(1,410.2)
Loss on debt extinguishment	(260.1)	—	(260.1)	—
Other income (expense)	56.4	(36.2)	139.8	(20.9)
	(618.8)	(502.5)	(1,459.0)	(1,423.1)
Loss before income taxes and equity earnings in affiliates	(266.2)	(199.0)	(439.8)	(658.2)
Income tax (benefit) expense	(23.1)	28.6	53.5	101.7
Equity earnings in affiliates	54.8	47.3	163.2	136.0
Net loss	(188.3)	(180.3)	(330.1)	(623.9)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	46.3	39.2	139.5	122.1
Net loss attributable to First Data Corporation	$(234.6)	$(219.5)	$(469.6)	$(746.0)

(a) Includes processing fees, administrative service fees and other fees charged to merchant alliances accounted for under the equity method of $45.2 million and $135.2 million for the three and nine months ended September 30, 2014, respectively, and $40.3 million and $122.0 million for the comparable periods in 2013.

See Notes to Consolidated Financial Statements.

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FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Net loss	$(188.3)	$(180.3)	$(330.1)	$(623.9)
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities	1.5	0.1	1.5	1.0
Foreign currency translation adjustment	(152.1)	79.5	(167.8)	(68.3)
Pension liability adjustments	0.1	1.2	0.8	3.5
Total other comprehensive income (loss), net of tax	(150.5)	80.8	(165.5)	(63.8)
Comprehensive loss	(338.8)	(99.5)	(495.6)	(687.7)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	39.8	41.6	132.7	122.5
Comprehensive loss attributable to First Data Corporation	$(378.6)	$(141.1)	$(628.3)	$(810.2)

See Notes to Consolidated Financial Statements.

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FIRST DATA CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions, except common stock share amounts)	As of September 30, 2014	As of December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$386.4	$425.3
Accounts receivable, net of allowance for doubtful accounts of $46.1 and $32.4	1,666.4	1,763.9
Settlement assets	7,085.0	7,541.8
Other current assets	316.2	345.1
Total current assets	9,454.0	10,076.1
Property and equipment, net of accumulated depreciation of $1,243.9 and $1,149.9	898.5	849.4
Goodwill	17,141.0	17,247.8
Customer relationships, net of accumulated amortization of $4,761.9 and $4,418.3	2,748.0	3,162.3
Other intangibles, net of accumulated amortization of $1,919.6 and $1,743.5	1,750.5	1,719.6
Investment in affiliates	1,114.0	1,334.3
Long-term settlement assets	7.2	15.2
Other long-term assets	873.9	835.1
Total assets	$33,987.1	$35,239.8
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$258.6	$287.8
Short-term and current portion of long-term borrowings	119.8	146.3
Settlement obligations	7,089.1	7,553.4
Other current liabilities	1,361.5	1,630.5
Total current liabilities	8,829.0	9,618.0
Long-term borrowings	20,722.8	22,556.8
Long-term deferred tax liabilities	536.7	553.0
Other long-term liabilities	753.5	750.1
Total liabilities	30,842.0	33,477.9
Commitments and contingencies (See Note 8)		
Redeemable noncontrolling interest	69.7	69.1
First Data Corporation shareholder's deficit:		
Common stock, $0.01 par value; 1,000 shares authorized and issued (2014 and 2013)	—	—
Additional paid-in capital	9,902.2	7,384.0
Paid-in capital	9,902.2	7,384.0
Accumulated loss	(9,194.4)	(8,284.9)
Accumulated other comprehensive loss	(747.4)	(588.7)
Total First Data Corporation shareholder's deficit	(39.6)	(1,489.6)
Noncontrolling interests	3,115.0	3,182.4
Total equity	3,075.4	1,692.8
Total liabilities and equity	$33,987.1	$35,239.8

See Notes to Consolidated Financial Statements.

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FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30,	
(in millions)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(330.1)	$(623.9)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	877.8	908.1
Charges related to other operating expenses and other income	130.8	66.9
Other non-cash and non-operating items, net	(8.1)	(5.1)
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:		
Accounts receivable, current and long-term	52.8	193.5
Other assets, current and long-term	57.6	3.8
Accounts payable and other liabilities, current and long-term	(180.1)	(243.8)
Income tax accounts	(23.5)	32.5
Net cash provided by operating activities	577.2	332.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from dispositions, net of expenses paid	270.1	14.5
Additions to property and equipment	(213.8)	(132.3)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(196.1)	(128.0)
Acquisitions, net of cash acquired	(30.3)	—
Proceeds from sale of property and equipment	2.7	4.2
Other investing activities	1.8	7.2
Payments related to other businesses previously acquired	—	0.2
Net cash used in investing activities	(165.6)	(234.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings, net	(35.8)	(3.1)
Proceeds from issuance of long-term debt	350.0	—
Debt modification payments and related financing costs, net	(342.8)	(55.5)
Principal payments on long-term debt	(2,233.7)	(72.4)
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interest	(201.6)	(156.5)
Purchase of noncontrolling interest	(1.0)	(23.7)
Capital transactions with parent, net	2,035.2	(29.0)
Net cash used in financing activities	(429.7)	(340.2)
Effect of exchange rate changes on cash and cash equivalents	(20.8)	(7.3)
Change in cash and cash equivalents	(38.9)	(249.7)
Cash and cash equivalents at beginning of period	425.3	608.3
Cash and cash equivalents at end of period	$386.4	$358.6

See Notes to Consolidated Financial Statements.

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FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	First Data Corporation Shareholder					
Nine months ended September 30, 2014 (in millions)	Common Shares	Accumulated Loss	Accumulated Other Comprehensive Loss	Paid-In Capital	Noncontrolling Interests	Total
Balance, December 31, 2013	—	$ (8,284.9)	$ (588.7)	$7,384.0	$ 3,182.4	$1,692.8
Dividends and distributions paid to noncontrolling interests	—	—	—	—	(175.4)	(175.4)
Net (loss) income (a)	—	(469.6)	—	—	114.8	(354.8)
Other comprehensive (loss) income	—	—	(158.7)	—	(6.8)	(165.5)
Adjustment to noncontrolling interest and redemption value of redeemable noncontrolling interest	—	—	—	(3.1)	—	(3.1)
Stock compensation expense and other	—	—	—	39.4	—	39.4
Capital Contribution from First Data Holdings	—	—	—	2,481.9	—	2,481.9
Cash dividends paid by First Data Corporation to Parent	—	(439.9)	—	—	—	(439.9)
Balance, September 30, 2014	—	$ (9,194.4)	$ (747.4)	$9,902.2	$ 3,115.0	$3,075.4

Nine months ended September 30, 2013 (in millions)						
Balance, December 31, 2012	—	$(7,387.8)	$(552.2)	$7,341.5	$3,224.9	$2,626.4
Dividends and distributions paid to noncontrolling interests	—	—	—	—	(130.5)	(130.5)
Net (loss) income (a)	—	(746.0)	—	—	97.5	(648.5)
Other comprehensive loss	—	—	(64.2)	—	0.4	(63.8)
Adjustment to redemption value of redeemable noncontrolling interest	—	—	—	(2.0)	—	(2.0)
Stock compensation expense and other	—	—	—	30.8	—	30.8
Cash dividends paid by First Data Corporation to Parent	—	(21.5)	—	—	—	(21.5)
Purchase of noncontrolling interest	—	—	—	5.8	3.2	9.0
Balance, September 30, 2013	—	$(8,155.3)	$(616.4)	$7,376.1	$3,195.5	$1,799.9

(a) The total net loss presented in the Consolidated Statements of Equity for the nine months ended September 30, 2014 and 2013 is $24.7 million and $24.6 million, respectively, greater than the amount presented on the Consolidated Statements of Operations due to the net income attributable to the redeemable noncontrolling interest not included in equity.

See Notes to Consolidated Financial Statements.

FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
Note 1: Basis of Presentation and Summary of Significant Accounting Policies

Business Description

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

Basis of Presentation

The accompanying Consolidated Financial Statements of FDC should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2013. Significant accounting policies disclosed therein have not changed.

The accompanying Consolidated Financial Statements are unaudited; however, in the opinion of management, they include all normal recurring adjustments necessary for a fair presentation of the consolidated financial position of the Company as of September 30, 2014 and the consolidated results of its operations and comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013 and the consolidated cash flows and changes in equity for the nine months ended September 30, 2014 and 2013. Results of operations reported for interim periods are not necessarily indicative of results for the entire year due in part to the seasonality of certain business units.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from these estimates.

Presentation

Depreciation and amortization presented as a separate line item on the Company's Consolidated Statements of Operations does not include amortization of initial payments for new contracts which is recorded as a contra-revenue within "Transaction and processing service fees." Also not included is amortization related to equity method investments which is netted within the "Equity earnings in affiliates" line. The following table presents the amounts associated with such amortization for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Amortization of initial payments for new contracts	$12.0	$10.4	$34.4	$30.7
Amortization related to equity method investments	$15.5	$19.7	$47.2	$59.2

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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Revenue Recognition

The Company recognizes revenues from its processing services as such services are performed. Revenue is recorded net of certain costs such as credit and offline debit interchange fees and assessments charged by credit card associations. Debit network fees related to acquired personal identification number based debit ("PIN-debit") transactions are recognized in the "Reimbursable debit network fees, postage and other" revenue and expense lines of the Consolidated Statements of Operations. The following table presents the amounts associated with processing services revenue for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Interchange fees and assessments	$5,217.7	$4,925.0	$15,091.1	$14,319.7
Debit network fees	$729.1	$727.9	$2,221.5	$2,157.0

New Accounting Guidance

In May 2014, the Financial Accounting Standards Board issued guidance that requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in an exchange for those goods or services. It also requires enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively, and improves guidance for multiple-element arrangements. The guidance applies to any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance is effective for public companies for annual periods beginning after December 15, 2016 as well as interim periods within those annual periods using either the full retrospective approach or modified retrospective approach. Early adoption is not permitted. The Company is currently evaluating the impacts of the new guidance on its consolidated financial statements.

Note 2: Supplemental Financial Information

Supplemental Statement of Operations Information

The following table details the components of "Other income (expense)" on the Consolidated Statements of Operations for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Investment gains	$11.2	$—	$100.2	$2.3
Derivative financial instruments gains and (losses)	6.0	(25.5)	1.9	(11.3)
Divestiture gains	—	2.3	1.6	2.3
Non-operating foreign currency gains and (losses)	39.2	(13.0)	36.1	(14.2)
Other income (expense)	$56.4	$(36.2)	$139.8	$(20.9)

Supplemental Cash Flow Information

During the nine months ended September 30, 2014, the Company refinanced and repriced a number of debt agreements as well as completed an offer to exchange several of its senior notes for publicly traded notes having substantially identical terms and guarantees, except that the exchange notes are freely tradable. See Note 5 "Borrowings" for more information.

During the nine months ended September 30, 2014 and 2013, the Company entered into capital leases, net of trade-ins, totaling approximately $101 million and $109 million, respectively.

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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 3: Acquisitions and Dispositions

Acquisition

In August 2014, the Company acquired Gyft, Inc. (“Gyft”), a leading digital platform that enables consumers to buy, send, manage and redeem gift cards using mobile devices. The final purchase consideration will vary based on contingent consideration which will be determined based on sales for the next three years. The acquisition will be reported as part of the Merchant Solutions segment. Refer to Note 13 "Fair Value Measurement" for additional information regarding the liability for contingent consideration.

Disposition

On May 29, 2014, the Company completed the sale of its 30% minority interest in a transportation payments business, Electronic Funds Source LLC (“EFS”), which was reported as part of the Merchant Solutions segment. During the second quarter of 2014, the Company recognized a gain on sale of $88.9 million recorded in “Other income (expense)” in the Consolidated Statements of Operations, comprised of $255.1 million in cash reduced by its investment and associated deal costs of $166.2 million, and recorded an income tax provision of $8.8 million. During the third quarter of 2014, the Company received $9.3 million in additional proceeds and recorded an incremental gain in "Other income (expense)" in the Consolidated Statements of Operations as a result of the final settlement of the sale. The Company also recorded an additional tax provision of $0.6 million related to the sale.

Note 4: Restructuring

Restructuring Charges and Reversal of Restructuring Accruals

The Company recorded restructuring charges during the three and nine months ended September 30, 2014 and 2013, in connection with management’s alignment of the business with strategic objectives and cost savings initiatives as well as refinements of estimates. During the nine months ended September 30, 2013, the Company also recorded restructuring charges in connection with the departure of executive officers.

A summary of net pretax benefits (charges), incurred by segment, was as follows for the periods presented:

	Pretax Benefit (Charge)				
(in millions)	Merchant Solutions	Financial Services	International	All Other and Corporate	Totals
Three months ended September 30, 2014					
Restructuring charges	$(1.2)	$(0.1)	$—	$(2.9)	$(4.2)
Restructuring accrual reversals	—	—	0.3	0.7	1.0
Total pretax charge, net of reversals	$(1.2)	$(0.1)	$0.3	$(2.2)	$(3.2)
Nine months ended September 30, 2014					
Restructuring charges	$(2.9)	$(0.5)	$—	$(10.4)	$(13.8)
Restructuring accrual reversals	0.6	0.2	1.2	1.3	3.3
Total pretax charge, net of reversals	$(2.3)	$(0.3)	$1.2	$(9.1)	$(10.5)
Three months ended September 30, 2013					

Restructuring charges	$(1.8)	$(3.6)	$(0.6)	$(4.1)	$(10.1)
Restructuring accrual reversals	1.2	0.2	0.6	0.3	2.3
Total pretax charge, net of reversals	$(0.6)	$(3.4)	$—	$(3.8)	$(7.8)
Nine months ended September 30, 2013					
Restructuring charges	$(16.9)	$(8.5)	$(1.4)	$(22.4)	$(49.2)
Restructuring accrual reversals	1.9	0.2	0.6	0.5	3.2
Total pretax charge, net of reversals	$(15.0)	$(8.3)	$(0.8)	$(21.9)	$(46.0)

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The following table summarizes the Company's utilization of restructuring accruals during the period presented:

(in millions)	Employee Severance
Remaining accrual as of January 1, 2014	$21.1
Expense provision	13.8
Cash payments and other	(16.6)
Changes in estimates	(3.3)
Remaining accrual as of September 30, 2014	$15.0

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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 5: Borrowings

The following table presents the Company’s outstanding borrowings as of the dates indicated:

(in millions)	As of September 30, 2014	As of December 31, 2013
Short-term borrowings:		
Senior secured revolving credit facility	$—	$—
Foreign lines of credit and other arrangements	31.3	68.7
Total short-term borrowings	31.3	68.7
Current portion of long-term borrowings (a):		
4.85% Unsecured notes due 2014, net of unamortized discount of $0.0 and $0.1	3.8	3.7
4.95% Unsecured notes due 2015, net of unamortized discount of $0.3	9.5	—
Capital lease obligations	75.2	73.9
Total current portion of long-term borrowings	88.5	77.6
Long-term borrowings (a):		
Senior secured term loan facility due March 2017, net of unamortized discount of $11.3 and $23.3	1,451.3	2,657.8
Senior secured term loan facility due March 2018, net of unamortized discount of $48.4 and $22.1	4,944.7	4,655.6
Senior secured term loan facility due September 2018, net of unamortized discount of $29.1 and $27.5	978.9	980.5
Senior secured term loan facility due March 2021, net of unamortized discount of $10.9	1,187.6	—
7.375% Senior secured first lien notes due 2019, net of unamortized discount of $19.7 and $22.9	1,575.3	1,572.1
8.875% Senior secured first lien notes due 2020, net of unamortized discount of $10.5 and $11.8	499.5	498.2
6.75% Senior secured first lien notes due 2020, net of unamortized discount of $14.9 and $25.7	1,382.6	2,124.3
8.25% Senior secured second lien notes due 2021, net of unamortized discount of $11.2 and $12.5	1,988.5	1,987.2
8.75%/10.00% Payment In-Kind toggle senior secured second lien notes due 2022, net of unamortized discount of $5.9 and $6.5	994.1	993.5
12.625% Senior unsecured notes due 2021, net of unamortized discount of $16.8 and $18.8	2,983.2	2,981.2
10.625% Senior unsecured notes due 2021, net of unamortized discount of $16.1 and $27.4	513.7	787.6
11.25% Senior unsecured notes due 2021, net of unamortized discount of $15.7 and $27.0	494.5	758.0
11.25% Senior unsecured subordinated notes due 2016	—	750.0
11.75% Senior unsecured subordinated notes due 2021, net of unamortized discount of $11.3 and $38.0	1,597.4	1,712.0
4.95% Unsecured notes due 2015, net of unamortized discount of $0.6	—	9.2

Capital lease obligations	131.5	89.6
Total long-term borrowings	20,722.8	22,556.8
Total borrowings	$20,842.6	$22,703.1

(a) Unamortized discount amounts are as of September 30, 2014 and December 31, 2013, respectively.

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Short-Term Borrowings

As of September 30, 2014 and December 31, 2013, FDC had approximately $175 million and $265 million available, respectively, under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity. These arrangements are 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. Certain of these arrangements are uncommitted, but FDC had $31.3 million and $68.6 million of borrowings outstanding against them as of September 30, 2014 and December 31, 2013, respectively.

Senior Secured Credit Facilities

Senior Secured Revolving Credit Facility As of September 30, 2014, FDC's senior secured revolving credit facility had commitments from financial institutions to provide approximately $1.0 billion of credit. Up to $500 million of the senior secured revolving credit facility is available for letters of credit, of which $43.4 million and $46.3 million were issued and outstanding as of September 30, 2014 and December 31, 2013, respectively. FDC had no borrowings outstanding against this facility as of September 30, 2014 or December 31, 2013, other than the letters of credit discussed above. As of September 30, 2014, $973 million remained available under this facility after considering the outstanding letters of credit.

2014 Modifications and Amendments to the Senior Secured Term Loan Facility On January 30, 2014, FDC amended its senior secured term loan facility. Under the amendment, FDC extended the maturity of approximately $941 million of its existing U.S. dollar denominated term loans and approximately €154 million of its existing euro denominated term loans, in each case, from March 24, 2017 to March 24, 2021 (the "2021 Extended Term Loans"). The interest rate applicable to the 2021 Extended Term Loans is a rate equal to, at the Company's option, either (a) LIBOR for deposits in the applicable currency plus 400 basis points or (b) solely with respect to term loans denominated in U.S. dollars, a base rate plus 300 basis points.

The Company also incurred an aggregate principal amount of approximately $1.4 billion in new U.S. dollar denominated term loans and approximately €25 million in new euro denominated term loans maturing on March 24, 2017 (the "2017 Second New Term Loans"). The interest rate applicable to the 2017 Second New Term Loans is a rate equal to, at the Company's option, either (a) LIBOR for deposits in the applicable currency plus 350 basis points or (b) solely with respect to term loans denominated in U.S. dollars, a base rate plus 250 basis points. The Company used the proceeds from the incurrence of the 2017 Second New Term Loans to repay an equal amount of its outstanding term loan borrowings maturing on March 24, 2017.

Additionally, the Company incurred an aggregate principal amount of approximately $63 million in new U.S. dollar denominated term loans maturing on March 24, 2021 (the "2021 New Term Loans"). The interest rate applicable to the 2021 New Term Loans is a rate equal to, at the Company's option, either (a) LIBOR for deposits in U.S. dollars plus 400 basis points or (b) solely with respect to term loans denominated in U.S. dollars, a base rate plus 300 basis points. The Company used the proceeds from the incurrence of the 2021 New Term Loans to repay an equal amount of its outstanding U.S. dollar denominated term loan borrowings maturing on March 24, 2017.

On July 18, 2014, the Company incurred an aggregate principal amount of approximately $4.6 billion in new U.S. dollar denominated loans and approximately €311 million in new euro denominated loans maturing on March 24, 2018 (the "2018 New Term Loans"). The interest rate applicable to the 2018 New Term Loans is a rate equal to, at the Company's option, either (a) LIBOR for deposits in the applicable currency plus 350 basis points or (b) solely with respect to term loans denominated in U.S. dollars, a base rate plus 250 basis points. The Company used a portion of the proceeds from the incurrence of the 2018 New Term Loans to repay its outstanding term loans borrowings maturing on March 24, 2018, with approximately $350 million in remaining aggregate principal amount of 2018 New Term Loans to be used for general corporate purposes.

The Company also incurred an aggregate principal amount of approximately $1.0 billion in new U.S. dollar denominated term loans maturing on September 24, 2018 (the “2018B Second New Term Loans”). The interest rate applicable to the 2018B Second New Term Loans is a rate equal to, at the Company’s option, either (a) LIBOR for the deposits in U.S. dollars plus 350 basis points or (b) a base rate plus 250 basis points. The Company used the proceeds from the incurrence of the 2018B Second New Term Loans to repay outstanding U.S. dollar denominated term loan borrowings maturing on September 24, 2018.

The Company also modified certain other provisions of its credit agreement to provide for greater operational flexibility.

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In connection with the modifications and amendments to the senior secured term loan facility discussed above, the Company incurred lender fees and other expenses of approximately $11 million.

11.75% Senior Unsecured Subordinated Notes Due 2021

On January 6, 2014, the Company issued $725 million aggregate principal amount of additional 11.75% senior subordinated notes due August 15, 2021. The notes were issued at 103.5% of par for a premium of $25.4 million. The additional notes were treated as a single series with the existing 11.75% notes and will have the same terms as those of the existing 11.75% notes. The additional notes and the existing 11.75% notes will vote as one class under the indenture. FDC used the proceeds from the issue and sale of the additional notes, together with cash on hand, to redeem all of its outstanding 11.25% senior subordinated notes due 2016 and to pay related fees and expenses.

In connection with the debt offering and debt repurchase discussed above, the Company incurred lender fees and other expenses of approximately $8 million.

Debt Exchange

On March 14, 2014, FDC completed an offer to exchange all of its 10.625% senior unsecured notes due 2021, 11.25% senior unsecured notes due 2021, and 11.75% senior unsecured notes due 2021 for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes are freely tradable. There was no expenditure or receipt of cash associated with this exchange, other than professional fees incurred in connection with the registration statement itself.

Debt Repurchase

On July 11, 2014, First Data Holdings Inc., the direct parent company of the Company (“Holdings”), completed a $3.5 billion issuance of its common equity in a private placement. $2.5 billion of the net proceeds were contributed to the Company as a capital contribution and the funds were used to repay certain tranches of the Company’s debt.

On July 11, 2014, the Company used proceeds from the private placement to redeem $866 million aggregate principal of its 11.75% senior unsecured subordinated notes due 2021, plus accrued and unpaid interest. In addition, on July 21, 2014, the Company redeemed $753 million aggregate principal of its 6.75% senior secured first lien notes due 2020, $285 million aggregate principal of its 10.625% senior unsecured notes due 2021, and $275 million aggregate principal of its 11.25% senior unsecured notes due 2021, plus accrued and unpaid interest. In connection with these transactions, the Company incurred debt extinguishment costs of $260.1 million.

Note 6: Segment Information

For a detailed discussion of the Company’s principles and detailed discussions regarding its operating segments refer to Note 15 “Segment Information” in the Company’s Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

During the first quarter of 2014, the Company renamed its Retail and Alliance Services segment to Merchant Solutions to better reflect its transformation from a processor to a solutions and technology provider.

On October 1, 2014, the Company announced the expansion of its Management Committee. The Company is evaluating the changes to its reporting that may be made as a result of the expansion, to best assist the chief operating decision maker (the Company's Chief Executive Officer) in monitoring and managing the businesses. Should the reporting change, the Company will retroactively revise its segment disclosures.

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The following tables present the Company’s operating segment results for the periods presented:

	Three months ended September 30, 2014				
(in millions)	Merchant Solutions	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$811.1	$359.5	$350.6	$19.9	$1,541.1
Product sales and other	108.5	12.6	91.8	12.8	225.7
Equity earnings in affiliates (a)	—	—	7.1	—	7.1
Total segment reporting revenues	$919.6	$372.1	$449.5	$32.7	$1,773.9
Internal revenue	$3.3	$9.1	$1.5	$—	$13.9
External revenue	$916.3	$363.0	$448.0	$32.7	$1,760.0
Depreciation and amortization	$99.9	$84.7	$67.7	$9.0	$261.3
Segment EBITDA	$413.3	$184.7	$127.0	$(68.9)	$656.1
Other operating expenses and other income (expense) excluding divestitures	$46.9	$1.8	$9.0	$(4.4)	$53.3

	Three months ended September 30, 2013				
(in millions)	Merchant Solutions	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$819.8	$331.1	$331.4	$18.8	$1,501.1
Product sales and other	96.9	15.3	92.8	13.2	218.2
Equity earnings in affiliates (a)	—	—	7.4	—	7.4
Total segment reporting revenues	$916.7	$346.4	$431.6	$32.0	$1,726.7
Internal revenue	$5.8	$9.1	$2.6	$—	$17.5
External revenue	$910.9	$337.3	$429.0	$32.0	$1,709.2
Depreciation and amortization	$114.1	$82.5	$65.0	$9.4	$271.0
Segment EBITDA	$410.3	$162.7	$126.0	$(71.9)	$627.1
Other operating expenses and other income (expense) excluding divestitures	$(16.8)	$(3.5)	$(7.3)	$(18.7)	$(46.3)

(a) Excludes equity losses that were recorded in expense and the amortization related to the excess of the investment balance over the Company’s proportionate share of the investee’s net book value for the International segment.

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	Nine months ended September 30, 2014				
(in millions)	Merchant Solutions	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$2,416.8	$1,042.5	$1,029.6	$57.5	$4,546.4
Product sales and other	304.4	35.7	266.5	39.2	645.8
Equity earnings in affiliates (a)	—	—	22.5	—	22.5
Total segment reporting revenues	$2,721.2	$1,078.2	$1,318.6	$96.7	$5,214.7
Internal revenue	$14.9	$26.9	$5.2	$—	$47.0
External revenue	$2,706.3	$1,051.3	$1,313.4	$96.7	$5,167.7
Depreciation and amortization	$308.8	$240.7	$193.7	$36.9	$780.1
Segment EBITDA (b)	$1,238.6	$540.8	$378.4	$(206.9)	$1,950.9
Other operating expenses and other income (expense) excluding divestitures	$109.9	$1.6	$(3.7)	$19.9	$127.7

	Nine months ended September 30, 2013				
(in millions)	Merchant Solutions	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$2,414.6	$979.5	$973.0	$57.0	$4,424.1
Product sales and other	291.7	34.7	269.5	33.5	629.4
Equity earnings in affiliates (a)	—	—	22.6	—	22.6
Total segment reporting revenues	$2,706.3	$1,014.2	$1,265.1	$90.5	$5,076.1
Internal revenue	$16.7	$25.5	$7.5	$—	$49.7
External revenue	$2,689.6	$988.7	$1,257.6	$90.5	$5,026.4
Depreciation and amortization	$338.2	$245.7	$198.5	$34.7	$817.1
Segment EBITDA	$1,193.8	$446.5	$341.6	$(201.7)	$1,780.2
Other operating expenses and other income (expense) excluding divestitures	$10.8	$(8.4)	$18.1	$(89.7)	$(69.2)

(a) Excludes equity losses that were recorded in expense and the amortization related to the excess of the investment balance over the Company’s proportionate share of the investee’s net book value for the International segment.

(b) For the nine months ended September 30, 2014, International EBITDA has been adjusted to exclude the impact of $12 million reserve for uncollectible receivables in Latin America. This change was made to conform with a similar change made to management's internal presentation during the current quarter.

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A reconciliation of reportable segment amounts to the Company's consolidated balances was as follows for the periods presented:

(in millions)	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Segment Revenues:				
Total reported segments	$1,741.2	$1,694.7	$5,118.0	$4,985.6
All Other and Corporate	32.7	32.0	96.7	90.5
Adjustment to reconcile to Adjusted revenue:				
Official check and money order revenues (a)	(0.4)	(0.8)	(2.5)	(3.2)
Eliminations of intersegment revenues	(13.9)	(17.5)	(47.0)	(49.7)
Adjusted revenue	1,759.6	1,708.4	5,165.2	5,023.2
Adjustments to reconcile to Consolidated revenues:				
Adjustments for non-wholly-owned entities (b)	14.6	3.0	30.9	26.3
Official check and money order revenues (a)	0.4	0.8	2.5	3.2
ISO commission expense	128.4	123.5	377.0	362.6
Reimbursable debit network fees, postage and other	888.1	876.4	2,692.9	2,596.5
Consolidated revenues	$2,791.1	$2,712.1	$8,268.5	$8,011.8
Segment EBITDA:				
Total reported segments (d)	$725.0	$699.0	$2,157.8	$1,981.9
All Other and Corporate	(68.9)	(71.9)	(206.9)	(201.7)
Adjusted EBITDA	656.1	627.1	1,950.9	1,780.2
Adjustments to reconcile to Net loss attributable to First Data Corporation:				
Adjustments for non-wholly-owned entities (b)	8.1	0.5	16.9	3.2
Depreciation and amortization	(268.7)	(271.3)	(796.2)	(818.2)
Interest expense	(417.6)	(469.0)	(1,347.8)	(1,410.2)
Interest income	2.5	2.7	9.1	8.0
Loss on debt extinguishment	(260.1)	—	(260.1)	—
Other items (c) (d)	44.3	(49.8)	95.2	(86.4)
Income tax expense	23.1	(28.6)	(53.5)	(101.7)
Stock based compensation	(11.7)	(5.5)	(45.4)	(36.1)
Official check and money order EBITDA (a)	—	0.4	1.1	1.9
Costs of alliance conversions	(4.1)	(17.8)	(16.9)	(59.1)
KKR related items	(6.4)	(8.3)	(20.2)	(24.4)
Debt issuance costs	(0.1)	0.1	(2.7)	(3.2)
Net loss attributable to First Data Corporation	$(234.6)	$(219.5)	$(469.6)	$(746.0)

(a) Represents an adjustment to exclude the official check and money order businesses from revenue and EBITDA due to the Company's wind down of these businesses.

(b) Represents the net adjustment to reflect First Data's proportionate share of alliance revenue and EBITDA within the Merchant Solutions segment, equity earnings in affiliates included in International segment revenue and amortization related to equity method investments not included in segment EBITDA.

(c) Includes restructuring, litigation and regulatory settlements, divestitures and impairments as applicable to the periods presented and "Other income (expense)" as presented in the Consolidated Statements of Operations.

(d) For the nine months ended September 30, 2014, International EBITDA and Other items have been adjusted to exclude the impact of $12 million reserve for uncollectible receivables in Latin America. This change was made to conform to management's internal presentation.

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Segment assets were as follows as of the dates presented:

(in millions)	As of September 30, 2014	As of December 31, 2013
Assets:		
Merchant Solutions	$22,981.5	$23,905.3
Financial Services	3,982.8	4,176.2
International	5,091.5	5,222.9
All Other and Corporate	1,931.3	1,935.4
Consolidated	$33,987.1	$35,239.8

A reconciliation of reportable segment depreciation and amortization amounts to the Company's consolidated balances in the Consolidated Statements of Cash Flows was as follows for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Depreciation and amortization:				
Total reported segments	$252.3	$261.6	$743.2	$782.4
All Other and Corporate	9.0	9.4	36.9	34.7
Total Segment depreciation and amortization	$261.3	$271.0	$780.1	$817.1
Adjustments for non-wholly-owned entities	$22.9	$20.0	$63.3	$60.3
Amortization of initial payments for new contracts	12.0	10.4	34.4	30.7
Total consolidated depreciation and amortization per Consolidated Statements of Cash Flows	$296.2	$301.4	$877.8	$908.1
Less: Amortization of equity method investment	$(15.5)	$(19.7)	$(47.2)	$(59.2)
Less: Amortization of initial payments for new contracts	(12.0)	(10.4)	(34.4)	(30.7)
Total consolidated depreciation and amortization per Consolidated Statements of Operations	$268.7	$271.3	$796.2	$818.2

Note 7: Redeemable Noncontrolling Interest

The following table presents a summary of the redeemable noncontrolling interest activity during the periods presented:

(in millions)	2014	2013
Balance as of January 1,	$69.1	$67.4
Distributions	(26.2)	(26.0)
Share of income	24.7	24.6
Adjustment to redemption value of redeemable noncontrolling interest	2.1	2.0
Other	—	(0.1)
Balance as of September 30,	$69.7	$67.9

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Note 8: Commitments and Contingencies

The Company is involved in various legal proceedings. Accruals have been made with respect to these matters, where appropriate, which are reflected in the Company’s Consolidated Financial Statements. The Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. The matters discussed below, if decided adversely to or settled by the Company, individually or in the aggregate, may result in liability material to the Company’s financial condition and/or results of operations.

Legal

There are asserted claims against the Company where an unfavorable outcome is considered to be reasonably possible. These claims can generally be categorized in the following areas: (1) patent infringement which results from claims that the Company is using technology that has been patented by another party; (2) merchant matters often associated with alleged processing errors, disclosure issues, underwriting issues, or claims relating to federal or state requirements regarding credit reporting or collection in connection with its check verification guarantee, and collection activities; and (3) other matters which may include issues such as employment. The Company’s estimates of the possible ranges of losses in excess of any amounts accrued are $0 to $30 million for patent infringement, $0 to $60 million for merchant matters and $0 to $5 million for other matters, resulting in a total estimated range of possible losses of $0 to $95 million for all of the matters described above.

The estimated range of reasonably possible losses is based on currently available information and involves elements of judgment and significant uncertainties. As additional information becomes available and the resolution of the uncertainties becomes more apparent, it is possible that actual losses may exceed even the high end of the estimated range.

Other

In the normal course of business, the Company is subject to claims and litigation, including indemnification obligations. Management of the Company believes that such matters will not have a material adverse effect on the Company’s results of operations, liquidity or financial condition.

Note 9: Employee Benefit Plans

The following table provides the components of net periodic benefit expense for the Company’s defined benefit pension plans for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Service costs	$1.1	$0.6	$3.2	$1.9
Interest costs	10.4	9.3	31.1	28.0
Expected return on plan assets	(12.7)	(10.9)	(38.0)	(32.8)
Amortization	0.4	0.9	1.2	2.7
Net periodic benefit income	$(0.8)	$(0.1)	$(2.5)	$(0.2)

The Company estimates pension plan contributions for 2014 to be approximately $15 million. During the nine months ended September 30, 2014, approximately $13 million was contributed to the United Kingdom plan and no contributions were made to the U.S. plan.

Note 10: Stock Compensation Plans

The Company’s parent, Holdings, has a stock incentive plan for certain management employees of FDC and its affiliates. Stock compensation expense associated with this plan is recorded by FDC. Stock compensation expense for certain awards is only recognized upon liquidity or an employment termination event which triggers vesting. For the remaining awards that vest based solely on service conditions, expense is recognized over the requisite service period.

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Total stock-based compensation expense recognized in the "Selling, general and administrative" line item of the Consolidated Statements of Operations was as follows for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Total stock-based compensation expense (pretax)	$12.5	$5.5	$46.2	$37.1

During the nine months ended September 30, 2014, $35 million of stock-based compensation expense was recognized as a result of the departure of certain executive officers. During the nine months ended September 30, 2013, $20 million of stock-based compensation was recognized as a result of granting an executive officer shares of common stock of Holdings and fully vested restricted stock units.

Stock Options

As of September 30, 2014, there was $149 million of total unrecognized compensation expense related to non-vested stock options. $2 million will be recognized over a period of approximately one year while $147 million will only be recognized upon the occurrence of certain liquidity or employment termination events.

Restricted Stock Awards and Restricted Stock Units

In the first quarter of 2014, Holdings expanded participation in the plan by granting 31 million restricted stock awards to substantially all of the Company's employees. The restrictions on a majority of these awards will lapse upon the later of three years or following an initial public offering or upon certain employment termination events. For the remainder of these awards, the restrictions will lapse following a lock-up period after an initial public offering or upon certain employment termination events.

As of September 30, 2014, there was $174 million of total unrecognized compensation expense related to restricted stock. $3 million will be recognized over a period of approximately two years while $171 million will only be recognized upon the occurrence of certain liquidity or employment termination events.

For additional information on the Company's Stock Compensation Plans refer to Note 13 "Stock Compensation Plans" in the Company's Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Note 11: Investment Securities

The majority of the Company's investment securities is a component of settlement assets and represent the investment of funds received by the Company from prior sales of payment instruments (official checks and financial institution money orders) by authorized agents. Realized gains and losses and other-than-temporary impairments ("OTTI") on investments classified as settlement assets are recorded in the "Product sales and other" line item of the Consolidated Statements of Operations. The Company carried other investments which are included in the "Other current assets" and "Other long-term assets" line items of the Consolidated Balance Sheets and are discussed further below. Realized gains and losses on these investments are recorded in the "Other income" line item of the Consolidated Statements of Operations described in Note 2 "Supplemental Financial Information" of these Consolidated Financial Statements.

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The principal components of the Company's investment securities were as follows as of the dates indicated:

(in millions)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss) excluding OTTI	OTTI Recognized in OCI (a)	Fair Value
As of September 30, 2014					
Commercial paper	$4.5	$—	$—	$ —	$4.5
Corporate bonds	15.6	1.8	—	—	17.4
State and municipal obligations	33.6	—	—	—	33.6
Preferred stock	0.1	3.1	—	—	3.2
Total available-for-sale securities	53.8	4.9	—	—	58.7
Cost method investments	8.1	—	—	—	8.1
Totals	$61.9	$4.9	$—	$ —	$66.8
As of December 31, 2013					
Student loan auction rate securities	$8.5	$0.7	$—	$ —	$9.2
State and municipal obligations	74.8	—	—	—	74.8
Preferred stock	0.1	2.9	—	—	3.0
Total available-for-sale securities	83.4	3.6	—	—	87.0
Cost method investments	8.9	—	—	—	8.9
Totals	$92.3	$3.6	$—	$ —	$95.9

(a) For debt securities, represents the fair value adjustment excluding that attributable to credit losses.

The Company uses specific identification to determine the cost of a security sold and the amount of gains and losses reclassified out of other comprehensive income ("OCI") into the Consolidated Statements of Operations. Unrealized gains and losses on investments carried at fair value are included as a separate component of OCI, net of any related tax effects.

The following table presents additional information regarding available-for-sale securities for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2014	2013	2014	2013
Proceeds from sales and maturities	$6.6	$91.4	$105.8	$257.0
Purchases	$16.2	$29.5	$62.0	$142.3
Gross realized gains included in earnings as a result of sales and maturities	$—	$0.3	$1.3	$1.3
Net unrealized gains included in OCI, net of tax	$1.6	$0.3	$3.1	$2.2
Net gains reclassified out of OCI into earnings, net of tax	$0.1	$0.2	$1.6	$1.2

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The following table presents maturity information for the Company's investments in debt securities as of September 30, 2014:

(in millions)	Fair Value
Due within one year	$50.9
Due after one year through five years	4.4
Due after 10 years	0.2
Total debt securities	$55.5

The Company also maintained investments in non-marketable securities, held for strategic purposes (collectively referred to as "cost method investments") which are carried at cost and included in "Other long-term assets" in the Company's Consolidated Balance Sheets. These investments are evaluated for impairment upon an indicator of impairment such as an event or change in circumstances that may have a significant adverse effect on the fair value of the investment. As of September 30, 2014, there were no indicators of impairment. Where there are no indicators of impairment present, the Company estimates the fair value for the cost method investments only if it is practicable to do so. As of September 30, 2014, it was deemed impracticable to estimate the fair value on $2.8 million of cost method assets due to the lack of sufficient data upon which to develop a valuation model and the costs of obtaining an independent valuation in relation to the size of the investments.

Note 12: Derivative Financial Instruments

Risk Management Objectives and Strategies

The Company is exposed to various financial and market risks, including those related to changes in interest rates and foreign currency exchange rates that exist as part of its ongoing business operations. The Company utilizes certain derivative financial instruments to enhance its ability to manage these risks.

The Company uses derivative instruments (i) to mitigate cash flow risks with respect to changes in interest rates (forecasted interest payments on variable rate debt), (ii) to maintain a desired ratio of fixed rate and floating rate debt, and (iii) to protect the net investment in certain foreign subsidiaries and/or affiliates and intercompany loans with respect to changes in foreign currency exchange rates.

Derivative instruments are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company applies strict policies to manage each of these risks, including prohibition against derivatives trading, derivatives market-making or any other speculative activities. Although most of the Company's derivatives do not qualify for hedge accounting, they are maintained for economic hedge purposes and are not considered speculative.

The Company's policy is to manage its cash flow and net investment exposures related to adverse changes in interest rates and foreign currency exchange rates. The Company's objective is to engage in risk management strategies that provide adequate downside protection.

Accounting for Derivative Instruments and Hedging Activities

With respect to derivative instruments that qualify for hedge accounting, the effective portion of changes in the fair value of a derivative that is designated as a cash flow hedge is recorded in OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of a net investment hedge that qualifies for hedge accounting are recorded as part of the cumulative translation adjustment in OCI to the extent the hedge is effective. Any ineffectiveness associated with designated cash flow hedges, as well as any change in the fair value of a derivative that is not designated as a hedge, is recorded immediately in “Other income (expense)” in the Consolidated Statements of Operations.

The Company formally documents all relationships between hedging instruments and the underlying hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that have been designated as cash flow hedges to forecasted transactions and net investment hedges to the underlying investment in a foreign subsidiary or affiliate. The Company formally assesses both at inception of the hedge and on an ongoing basis, whether the hedge is highly effective in offsetting changes in cash flows or foreign currency exposure of the underlying hedged items. The Company also performs an assessment of the probability of the forecasted transactions on a periodic basis. If it is determined that a derivative ceases to be highly effective during the term of the hedge or if the forecasted transaction is no longer probable, the Company discontinues hedge accounting prospectively for such derivative.

Credit Risk

The Company monitors the financial stability of its derivative counterparties and all counterparties remain highly-rated (in the "A" category or higher). The credit risk inherent in these agreements represents the possibility that a loss may occur from the nonperformance of counterparty to the agreements. The Company performs a review at inception of the hedge, as circumstances warrant, and at least on a quarterly basis of the credit risk of these counterparties. The Company also monitors the concentration of its contracts with individual counterparties. The Company's exposures are in liquid currencies (primarily in U.S. dollars, euros and Australian dollars, British pounds and Canadian dollars), so there is minimal risk that appropriate derivatives to maintain the hedging program would not be available in the future.

Summary of Derivative Instruments

The Company's derivative instruments portfolio was comprised of the following:

Notional value (in millions)	As of September 30, 2014		As of December 31, 2013	
Interest rate contracts	USD	5,750.0	USD	5,750.0
Foreign exchange contracts	EUR	221.5	EUR	221.5
Foreign exchange contracts	AUD	260.0	AUD	215.0
Foreign exchange contracts	GBP	250.0	GBP	100.0
Foreign exchange contracts	CAD	110.0	CAD	75.0

Derivatives Not Qualifying for Hedge Accounting

During the nine months ended September 30, 2014 and 2013, the Company held certain derivative instruments that functioned as economic hedges but no longer qualified or were not designated to qualify for hedge accounting. Such instruments included cross-currency swaps held in order to mitigate foreign currency exposure on intercompany loans and a portion of the Company's net investment in its European operations, interest rate swaps held in order to mitigate the exposure to interest rate fluctuations on interest payments related to variable rate debt and a fixed to floating interest rate swap held to maintain a desired ratio of fixed and variable rate debt.

The Company holds interest rate swaps with a combined notional value of $5.8 billion. $5.0 billion of the interest rate swaps are intended to mitigate exposure to fluctuations in interest rates and will expire in September 2016. The Company also holds a $750 million fixed to floating interest rate swap in order to preserve the ratio of fixed to floating debt which expires on June 15, 2019, but is subject to a mandatory put that will result in cash settlement on June 15, 2015. The Company did not designate these swaps as hedges for accounting purposes.

During the nine months ended September 30, 2014 and 2013, the Company held cross-currency swaps not qualifying for hedge accounting with a total notional value of 21.5 million euro (approximately $27.4 million as of September 30, 2014).

For information on the location and amounts of derivative fair values in the Consolidated Balance Sheets, derivative gains and losses in the Consolidated Statements of Operations and accumulated derivative gains and losses in OCI, refer to the tables presented below.

Derivatives that Qualify for Hedge Accounting

Hedges of net investments in foreign operations During 2013, the Company entered into cross-currency swaps with aggregate notional values of 100.0 million Australian dollars expiring in January 2018, 200.0 million euro expiring in

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January 2016, 100.0 million British pounds expiring in August 2016 and 75.0 million Canadian dollars expiring in August 2016 that were designated as hedges of net investments in foreign operations.

During the nine months ended September 30, 2014, the Company entered into cross-currency swaps with aggregate notional values of 160.0 million Australian dollars expiring in April 2017, 150.0 million British pounds expiring in April 2017 and 35.0 million Canadian dollars expiring in April 2017 that were designated as hedges of net investments in foreign operations. Also during the nine months ended September 30, 2014, a 115.0 million Australian dollar cross-currency swap designated for hedge accounting matured.

For information on the location and amounts of derivative fair values in the Consolidated Balance Sheets, derivative gains and losses in the Consolidated Statements of Operations and accumulated derivative gains and losses in OCI, refer to the tables presented below.

Fair Value of Derivative Instruments

Fair Value of Derivative Instruments on the Consolidated Balance Sheets

	As of September 30, 2014	
(in millions)	Assets (a)(c)	Liabilities (b)(c)
Derivatives designated as hedging instruments		
Foreign exchange contracts	$55.3	$ (5.4)
Derivatives not designated as hedging instruments		
Interest rate contracts	48.8	(105.1)
Foreign exchange contracts	—	(0.5)
Total derivatives not designated as hedging instruments	48.8	(105.6)
Total derivatives	$104.1	$ (111.0)

	As of December 31, 2013	
(in millions)	Assets (a)(c)	Liabilities (b)(c)
Derivatives designated as hedging instruments		
Foreign exchange contracts	$16.9	$ (30.3)
Derivatives not designated as hedging instruments		
Interest rate contracts	47.2	(119.8)
Foreign exchange contracts	—	(2.9)
Total derivatives not designated as hedging instruments	47.2	(122.7)
Total derivatives	$64.1	$ (153.0)

(a) Derivative assets are included in the “Other current assets” and “Other long-term assets” lines of the Consolidated Balance Sheets.
(b) Derivative liabilities are included in the “Other current liabilities” and “Other long-term liabilities” lines of the Consolidated Balance Sheets.
(c) The Company presents all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements. Of the balances included in the table above, $104.1 million of assets and $101.8 million of liabilities, as of September 30, 2014 and $64.1 million of assets and $124.7 million of liabilities, as of December 31, 2013 were subject to master netting agreements with the counterparties. The terms of those agreements require that the Company net settle the outstanding positions at the option of the counterparty upon

certain events of default.

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Effect of Derivative Instruments in the Consolidated Statements of Operations

	Three months ended September 30,			
	2014		2013	
(in millions, pretax)	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts
Derivative in net investment hedging relationships:				
Amount of gain or (loss) recognized in OCI (effective portion)	$—	$62.3	$—	$(20.3)
Derivatives not designated as hedging instruments:				
Amount of gain or (loss) recognized in income (a)	$3.6	$2.4	$(24.3)	$(1.2)

	Nine months ended September 30,			
	2014		2013	
(in millions, pretax)	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts
Derivative in net investment hedging relationships:				
Amount of gain recognized in OCI (effective portion)	$—	$37.1	$—	$11.7
Derivatives not designated as hedging instruments:				
Amount of (loss) or gain recognized in income (a)	$(0.6)	$2.5	$(10.1)	$(1.2)

(a) Gain (loss) is recognized in the "Other income (expense)" line of the Consolidated Statements of Operations, as applicable.

Accumulated Derivatives Gains and Losses

The following table summarizes activity in other comprehensive income for the nine months ended September 30, 2014 related to derivative instruments classified as net investment hedges held by the Company for the periods presented:

(in millions, after tax)	Nine months ended September 30, 2014
Accumulated loss included in other comprehensive income (loss) at beginning of the period	$(12.3)
Increase in fair value of derivative that qualifies for hedge accounting (a)	22.1
Accumulated gain included in other comprehensive income (loss) at end of the period	$9.8

(a) Gains and losses are included in "Foreign currency translation adjustment" on the Consolidated Statements of Comprehensive Income (Loss).

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Note 13: Fair Value Measurement

Fair Value of Financial Instruments

Carrying amounts for certain of the Company's financial instruments (cash and cash equivalents and short-term borrowings) approximate fair value due to their short maturities. Accordingly, these instruments are not presented in the following table. The following table provides the estimated fair values of the remaining financial instruments as of the date indicated:

	As of September 30, 2014	
(in millions)	Carrying Value	Fair Value (a)
Financial instruments:		
Settlement assets:		
Short-term investment securities	$35.4	$35.4
Long-term investment securities	$7.2	$7.2
Other current assets:		
Short-term investment securities	$15.5	$15.5
Derivative financial instruments	$6.8	$6.8
Other long-term assets:		
Long-term investment securities	$0.6	$0.6
Cost method investments	$8.1	$8.1
Derivative financial instruments	$97.3	$97.3
Other current liabilities:		
Derivative financial instruments	$1.4	$1.4
Long-term borrowings:		
Long-term borrowings	$20,722.8	$22,071.1
Other long-term liabilities:		
Derivative financial instruments	$109.6	$109.6

(a) Represents cost for cost method investments. Refer to Note 11 "Investment Securities" of these Consolidated Financial Statements for a more detailed discussion of cost method investments.

The estimated fair values of investment securities and derivative financial instruments are described below. Refer to Note 11 "Investment Securities" and Note 12 "Derivative Financial Instruments" of these Consolidated Financial Statements for additional information regarding the Company's investment securities and derivative financial instruments, respectively.

The estimated fair market value of FDC's long-term borrowings was primarily based on market trading prices and is considered to be a Level 2 measurement. For additional information regarding the Company's borrowings, refer to Note 5 "Borrowings" of these Consolidated Financial Statements as well as to Note 8 "Borrowings" in the Company's Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Concentration of Credit Risk

The Company’s largest single issuer or financial institution represents approximately 35% of the total carrying value of the investment portfolio and the Company limits its derivative financial instruments credit risk by maintaining contracts with highly rated (in the “A” category or higher) counterparties. The Company periodically reviews the credit standings of these institutions.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial instruments carried and measured at fair value on a recurring basis are classified in the table below according to the fair value hierarchy as of the dates indicated:

(in millions)	As of September 30, 2014 Fair Value Measurement Using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Settlement assets:				
Commercial paper	$—	$4.5	$—	$4.5
Corporate bonds	—	1.9	—	1.9
State and municipal obligations	—	33.0	—	33.0
Preferred stock	3.2	—	—	3.2
Total settlement assets	3.2	39.4	—	42.6
Other current assets:				
Corporate bonds	15.5	—	—	15.5
Interest rate swap contracts	—	6.8	—	6.8
Other long-term assets:				
Available-for-sale securities	—	0.6	—	0.6
Foreign currency derivative contracts	—	55.3	—	55.3
Interest rate swap contracts	—	42.0	—	42.0
Total assets at fair value	$18.7	$144.1	$—	$162.8
Liabilities:				
Other current liabilities:				
Foreign currency derivative contracts	$—	$0.5	$—	$0.5
Interest rate swap contracts	—	0.9	—	0.9
Other long-term liabilities:				
Foreign currency derivative contracts	—	5.4	—	5.4
Interest rate swap contracts	—	104.2	—	104.2
Contingent consideration	—	—	29.0	29.0
Total liabilities at fair value	$—	$111.0	$29.0	$140.0

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	As of December 31, 2013			
	Fair Value Measurement Using			
(in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Settlement assets:				
Student loan auction rate securities	$—	$—	$9.2	$9.2
State and municipal obligations	—	74.2	—	74.2
Preferred stock	3.0	—	—	3.0
Total settlement assets	3.0	74.2	9.2	86.4
Other current assets:				
Interest rate swap contracts	—	0.9	—	0.9
Other long-term assets:				
Available-for-sale securities	—	0.6	—	0.6
Foreign currency derivative contracts	—	16.9	—	16.9
Interest rate swap contracts	—	46.3	—	46.3
Total assets at fair value	$3.0	$138.9	$9.2	$151.1
Liabilities:				
Other current liabilities:				
Interest rate swap contracts	$—	$0.6	$—	$0.6
Foreign currency derivative contracts	—	15.7	—	15.7
Other long-term liabilities:				
Foreign currency derivative contracts	—	17.5	—	17.5
Interest rate swap contracts	—	119.2	—	119.2
Contingent consideration	—	—	26.3	26.3
Total liabilities at fair value	$—	$153.0	$26.3	$179.3

Settlement assets - student loan auction rate securities

Due to the use of unobservable inputs, these instruments are classified as Level 3 within the fair value hierarchy at December 31, 2013. During the second quarter of 2014, the Company sold all of its SLARS investments. For additional information regarding SLARS, refer to Note 5 “Investment Securities” and Note 7 "Fair Value Measurement" in the Company’s Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

Settlement assets - other available-for-sale securities

Prices for the municipal and corporate securities are not quoted on active exchanges but are priced through an independent third-party pricing service based on quotations from market-makers in the specific instruments or, where appropriate, from other market inputs. Bonds were valued under a market approach using observable inputs including reported trades, benchmark yields, broker/dealer quotes, issuer spreads and other standard inputs. Commercial and municipal paper were valued under a market approach using observable inputs including maturity date, issue date, credit rating, current commercial paper rates and settlement date.

The Company's experience with these types of investments and the expectations of the current investments held is that they will be satisfied at the current carrying amount. These securities were classified as Level 2.

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Other current assets - corporate bonds

Other current assets - corporate bonds primarily includes $15.5 million of a Deutsche bank administered program authorized by the Argentine Government called Certificados de deposito Argentinos. These investments were classified as Level 1 of the fair value hierarchy at September 30, 2014.

Derivative financial instruments

The Company uses derivative instruments to mitigate certain risks. The Company's derivatives are not exchange listed and therefore the fair value is estimated under an income approach using Bloomberg analytics models that are based on readily observable market inputs. These models reflect the contractual terms of the derivatives, such as notional value and expiration date, as well as market-based observables including interest and foreign currency exchange rates, yield curves and the credit quality of the counterparties. The models also incorporate the Company's creditworthiness in order to appropriately reflect non-performance risk. Inputs to the derivative pricing models are generally observable and do not contain a high level of subjectivity and, accordingly, the Company's derivatives were classified within Level 2 of the fair value hierarchy. While the Company believes its estimates result in a reasonable reflection of the fair value of these instruments, the estimated values may not be representative of actual values that could have been realized or that will be realized in the near future. Refer to Note 12 "Derivative Financial Statements" of these Consolidated Financial Statements for additional information regarding the Company's derivative financial instruments.

Contingent liabilities

Over the past three years, the Company completed three acquisitions in which contingent consideration was recorded. The transactions called for cash consideration as well as contingent payments for achievement of certain milestones. As part of the purchase prices, the Company recorded $29.0 million in liabilities for the contingent consideration. This fair value measurement represents a Level 3 measurement as it is based on significant inputs not observable in the market. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date. The primary assumption is the estimated number of merchant locations that will be using the software through 2016. There has been no change in the fair value of contingent consideration during the nine months ended September 30, 2014, other than the acquisition of Gyft.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

During the nine months ended September 30, 2014 and 2013, the Company did not perform any material non-recurring fair value measurements.

Note 14: Income Taxes

The Company's effective tax rates on Loss before income taxes including Equity Earnings in affiliates were a benefit of 10.9% and an expense of 19.3% for the three and nine months ended September 30, 2014 and expenses of 18.9% and 19.5% for the same periods in 2013. The effective tax rates for the three and nine months ended September 30, 2014 and 2013 were different than the statutory rate primarily due to valuation allowances being recorded in certain tax jurisdictions against deferred tax benefits on pretax losses, while tax expense is recognized on pretax earnings in other jurisdictions. This negative adjustment was partially offset by net income attributable to noncontrolling interests from pass through entities for which there was no tax expense provided. In addition, the effective tax rates for the three and nine months ended September 30, 2014 were positively impacted by a valuation allowance release in certain foreign jurisdictions due to improved financial performance. As a result of the Company's pretax losses in each of the periods, favorable and unfavorable tax impacts have the opposite effect on the effective tax rate for these periods.

The balance of the Company's liability for unrecognized tax benefits was approximately $263 million as of September 30, 2014. The Company anticipates it is reasonably possible that its liability for unrecognized tax benefits may decrease by approximately $181 million within the next twelve months as the 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.

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Note 15: Investment in Affiliates

Operating results include the Company's proportionate share of income from affiliates, which consist of unconsolidated investments accounted for under the equity method of accounting. The most significant of these affiliates are related to the Company's merchant bank alliance program.

As of September 30, 2014, the Company has an unconsolidated significant subsidiary that is not required to be consolidated, but represents more than 20% of the Company's pretax loss. This affiliate became significant during the second quarter and its summarized financial information is presented below for the periods indicated:

(in millions)	Three months ended September 30, 2014	Nine months ended September 30, 2014
Net operating revenues	$207.1	$603.8
Operating expenses	86.4	254.8
Operating income	$120.7	$349.0
Net income	$121.1	$350.1
FDC equity earnings	$38.7	$111.0

Note 16: Supplemental Guarantor Condensed Consolidating Financial Statements

As described in Note 5 "Borrowings" of these Consolidated Financial Statements, and in Note 8 "Borrowings" in the Company's Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, FDC's 12.625% senior notes, 11.25% senior notes, 10.625% senior notes and 11.75% senior subordinated notes are guaranteed by most of the existing and future, direct and indirect, wholly-owned, domestic subsidiaries of FDC ("Guarantors"). The Guarantors guarantee the senior secured revolving credit facility, senior secured term loan facility, the 8.875% senior secured notes, the 7.375% senior secured notes and the 6.75% senior secured notes, which rank senior in right of payment to all existing and future unsecured and second lien indebtedness of FDC's guarantor subsidiaries to the extent of the value of the collateral. The Guarantors guarantee the 8.25% senior second lien notes and 8.75%/10.00% PIK toggle senior second lien notes which rank senior in right of payment to all existing and future unsecured indebtedness of FDC's guarantor subsidiaries to the extent of the value of the collateral. The 12.625% senior note, 10.625% senior note and 11.25% senior note guarantees are unsecured and rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiaries but senior in right of payment to all existing and future subordinated indebtedness of FDC's guarantor subsidiaries. The 11.75% senior subordinated note guarantee is unsecured and ranks equally in right of payment with all existing and future senior subordinated indebtedness of the guarantor subsidiaries.

All of the above guarantees are full, unconditional, and joint and several and each of the Guarantors is 100% owned, directly or indirectly, by FDC. None of the other subsidiaries of FDC, either direct or indirect, guarantee the notes ("Non-Guarantors"). The Guarantors are subject to release under certain circumstances as described below.

The credit agreement governing the guarantees of the senior secured revolving credit facility and senior secured term loan facility provide for a Guarantor to be automatically and unconditionally released and discharged from its guarantee obligations in certain circumstances, including under the following circumstances:

- the Guarantor ceases to be a "restricted subsidiary" for purpose of the agreement because FDC no longer directly or indirectly owns 50% of the equity or, if a corporation, stock having voting power to elect a majority of the board of directors of the Guarantor;
- the Guarantor is designated as an "unrestricted subsidiary" for purposes of the agreement covenants; or
- the Guarantor is no longer wholly owned by FDC subject to the value of all Guarantors released under this provision does not exceed (x) 10% of FDC's Consolidated EBITDA plus (y) the amount of investments permitted under the agreement in respect of non-guarantors.

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The indentures governing all of the other guarantees described above provide for a Guarantor to be automatically and unconditionally released and discharged from its guarantee obligations in certain circumstances, including upon the earliest to occur of:

- the sale, exchange or transfer of the subsidiary’s capital stock or all or substantially all of its assets;
- designation of the Guarantor as an “unrestricted subsidiary” for purposes of the indenture covenants;
- release or discharge of the Guarantor’s guarantee of certain other indebtedness; or
- legal defeasance or covenant defeasance of the indenture obligations when provision has been made for them to be fully satisfied.

During the first quarter of 2014, the Company corrected errors related to the presentation of cost allocations and interest on intercompany notes in the Guarantor condensed consolidating financial statements related primarily to 2008 and 2009. The Company does not believe these errors were material. The adjustments are limited to the guarantor footnote and do not affect any other reported amounts or disclosures in the Company’s consolidated financial statements. Refer to Note 15 “Supplemental Guarantor Condensed Consolidating Financial Statements” in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 for more information.

During the third quarter of 2014, the senior secured loan facilities were amended, and three subsidiaries were removed as guarantors. Although these changes were not material and did not have an impact to the Company’s consolidated financial statements, the Company adjusted prior periods to align with the new guarantor structure. These adjustments are limited to the guarantor footnote and do not affect any other reported amounts or disclosures in the Company’s consolidated financial statements. Refer to Note 5 "Borrowings" for additional information on the private placement. A summary of the adjustments is as follows:

	As of December 31, 2013							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions)	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted
ASSETS:								
Investment in consolidated subsidiaries	$24,393.3	$24,393.3	$5,314.0	$5,714.1	$—	$—	$(29,707.3)	$(30,107.4)
Total assets	$34,718.9	$34,718.9	$36,076.7	$35,524.7	$18,712.7	$21,159.6	$(54,268.5)	$(56,163.4)
LIABILITIES AND EQUITY:								
Total liabilities	$36,208.5	$36,208.5	$14,979.9	$15,483.3	$6,850.7	$7,842.1	$(24,561.2)	$(26,056.0)
First Data Corporation shareholder's equity	$(1,489.6)	$(1,489.6)	$21,096.8	$20,041.4	$5,417.2	$6,872.7	$(26,514.0)	$(26,914.1)
Total equity	$(1,489.6)	$(1,489.6)	$21,096.8	$20,041.4	$11,792.9	$13,248.4	$(29,707.3)	$(30,107.4)
Total liabilities and equity	$34,718.9	$34,718.9	$36,076.7	$35,524.7	$18,712.7	$21,159.6	$(54,268.5)	$(56,163.4)

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	For the three months ended September 30, 2013							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions)	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted
Revenues	$—	$—	$1,840.2	$1,688.1	$942.7	$1,094.8	$(70.8)	$(70.8)
(Loss) income before income taxes and equity earnings in affiliates	$(310.4)	$(310.4)	$168.2	$162.7	$130.8	$155.7	$(187.6)	$(207.0)
Income tax (benefit) expense	$(90.9)	$(90.9)	$68.6	$58.6	$50.9	$60.9	$—	$—
Net (loss) income attributable to First Data Corporation	$(219.5)	$(219.5)	$146.9	$146.9	$65.7	$85.1	$(212.6)	$(232.0)
Comprehensive (loss) income attributable to First Data Corporation	$(141.1)	$(141.1)	$136.3	$109.3	$164.0	$210.4	$(300.3)	$(319.7)

	For the nine months ended September 30, 2013							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions)	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted
Revenues	$—	$—	$5,410.8	$4,964.9	$2,812.6	$3,258.5	$(211.6)	$(211.6)
(Loss) income before income taxes and equity earnings in affiliates	$(936.1)	$(936.1)	$383.7	$386.7	$368.8	$409.4	$(474.6)	$(518.2)
Income tax (benefit) expense	$(190.1)	$(190.1)	$185.0	$175.3	$106.8	$116.5	$—	$—
Net (loss) income attributable to First Data Corporation	$(746.0)	$(746.0)	$334.1	$334.1	$223.3	$266.9	$(557.4)	$(601.0)
Comprehensive (loss) income attributable to First Data Corporation	$(810.2)	$(810.2)	$285.2	$314.9	$160.5	$174.4	$(445.7)	$(489.3)

	For the nine months ended September 30, 2013							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions)	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted	As previously reported	As adjusted
Net cash (used in) provided by operating	$(1,353.8)	$(1,462.1)	$963.7	$1,022.1	$722.1	$772.0	$—	$—

activities								
Net cash provided by (used in) investing activities	$146.3	$146.3	$(6.4)	$7.0	$(96.1)	$(109.5)	$(278.0)	$(278.0)
Net cash provided by (used in) financing activities	$986.3	$1,094.6	$(963.9)	$(1,027.7)	$(640.6)	$(685.1)	$278.0	$278.0

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The following tables present the results of operations, comprehensive income, financial position and cash flows of FDC ("FDC Parent Company"), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and consolidation adjustments for the period presented to arrive at the information for FDC on a consolidated basis.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended September 30, 2014				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$—	$967.0	$ 771.5	$(59.2)	$1,679.3
Product sales and other	—	134.0	104.5	(14.8)	223.7
Reimbursable debit network fees, postage and other	—	614.3	273.8	—	888.1
Total revenues	—	1,715.3	1,149.8	(74.0)	2,791.1
Expenses:					
Cost of services (exclusive of items shown below)	—	357.9	393.5	(59.2)	692.2
Cost of products sold	—	53.3	44.1	(14.8)	82.6
Selling, general and administrative	39.0	287.5	177.2	—	503.7
Reimbursable debit network fees, postage and other	—	614.3	273.8	—	888.1
Depreciation and amortization	2.8	152.8	113.1	—	268.7
Other operating expenses:					
Restructuring, net	2.3	0.6	0.3	—	3.2
Total expenses	44.1	1,466.4	1,002.0	(74.0)	2,438.5
Operating (loss) profit	(44.1)	248.9	147.8	—	352.6
Interest income	—	—	2.5	—	2.5
Interest expense	(413.3)	(2.8)	(1.5)	—	(417.6)
Loss on debt extinguishment	(260.1)	—	—	—	(260.1)
Interest income (expense) from intercompany notes	79.2	(74.1)	(5.1)	—	—
Other income (expense)	58.0	11.2	(12.8)	—	56.4
Equity earnings from consolidated subsidiaries	171.5	59.9	—	(231.4)	—
	(364.7)	(5.8)	(16.9)	(231.4)	(618.8)
(Loss) income before income taxes and equity earnings in affiliates	(408.8)	243.1	130.9	(231.4)	(266.2)
Income tax (benefit) expense	(174.2)	102.6	48.5	—	(23.1)
Equity earnings in affiliates	—	50.6	4.2	—	54.8
Net (loss) income	(234.6)	191.1	86.6	(231.4)	(188.3)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	17.1	29.2	46.3
Net (loss) income attributable to First Data Corporation	$(234.6)	$191.1	$ 69.5	$(260.6)	$(234.6)
Comprehensive (loss) income	$(378.6)	$170.8	$ (124.2)	$(6.8)	$(338.8)

Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	10.6	29.2	39.8
Comprehensive (loss) income attributable to First Data Corporation	$(378.6)	$170.8	$(134.8)	$(36.0)	$(378.6)

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FIRST DATA CORPORATION
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(Unaudited)

(in millions)	Nine months ended September 30, 2014 FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$—	$2,825.0	$ 2,290.8	$(178.9)	$4,936.9
Product sales and other	—	380.0	303.6	(44.9)	638.7
Reimbursable debit network fees, postage and other	—	1,893.3	799.6	—	2,692.9
Total revenues	—	5,098.3	3,394.0	(223.8)	8,268.5
Expenses:					
Cost of services (exclusive of items shown below)	—	1,046.8	1,156.9	(178.9)	2,024.8
Cost of products sold	—	159.5	130.6	(44.9)	245.2
Selling, general and administrative	115.4	841.9	522.4	—	1,479.7
Reimbursable debit network fees, postage and other	—	1,893.3	799.6	—	2,692.9
Depreciation and amortization	7.6	458.1	330.5	—	796.2
Other operating expenses:					
Restructuring, net	7.1	3.7	(0.3)	—	10.5
Total expenses	130.1	4,403.3	2,939.7	(223.8)	7,249.3
Operating (loss) profit	(130.1)	695.0	454.3	—	1,019.2
Interest income	—	—	9.1	—	9.1
Interest expense	(1,336.8)	(6.9)	(4.1)	—	(1,347.8)
Loss on debt extinguishment	(260.1)	—	—	—	(260.1)
Interest income (expense) from intercompany notes	237.6	(213.1)	(24.5)	—	—
Other income (expense)	56.6	99.5	(16.3)	—	139.8
Equity earnings from consolidated subsidiaries	572.8	190.4	—	(763.2)	—
	(729.9)	69.9	(35.8)	(763.2)	(1,459.0)
(Loss) income before income taxes and equity earnings in affiliates	(860.0)	764.9	418.5	(763.2)	(439.8)
Income tax (benefit) expense	(390.4)	341.9	102.0	—	53.5
Equity earnings in affiliates	—	149.7	13.5	—	163.2
Net (loss) income	(469.6)	572.7	330.0	(763.2)	(330.1)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	48.3	91.2	139.5
Net (loss) income attributable to First Data Corporation	$(469.6)	$572.7	$ 281.7	$(854.4)	$(469.6)
Comprehensive (loss) income	$(628.3)	$475.9	$ 222.2	$(565.4)	$(495.6)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	41.5	91.2	132.7
Comprehensive (loss) income attributable to First Data Corporation	$(628.3)	$475.9	$ 180.7	$(656.6)	$(628.3)

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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(in millions)	Three months ended September 30, 2013 (As Adjusted) FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$—	$931.0	$ 744.5	$(55.3)	$1,620.2
Product sales and other	—	126.3	104.7	(15.5)	215.5
Reimbursable debit network fees, postage and other	—	630.8	245.6	—	876.4
Total revenues	—	1,688.1	1,094.8	(70.8)	2,712.1
Expenses:					
Cost of services (exclusive of items shown below)	—	382.0	381.9	(55.3)	708.6
Cost of products sold	—	53.8	42.6	(15.5)	80.9
Selling, general and administrative	27.0	278.8	157.8	—	463.6
Reimbursable debit network fees, postage and other	—	630.8	245.6	—	876.4
Depreciation and amortization	1.8	155.2	114.3	—	271.3
Other operating expenses:	0	0	0	0	0
Restructuring, net	3.2	4.9	(0.3)	—	7.8
Total expenses	32.0	1,505.5	941.9	(70.8)	2,408.6
Operating (loss) profit	(32.0)	182.6	152.9	—	303.5
Interest income	—	0.1	2.6	—	2.7
Interest expense	(464.5)	(3.0)	(1.5)	—	(469.0)
Interest income (expense) from intercompany notes	79.2	(69.1)	(10.1)	—	—
Other (expense) income	(50.3)	2.3	11.8	—	(36.2)
Equity earnings from consolidated subsidiaries	157.2	49.8	—	(207.0)	—
	(278.4)	(19.9)	2.8	(207.0)	(502.5)
(Loss) income before income taxes and equity earnings in affiliates	(310.4)	162.7	155.7	(207.0)	(199.0)
Income tax (benefit) expense	(90.9)	58.6	60.9	—	28.6
Equity earnings in affiliates	—	42.8	4.5	—	47.3
Net (loss) income	(219.5)	146.9	99.3	(207.0)	(180.3)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	14.2	25.0	39.2
Net (loss) income attributable to First Data Corporation	$(219.5)	$146.9	$ 85.1	$(232.0)	$(219.5)
Comprehensive (loss) income	$(141.1)	$109.3	$ 227.0	$(294.7)	$(99.5)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	16.6	25.0	41.6
Comprehensive (loss) income attributable to First Data Corporation	$(141.1)	$109.3	$ 210.4	$(319.7)	$(141.1)

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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Nine months ended September 30, 2013 (As Adjusted)				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$—	$2,738.0	$ 2,220.9	$(166.4)	$4,792.5
Product sales and other	—	361.1	306.9	(45.2)	622.8
Reimbursable debit network fees, postage and other	—	1,865.8	730.7	—	2,596.5
Total revenues	—	4,964.9	3,258.5	(211.6)	8,011.8
Expenses:					
Cost of services (exclusive of items shown below)	—	1,146.0	1,139.6	(166.4)	2,119.2
Cost of products sold	—	163.1	129.0	(45.2)	246.9
Selling, general and administrative	93.7	852.9	473.5	—	1,420.1
Reimbursable debit network fees, postage and other	—	1,865.8	730.7	—	2,596.5
Depreciation and amortization	5.5	467.0	345.7	—	818.2
Other operating expenses:					0
Restructuring, net	17.1	23.7	5.2		46.0
Total expenses	116.3	4,518.5	2,823.7	(211.6)	7,246.9
Operating (loss) profit	(116.3)	446.4	434.8	—	764.9
Interest income	0.1	0.1	7.8	—	8.0
Interest expense	(1,397.2)	(7.5)	(5.5)	—	(1,410.2)
Interest income (expense) from intercompany notes	236.3	(204.3)	(32.0)	—	—
Other (expense) income	(30.1)	4.9	4.3	—	(20.9)
Equity earnings from consolidated subsidiaries	371.1	147.1	—	(518.2)	—
	(819.8)	(59.7			