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NON-GAAP FINANCIAL MEASURES

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

Adjusted EBITDA represents:

- Net income or loss attributable to First Data, *plus*
- Interest expense, net;
- Income tax (benefit) expense;
- Depreciation and amortization;
- Stock-based compensation; and
- Other adjustments as described in Note (8) to "Prospectus Summary—Summary Historical Consolidated Financial and Other Data."

Adjusted Net Income represents:

- Net income or loss attributable to First Data, *plus*
- Stock-based compensation;
- Loss on debt extinguishment;
- Amortization of acquisition intangibles; and
- Other adjustments as described in Note (9) to "Prospectus Summary—Summary Historical Consolidated Financial and Other Data."

We also make use of the non-GAAP financial measure "Covenant EBITDA" which is used to measure covenant compliance in agreements governing certain of our indebtedness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Guarantees and covenants."

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

APIs	Application Program Interfaces	PCI	Payment Card Industry