

FIRST DATA CORP
Form 10-Q
August 08, 2014
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended June 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
(State or other jurisdiction of
incorporation or organization)

47-0731996
(I.R.S. Employer
Identification No.)

225 LIBERTY STREET

29th FLOOR
NEW YORK, NEW YORK
(Address of principal executive offices)

10281
(Zip Code)

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

5565 GLENRIDGE CONNECTOR, N.E., SUITE 2000, ATLANTA, GEORGIA 30342

(Former name, former address and former fiscal year, if changed since last report)

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 No

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 No

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

Accelerated filer

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Non-accelerated filer

Smaller reporting company

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

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 July 31, 2014
Common Stock, \$0.01 par value per share	1,000 shares

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(in millions)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues:				
Transaction and processing service fees:				
Merchant related services (a)	\$ 1,053.5	\$ 1,023.7	\$ 1,995.4	\$ 1,966.8
Check services	66.5	71.3	132.6	143.7
Card services (a)	449.6	419.7	887.1	826.5
Other services	126.3	113.9	242.5	235.3
Product sales and other (a)	211.3	204.9	415.0	407.3
Reimbursable debit network fees, postage and other	929.9	875.3	1,804.8	1,720.1
Total revenue	2,837.1	2,708.8	5,477.4	5,299.7
Expenses:				
Cost of services (exclusive of items shown below)	686.8	691.9	1,332.6	1,410.6
Cost of products sold	82.5	83.4	162.6	166.0
Selling, general and administrative	489.8	493.2	976.0	956.5
Reimbursable debit network fees, postage and other	929.9	875.3	1,804.8	1,720.1
Depreciation and amortization	262.2	274.7	527.5	546.9
Other operating expenses:				
Restructuring, net	3.8	20.0	7.3	38.2
Total expenses	2,455.0	2,438.5	4,810.8	4,838.3
Operating profit	382.1	270.3	666.6	461.4
Interest income	3.6	2.6	6.6	5.3
Interest expense	(463.1)	(472.2)	(930.2)	(941.2)
Other income	82.5	15.0	83.4	15.3
	(377.0)	(454.6)	(840.2)	(920.6)
Income (loss) before income taxes and equity earnings in affiliates	5.1	(184.3)	(173.6)	(459.2)
Income tax expense	40.0	11.5	76.6	73.1
Equity earnings in affiliates	58.0	51.0	108.4	88.7
Net income (loss)	23.1	(144.8)	(141.8)	(443.6)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest				
	57.6	44.3	93.2	82.9
Net loss attributable to First Data Corporation	\$ (34.5)	\$ (189.1)	\$ (235.0)	\$ (526.5)

(a) Includes processing fees, administrative service fees and other fees charged to merchant alliances accounted for under the equity method of \$45.7 million and \$90.0 million for the three and six months ended June 30, 2014, respectively, and \$41.2 million and \$81.7 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)