

FIRST DATA CORP
Form POS AM
January 22, 2004
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As filed with the Securities and Exchange Commission on January 22, 2004

Registration No. 333-105432

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Post-Effective Amendment No. 2

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

First Data Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6199
(Primary Standard Industrial
Classification Code Number)

47-0731996
(I.R.S. Employer
Identification Number)

6200 South Quebec Street

Greenwood Village, Colorado 80111

(303) 488-8000

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

Michael T. Whealy, Esq.

Executive Vice President, Chief Administrative

Officer and General Counsel

First Data Corporation

10825 Old Mill Road, M-10

Omaha, Nebraska 68154

(402) 777-2000

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

Copies To:

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(402) 777-2000	10 South Dearborn Street		
	Chicago, Illinois 60603		
	(312) 853-7000		

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and after the conditions to the completion of the proposed transaction described in the proxy statement/prospectus have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

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

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

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EXPLANATORY NOTE: The Registration Statement to which this Post-Effective Amendment relates has been filed in connection with the shares of common stock to be issued by First Data Corporation, a Delaware corporation (First Data), to shareholders of Concord EFS, Inc., a Delaware corporation (Concord), pursuant to the merger of Monaco Subsidiary Corporation, a Delaware corporation and a wholly owned subsidiary of First Data, with and into Concord (the Merger).

The Registration Statement, as declared effective by the Securities and Exchange Commission on September 24, 2003, to which this Post-Effective Amendment relates included a Joint Proxy Statement/Prospectus in connection with the respective special meetings of the shareholders of Concord and First Data, each of which was held on October 28, 2003. At their respective meetings, the shareholders of Concord approved the Merger and the shareholders of First Data approved the issuance of the shares of common stock as contemplated by the Agreement and Plan of Merger, dated as of April 1, 2003 (the Merger Agreement). On December 14, 2003, First Data and Concord entered into an Amendment and Abeyance Agreement, as described herein (the Amendment Agreement), pursuant to which, among other things, the consideration to be paid to Concord shareholders in the Merger was reduced. The Proxy Statement/Prospectus included in this Post-Effective Amendment constitutes a prospectus of First Data with respect to the issuance to the Concord shareholders of a reduced number of shares, as contemplated by the Amendment Agreement, and a proxy statement of Concord for purposes of the special meeting of Concord shareholders, at which the Merger Agreement, as amended by the Amendment Agreement, will be submitted to the Concord shareholders for adoption. No additional First Data shareholder vote is required.

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

Preliminary Copy Subject to Completion, dated January 22, 2004

MERGER PROPOSAL YOUR VOTE IS IMPORTANT

You are cordially invited to attend a special meeting of shareholders of Concord EFS, Inc. at which you will be asked to adopt the amended merger agreement by and among Concord, First Data Corporation and Monaco Subsidiary Corporation, a wholly owned subsidiary of First Data Corporation, and, by doing so, approve the proposed merger. On October 28, 2003, you voted to approve the original merger agreement, which provided for a merger in which Concord shareholders would receive 0.40 of a share of First Data common stock for each share of Concord common stock that they hold, and cash in lieu of fractional shares of First Data common stock. The amended merger agreement provides that Concord shareholders will receive 0.365 of a share of First Data common stock for each share of Concord common stock that they hold, and cash in lieu of fractional shares of First Data common stock. Under the amended merger agreement, the exchange ratio is fixed at 0.365 and will not be changed to reflect fluctuations in the market price of the common stock of either company.

The following table includes the closing sale prices of First Data and Concord common stock on the New York Stock Exchange, where they are traded under the symbols FDC and CE, respectively, on September 23, 2003, the date immediately preceding the date of the original joint proxy statement/prospectus; October 28, 2003, the date of the initial Concord shareholders meeting; December 12, 2003, the last full trading day prior to the announcement of the amended merger agreement; and January 21, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus. This table also includes an illustration of the implied dollar value of the exchange ratio on those dates, calculated by multiplying the closing price of First Data common stock on such date by the applicable exchange ratio.

	First Data Common Stock	Concord Common Stock	Implied Value of the Exchange Ratio	
			Original Exchange Ratio of 0.40	Amended Exchange Ratio of 0.365
September 23, 2003	\$ 43.02	\$ 13.70	\$ 17.21	
October 28, 2003	\$ 35.90	\$ 10.20	\$ 14.36	
December 12, 2003	\$ 39.30	\$ 13.50		\$ 14.34
January 21, 2004	\$ 39.00	\$ 14.12		\$ 14.24

As more fully described in *The Proposed Merger* beginning on page 24, First Data and Concord have agreed to reduce the exchange ratio in order to take into account several factors, most notably First Data's agreement with the Antitrust Division of the United States Department of Justice to divest its interest in NYCE Corporation, the status of Concord's business and the terms of the amended merger agreement, including the elimination of many of the conditions to closing the merger.

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A holder of Concord common stock generally will not recognize any gain or loss for federal income tax purposes upon the exchange of the holder's shares of Concord common stock for shares of First Data common stock pursuant to the merger. A more detailed discussion of the federal income tax consequences of the merger is found under "Material Federal Income Tax Consequences of the Merger" beginning on page 56. **In addition, the section entitled "Risk Factors" on pages 18 through 21 of this proxy statement/prospectus contains a description of the risks that you should consider in evaluating the merger.**

Your board of directors has concluded after careful consideration that approval of the amended merger agreement is in the best interests of the Concord shareholders. As a result of the amendment, we were able to protect most of the value from the original transaction for our shareholders and also greatly increase the likelihood that the merger will be completed. **Your board of directors unanimously recommends that Concord shareholders vote FOR this proposal.** We cannot complete the merger unless the Concord shareholders adopt the amended merger agreement. We encourage you to read this proxy statement/prospectus, which includes important information about the merger. **Your vote is important.**

BOND R. ISAACSON

Co-Chief Executive Officer

Concord EFS, Inc.

DAN M. PALMER

Co-Chief Executive Officer

Concord EFS, Inc.

Neither the SEC nor any state securities commission has approved or disapproved the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [•], 2004 and is first being mailed to the Concord shareholders on or about [•], 2004.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Data and Concord from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

First Data Corporation	Concord EFS, Inc.
Investor Relations Department	Investor Relations
6200 South Quebec Street	1100 Carr Road
Greenwood Village, CO 80111	Wilmington, DE 19809
(303) 967-6756	(302) 791-8111

If you would like to request documents, please do so by [], 2004, in order to receive them before the special meeting.

See [Where You Can Find More Information](#).

VOTING BY MAIL OR BY TELEPHONE

If you are a shareholder of record, you may submit your proxies:

By mail, by signing and dating each proxy card you receive, indicating your voting preference on the proposal and returning each proxy card in the prepaid envelope which accompanied that proxy card; or

By telephone, by calling the toll-free number 1-877-779-8683 in the United States, Canada or Puerto Rico on a touch-tone phone and following the recorded instructions.

If you are a beneficial owner, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF CONCORD EFS, INC.:

NOTICE IS HEREBY GIVEN that Concord EFS, Inc. will hold a special meeting of its shareholders at Colonial Country Club, 2736 Countrywood Parkway, Memphis, Tennessee 38018 on [], 2004, beginning at 10:00 a.m. local time. The purpose of the special meeting is to consider and to vote upon the following matters:

1. A proposal to adopt the Agreement and Plan of Merger, dated as of April 1, 2003, as amended by the Amendment and Abeyance Agreement, dated as of December 14, 2003, (which we refer to collectively in this document as the amended merger agreement) among First Data Corporation, Monaco Subsidiary Corporation, a wholly owned subsidiary of First Data, and Concord EFS, Inc. A copy of the original merger agreement and the amendment and abeyance agreement are included as *Annex A* and *Annex B*, respectively, to the accompanying proxy statement/prospectus; and
2. To transact such other business as may properly come before the special meeting and any adjournment or postponement of the special meeting.

In the merger, each share of Concord common stock will be converted into 0.365 of a share of First Data common stock.

Holders of record of Concord common stock at the close of business on January 16, 2004 are entitled to receive this notice and to vote at the special meeting and any adjournment or postponement of that meeting. As of the record date, there were 465,137,424 shares of Concord common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

If your Concord shares are not registered in your own name and you would like to attend the special meeting, please bring evidence of your Concord share ownership on the record date with you to the meeting, such as an account statement from your bank, broker or other record holder.

Whether or not you plan to attend the meeting in person, please vote your shares promptly via telephone or by marking, signing, dating and returning the proxy card promptly in the enclosed prepaid envelope. Instructions regarding both methods of voting are contained on the proxy card.

Your board of directors unanimously recommends that you vote to adopt the amended merger agreement. Your attention is directed to the proxy statement/prospectus accompanying this notice for a discussion of the merger and the amended merger agreement.

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By Order of the Board of Directors,

J. Richard Buchignani
Secretary

January [], 2004

YOUR VOTE IS IMPORTANT

PLEASE PROMPTLY MARK, DATE, SIGN AND RETURN YOUR PROXY OR FOLLOW THE TELEPHONE VOTING PROCEDURES DESCRIBED ON THE PROXY SO THAT YOUR SHARES MAY BE VOTED IN ACCORDANCE WITH YOUR WISHES AND SO THAT THE PRESENCE OF A QUORUM MAY BE ASSURED. YOUR PROMPT ACTION WILL AID CONCORD EFS, INC. IN REDUCING THE EXPENSE OF PROXY SOLICITATION.

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CHAPTER ONE

THE MERGER

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why is Concord holding another meeting with respect to the merger?

A: Because Concord and First Data have renegotiated the terms of the merger since the date of the first special shareholders meeting, including the consideration you will receive in exchange for your shares of Concord common stock, the law requires that Concord shareholders must approve the terms of the amended merger agreement before we can complete the merger.

Q: What if I voted at the shareholders meeting on October 28, 2003 with respect to the merger? Should I vote again?

A: Whether or how you voted at the October 28, 2003 meeting has no effect on the approval of the amended merger agreement. You are entitled, and we strongly encourage you, to vote at the Concord special meeting that will be held on [], 2004.

Q: Do I have to vote the same way I voted on October 28, 2003?

A: No. After carefully reading the information contained in this document you should decide how you would like to vote. Your board of directors unanimously recommends that you vote for the approval of the amended merger agreement and, by doing so, approve the proposed merger.

Q: What do I need to do now?

A: After you carefully read this document, mail your signed proxy card in the enclosed return envelope, or submit your proxy by telephone, as soon as possible, so that your shares may be represented at the special meeting. In order to assure that your vote is recorded, please vote your proxy as instructed on your proxy card even if you currently plan to attend the special meeting in person.

Q: Why is my vote important?

A: You are being asked to adopt the amended merger agreement and, by doing so, approve the proposed merger. If you do not return your proxy card or submit your proxy by telephone or vote in person at the special meeting, it will be more difficult for Concord to obtain the necessary quorum to hold the special meeting. In addition, your failure to vote will have the same effect as a vote against the adoption of the amended merger agreement.

Q: May I vote in person?

A:

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Yes. If you are a shareholder of record as of January 16, 2004, you may attend the special meeting and vote your shares in person, instead of returning your signed proxy card or submitting your proxy by telephone.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: No. If your shares are held in street name by your broker and you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them on the adoption of the amended merger agreement. You should therefore be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

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Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the special meeting and it will have the consequences discussed above under **Why is my vote important?**

Q: What does it mean if I receive more than one set of materials?

A: This means you own shares of Concord that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations you will receive multiple sets of proxy materials. It is necessary for you to vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards you receive in order to vote all of the shares you own. Each proxy card you received came with its own prepaid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope which accompanied that proxy card.

Q: Can I revoke my proxy and change my vote?

A: Yes. You have the right to revoke your proxy at any time prior to the time your shares are voted at the special meeting. If you are a shareholder of record, your proxy can be revoked in several ways: (i) by timely delivery of a written revocation to Concord's secretary, (ii) by submitting another valid proxy bearing a later date, or (iii) by attending the special meeting and voting your shares in person. However, if your shares are held in the name of your bank, broker, custodian or other recordholder, you must check with your bank, broker, custodian or other recordholder to determine how to revoke your proxy.

Q: When and where is the special meeting?

A: The special meeting will take place on [] at 10:00 a.m. local time, at Colonial Country Club, 2736 Countrywood Parkway, Memphis, Tennessee 38018.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, First Data will send Concord shareholders written instructions for exchanging their Concord stock certificates for First Data stock.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger during the first quarter of 2004. However, it is possible that factors outside of our control could require us to complete the merger at a later time or not complete it at all. We hope to complete the merger as soon as reasonably practicable.

Q: Who can answer any questions I may have about the special meeting or the merger?

A: You may call Georgeson Shareholder Communications, Inc. at 1-800-818-8320.

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. All references in this proxy statement/prospectus to the original merger agreement mean the merger agreement, dated as of April 1, 2003, and all references to the amended merger agreement mean the merger agreement dated as of April 1, 2003, as amended by the amendment and abeyance agreement, dated as of December 14, 2003. To understand the merger fully and for a more complete description of the legal terms of the amended merger agreement, you should carefully read this entire document and the documents to which we refer you. Copies of the original merger agreement and the amendment and abeyance agreement are attached as Annex A and Annex B, respectively, to this document and are incorporated by reference in this proxy statement/prospectus. See *Where You Can Find More Information*.*

The Companies Involved in the Proposed Merger (see page 61)

First Data Corporation

6200 South Quebec Street

Greenwood Village, Colorado 80111

(303) 967-8000

Internet address: www.firstdata.com

First Data Corporation, with headquarters in Denver, helps power the global economy. In the electronic commerce and payment services businesses, First Data serves approximately 3 million merchant locations, 1,400 card issuers and millions of consumers, making it easy, fast and secure for people and businesses to buy goods and services using virtually any form of payment. With 29,000 employees worldwide, First Data provides the following services throughout the United States:

credit, debit, smart card and stored-value card issuing and merchant transaction processing services;

Internet commerce solutions;

money transfer services;

money orders; and

check processing and verification services.

First Data also offers a variety of payment services in the United Kingdom, Australia, Canada, Japan, Mexico, Spain, the Netherlands, the Middle East and Germany. First Data's Western Union and Orlandi Valuta money transfer networks include a total of approximately 169,000

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agent locations in more than 195 countries and territories. Shares of First Data common stock are traded on the New York Stock Exchange under the symbol FDC.

Concord EFS, Inc.

2525 Horizon Lake Drive, Suite 120

Memphis, Tennessee 38133

(901) 371-8000

Internet address: www.concordefs.com

Concord EFS, Inc., an electronic transaction processor, provides the technology and network systems that make payments and other financial transactions faster, more efficient and more secure than paper-based alternatives. Concord's primary activities include:

Network Services, which provides automated teller machine (referred to as an ATM in this proxy statement/prospectus) processing, debit card processing, deposit risk management and STAR_{sm} network access principally for financial institutions; and

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Payment Services, which provides point of sale processing, settlement and related services, with specialized systems focusing on supermarkets, major retailers, gas stations, convenience stores, restaurants and trucking companies.

Concord's new Risk Management Services group, which combines products that are currently part of its Network Services and Payment Services reporting segments, provides software, information and analysis to financial institutions, retailers, government service providers and other businesses to assist in fraud prevention and reduction. Shares of Concord common stock are traded on the New York Stock Exchange under the symbol CE.

Concord Shareholders Will Receive 0.365 of a Share of First Data Common Stock for Each Share of Concord Common Stock They Hold (see page 69)

Concord shareholders will receive 0.365 of a share of First Data common stock for each share of Concord common stock they hold. First Data will not issue fractional shares pursuant to the merger. As a result, the total number of shares of First Data common stock that each Concord shareholder will receive pursuant to the merger will be rounded down to the nearest whole number, and each Concord shareholder will receive a cash payment for the remaining fraction of a share of First Data common stock that he or she would otherwise receive, if any, based on the market value of First Data common stock at the close of business on the closing date of the merger.

Example: If you currently own 130 shares of Concord common stock, you will be entitled to receive 47 shares of First Data common stock and a check for the market value of 0.45 shares of First Data common stock at the close of business on the closing date of the merger.

Concord Shareholders Will Not Recognize Any Gain or Loss for Federal Income Tax Purposes Upon the Exchange of Their Shares, Except that Gain or Loss Will be Recognized on the Receipt of Cash in Lieu of a Fractional Share of First Data Common Stock (see page 56)

Each of Sidley Austin Brown & Wood LLP, legal counsel to First Data, and Kirkland & Ellis LLP, legal counsel to Concord, has delivered its opinion which provides that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that each of First Data, Concord and Monaco Subsidiary Corporation (the wholly owned subsidiary of First Data that will merge with and into Concord) will be a party to the reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is the opinion of each of Sidley Austin Brown & Wood LLP and Kirkland & Ellis LLP that a holder of Concord common stock will not recognize any gain or loss for federal income tax purposes upon the exchange of the holder's shares of Concord common stock for shares of First Data common stock pursuant to the merger, except that gain or loss will be recognized on the receipt of cash in lieu of a fractional share of First Data common stock. The foregoing opinions are based, in part, on customary factual assumptions and written factual representations.

You should carefully read the discussion under the heading "Material Federal Income Tax Consequences of the Merger" beginning on page 56. The federal income tax consequences described above may not apply to some holders of Concord common stock, including some types of holders specifically referred to on page 56.

First Data Expects to Continue its Historical Policy of Paying Quarterly Dividends After Completion of the Merger

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The holders of First Data common stock receive dividends if and when declared by the First Data board of directors out of legally available funds. First Data increased its dividend from \$0.01 to \$0.02 per share on a quarterly basis to stockholders during the second quarter of 2002. After completion of the merger, First Data expects to continue paying quarterly cash dividends on a basis consistent with First Data's past practice. The timing and amount of future dividends will be:

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dependent upon First Data's results of operations, financial condition, cash requirements and other relevant factors;

subject to the discretion of the First Data board of directors; and

payable only out of First Data's surplus or current net profits in accordance with the General Corporation Law of the State of Delaware.

First Data can give Concord shareholders no assurance that First Data will continue to pay dividends on its common stock in the future.

Recent Closing Prices of First Data Common Stock and Concord Common Stock

The following table includes the closing sale prices per share of First Data common stock and Concord common stock as reported on the NYSE Composite Transaction Tape on:

December 10, 2003, the last full trading day prior to the date on which *The Wall Street Journal* published an article suggesting that the antitrust litigation instituted by the U.S. Department of Justice might be settled prior to trial;

December 12, 2003, the last full trading day prior to the announcement of the amended merger agreement; and

January 21, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus to Concord's shareholders.

This table also includes the equivalent price per share of Concord common stock on those dates. The equivalent price per share is equal to the closing price of a share of First Data common stock on that date multiplied by 0.365 the applicable exchange ratio in the merger. These prices will fluctuate prior to the special meeting and the merger, and shareholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

	First Data Common Stock	Concord Common Stock	Concord Common Stock per Share Equivalent
December 10, 2003	\$ 38.21	\$ 11.47	\$ 13.95
December 12, 2003	\$ 39.30	\$ 13.50	\$ 14.34
January 21, 2004	\$ 39.00	\$ 14.12	\$ 14.24

Dissenters Will Not Have Any Appraisal Rights (see page 60)

The holders of Concord common stock will not have any right to an appraisal of the value of their shares in connection with the merger.

Concord's Financial Advisors Delivered Opinions to the Concord Board of Directors that, as of December 14, 2003, the Exchange Ratio of 0.365 was Fair, From a Financial Point of View, to Concord Shareholders (see page 40)

Each of Goldman, Sachs & Co. and William Blair & Company, L.L.C. delivered its opinion to the Concord board of directors that, as of December 14, 2003 and based upon and subject to the assumptions, qualifications and limitations discussed in such opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of Concord common stock. The full text of the written opinions of Goldman Sachs and William Blair, each dated December 14, 2003, which discuss, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in

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connection with each opinion, are attached to this proxy statement/prospectus as *Annex C* and *Annex D*, respectively. Concord shareholders should read these opinions in their entirety. Based on these opinions and a number of other factors described in *The Proposed Merger* Concord's Reasons for the Merger, the Concord board of directors believes that the terms of the merger, including the exchange ratio of 0.365, are advisable to Concord and its shareholders and unanimously recommends to Concord's shareholders that they adopt the amended merger agreement and, by doing so, approve the merger.

Due to the size and significance of the merger, the Concord board of directors believed that it was appropriate to retain the services of two financial advisors. The non-executive chairman of the Concord board of directors is a principal of William Blair. The disinterested directors of Concord believed it to be in the best interests of Concord shareholders to engage William Blair as a financial advisor based on William Blair's qualifications and expertise, reputation, knowledge of Concord's business and long record of providing sound financial advice to Concord. The Concord board of directors believed that it was advisable to engage Goldman Sachs as a financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger and has no direct or indirect interest in Concord.

Under the terms of separate letter agreements, dated February 21, 2003, in the case of Goldman Sachs, and February 20, 2003, in the case of William Blair, Concord agreed to pay Goldman Sachs a fee of \$10,000,000 and William Blair a fee of \$9,500,000 upon completion of the proposed merger. In addition, under the terms of the letter agreements, Concord paid Goldman Sachs a fee of \$2,000,000 and William Blair a fee of \$1,500,000, in each case, upon delivery of its opinion on April 1, 2003 as to the fairness, from a financial point of view, of the exchange ratio in the original merger agreement.

Each of the Goldman Sachs and William Blair opinions is addressed to the Concord board of directors and is directed to the fairness, from a financial point of view, of the exchange ratio in the proposed merger. Neither the Goldman Sachs opinion nor the William Blair opinion constitutes a recommendation to any Concord shareholder as to how any such shareholder should vote with respect to the proposed merger or any other matter.

The Merger and the Future Performance of First Data After the Completion of the Merger are Subject to a Number of Risks (see page 18)

There are a number of risks related to the merger, including the following:

the value of First Data shares to be received by Concord shareholders will fluctuate;

First Data may be unable to successfully integrate the operations of First Data and Concord and realize the publicly announced potential cost synergies of \$205 million in 2006;

First Data may incur significant transaction, merger-related and restructuring costs in connection with the merger, including an estimated \$80 million of transaction costs; and

charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of First Data's common stock following the merger.

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Furthermore, there are a number of risks relating to the businesses of First Data, Concord and the combined company, including the following:

the business of the combined company will be subject to risks currently affecting the businesses of First Data and Concord, such as the potential loss of certain significant customers in Concord's Network Services segment due to a possible failure to renew certain customer contracts which by their terms terminate on December 31, 2004, increasing competition in the combined company's line of business and continued consolidation in the banking and retail industries;

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current or future card association rules and practices could adversely affect the business, transaction volumes, operating results and financial condition of the combined company;

the outcome of litigation involving VISA and MasterCard could have a negative impact on the business of the combined company;

changes in card association fees or products could increase the costs or otherwise limit the operations of the combined company; and

First Data and Concord are the subject of various legal proceedings.

For a more complete discussion of these and other risk factors please see **Risk Factors** and the documents that we have filed with the Securities and Exchange Commission and which we have incorporated into this document.

Due to Variances Between the Certificates of Incorporation, By-laws an