



First Data Reports Second Quarter EPS of \$0.56; Revenue Growth Was a Very Solid 10%

DENVER, Jul 20, 2006 (BUSINESS WIRE) -- First Data Corp. (NYSE: FDC) today reported its financial results for the second quarter of 2006. The company's consolidated revenue was \$2.9 billion, up 10%. Net income was \$436 million, or \$0.56 per share. Earnings per share included a \$0.01 net benefit from other items (see note H).

"Our second quarter results were driven by the strong performance of both our Commercial and International segments. As we approach the spin-off, we are very encouraged by the momentum that the new First Data is building toward achieving the high-end of its long-term targeted 8-10% top and bottom line growth," said Ric Duques, chairman and chief executive officer. "Furthermore, the strength of Western Union's brands and global reach firmly positions the company for continued long-term growth and we remain extremely confident in its future as a stand-alone company."

Segment Results

For the quarter, Western Union generated revenue of \$1.1 billion, a 15% increase, and operating profit was \$352 million, up 9%. Profit margin remained strong at 31.2%. While Western Union's performance this quarter was impacted by consumer reaction to immigration reform activities in the U.S., the strength of the brand worldwide and the geographic diversity of Western Union continue to drive the strong performance of its global consumer-to-consumer business. Consumer-to-consumer transaction growth was 27%. Consumer-to-consumer revenue increased 17%. The consumer-to-business service delivered transaction growth of 11% and revenue growth of 4%.

For the quarter, Commercial Services generated revenue of \$1.0 billion, a very strong 11% growth or 9% excluding reimbursable debit network fees. Operating profit was \$277 million, up a strong 27% or 12% excluding integration expense from 2005. Margin for the quarter improved to 26.9% from 23.4%, or to 33.3% from 32.3% excluding reimbursable debit network fees and 2005 integration costs. Second quarter results were driven by a continued focus on sales, operating cost efficiencies and strong transaction growth of 13%.

For the quarter, Financial Institution Services generated revenue of \$452 million, down 6%. Operating profit was \$95 million, down 11%. Margin for the quarter declined to 20.9% from 22.0%, or to 31.2% from 32.0% excluding reimbursables. Results were in line with the company's expectations, which anticipated the impact of three significant client deconversions in 2005.

For the quarter, First Data International generated revenue of \$299 million, up 41% and revenue growth on a constant currency basis excluding acquisitions was 15%. Operating profit was \$34 million, up 43%. Margin improved to 11.2% from 11.0%. "We continue to be very pleased with the underlying performance of our International segment and the growth it continues to generate," Duques added.

Outlook for 2006

"We remain within our previously stated full-year EPS guidance from continuing operations of \$2.35-\$2.42, which now includes the positive impact of the litigation settlement with VISA, of approximately \$0.035. If U.S. immigration issues continue to impact the Western Union business at the same rate in the second half of the year, we would expect to deliver full-year EPS at the low end of the range, not including the benefit of the \$0.035 from the litigation settlement. The full-year guidance excludes future spin costs and any impact from the spin-off, as we are currently unable to reasonably estimate these items," said Ric Duques. "The company is on track to complete the spin-off sometime in the late third quarter or early fourth quarter of 2006 and as a result we will not update guidance until the planned investor road shows in September, at which time guidance will be provided by the two companies."

Non-GAAP Measures

In certain circumstances results have been presented that are non-GAAP (generally accepted accounting principles) measures and should be viewed in addition to, and not in lieu of, the company's reported results. Reconciliations to comparable GAAP measures are available in the accompanying schedules and in the "Invest" section of the company's Web site at www.firstdata.com.

Investor and Analyst Conference

First Data will hold an investor and analyst conference call tomorrow, July 21 at 8:00 a.m. EDT. Ric Duques, chairman and CEO, will host the call. To listen to the broadcast, please log on to <http://www.firstdata.com>, and click on the link under the

Invest section at least 15 minutes prior to the start of the call. To participate in the call, dial 888-831-9087 (U.S.) or +1-773-799-3935 (outside the U.S.) ten minutes prior to the start of the call and enter passcode FDC. A replay of the webcast will be available on the company website shortly after the call ends until 5:00 p.m. EDT July 28, or call 800-945-1615 (U.S.) or +1-402-220-3455 (outside the U.S.). No passcode is required.

Please note: All statements made by First Data officers on this call are the property of First Data and subject to copyright protection. Other than the replay, First Data has not authorized, and disclaims responsibility for, any recording, replay or distribution of any transcription of this call.

About First Data

First Data Corp. (NYSE: FDC) is a leading provider of electronic commerce and payment solutions for businesses and consumers worldwide. Serving 4.6 million merchant locations, 1,700 card issuers and millions of consumers, First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. The company's portfolio of services and solutions includes credit, debit, private-label, gift and other prepaid card issuing and merchant transaction processing services; money transfer services; money orders; fraud protection and authentication solutions; check guarantee and verification services through TeleCheck; as well as Internet commerce and mobile solutions. Western Union, together with its affiliates Orlandi Valuta and Vigo, are leaders in global money transfer, providing people with fast, reliable and convenient ways to send money around the world, pay bills and purchase money orders through a network of over 270,000 agent locations in more than 200 countries and territories. The company's STAR Network offers PIN-secured debit acceptance at 1.9 million ATM and retail locations. For more information, visit www.firstdata.com.

Notice to Investors, Prospective Investors and the Investment Community; Cautionary Information Regarding Forward-Looking Statements

Statements in this press release regarding First Data Corporation's business which are not historical facts, including the revenue and earnings projections, are "forward-looking statements." All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Important factors upon which the Company's forward-looking statements are premised include: (a) no unanticipated developments that delay or negatively impact the planned tax-free spin-off of 100% of the Western Union subsidiary to the Company's shareholders; (b) continued growth at rates approximating recent levels for card-based payment transactions, consumer money transfer transactions and other product markets; (c) successful conversions under service contracts with major clients; (d) renewal of material contracts in the Company's business units consistent with past experience; (e) timely, successful and cost-effective implementation of processing systems to provide new products, improved functionality and increased efficiencies; (f) successful and timely integration of significant businesses and technologies acquired by the Company and realization of anticipated synergies; (g) continuing development and maintenance of appropriate business continuity plans for the Company's processing systems based on the needs and risks relative to each such system; (h) absence of further consolidation among client financial institutions or other client groups which has a significant impact on FDC client relationships and no material loss of business from significant customers of the Company; (i) achieving planned revenue growth throughout the Company, including in the merchant alliance program which involves several joint ventures not under the sole control of the Company and each of which acts independently of the others, and successful management of pricing pressures through cost efficiencies and other cost-management initiatives; (j) successfully managing the credit and fraud risks in the Company's business units and the merchant alliances, particularly in the context of the developing e-commerce markets; (k) anticipation of and response to technological changes, particularly with respect to e-commerce; (l) attracting and retaining qualified key employees; (m) no unanticipated changes in laws, regulations, credit card association rules or other industry standards affecting FDC's businesses which require significant product redevelopment efforts, reduce the market for or value of its products or render products obsolete; (n) continuation of the existing interest rate environment so as to avoid increases in agent fees related to IPS' products and increases in interest on the Company's borrowings; (o) absence of significant changes in foreign exchange spreads on retail money transfer transactions, particularly in high-volume corridors, without a corresponding increase in volume or consumer fees; (p) continued political stability in countries in which Western Union has material operations; (q) implementation of Western Union agent agreements with governmental entities according to schedule and no interruption of relations with countries in which Western Union has or is implementing material agent agreements; (r) no unanticipated developments relating to previously disclosed lawsuits, investigations or similar matters; (s) no catastrophic events that could impact the Company's or its major customer's operating facilities, communication systems and technology or that has a material negative impact on current economic conditions or levels of consumer spending; (t) no material breach of security of any of our systems; and (u) successfully managing the potential both for patent protection and patent liability in the context of rapidly developing legal framework for expansive software patent protection.

[Click here for financials](#)

FDC - 1

SOURCE: First Data Corp.

First Data Corp.

Investor Relations:

Gary Kohn, 303-967-8276

gary.kohn@firstdata.com

or

Media Relations:

Colin Wheeler, 303-967-6553

colin.wheeler@firstdata.com

Copyright Business Wire 2006

News Provided by COMTEX