

FIRST DATA CORP
Form DEFA14A
May 11, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the registrant ☒ Filed by a Party other than the registrant ☐

Check the appropriate box:

☐ Preliminary proxy statement.

☐ **Confidential, for use of the Commission Only** (as permitted by Rule 14a-6(e)(2)).

☐ Definitive Proxy Statement.

☐ Definitive Additional Materials.

☒ Soliciting Material Pursuant to § 240.14a-12

First Data Corporation
(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other Than the Registrant)

Payment of filing fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Filed by First Data Corporation

Pursuant to Rule 14a-12 under the Securities Exchange Act of 1934

Subject Company: First Data Corporation

Commission File No.: 001-11073

THIS FILING CONSISTS OF A SLIDESHOW MADE AVAILABLE TO EMPLOYEES OF FIRST DATA CORPORATION ON THE COMPANY'S INTRANET.

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Introduction

On April 1

st

, First Data entered into a merge agreement with an affiliate of Kohlberg Kravis Roberts & Co. (KKR), a private equity firm, that will result in a buyout of First Data stock for \$34 per share. We expect to close this transaction by the end of the 3rd quarter, subject to the approval of First Data shareholders, customary

closing conditions and regulatory approvals.

Upon closing of the transaction, First Data will be a private company led by our management with the strong support of KKR.

Until the close, we will continue to be a publicly traded company.

KKR will raise equity and debt funding totaling approximately \$29B to cover the buy out of stock, debt restructuring costs and fees related to the transaction.

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Why Private? Why Now?

KKR approached First Data with a compelling value proposition.

This proposition is a great deal for our stockholders, and KKR is an excellent partner for First Data.

The Board of Directors concluded that the transaction with KKR is in the best interest of our stockholders.

The Executive Committee strongly supports the transaction.

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What is a leveraged buyout (LBO)?

Leveraged buyout (LBO):

The acquisition of a company using a combination of equity and borrowed funds.

Generally how it works:

A company's Board of Directors agrees to be acquired.

The company's shareholders approve the transaction.

The acquiring firm purchases the company through a combination

of equity and borrowed funds.

Shareholders receive cash for each share of common stock they hold.

Once the transaction closes, the stock of the acquired company is no longer traded on a stock exchange.

Often, the acquired company is held for a period of time by the acquiring firm, and either taken public again or sold.

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What does private equity mean?

Private equity:

Equity capital invested in private companies.

Characteristics of a private equity firm:

Acts as a general partner that obtains specific dollar commitments from qualified institutional investors and individual, accredited investors.

Investors may include public, corporate and government

pension plans; financial institutions; insurance companies;
endowments; etc.

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Why Does a Transaction with KKR Make Sense?

\$34 represents a significant and immediate premium on the stock for our stockholders.

KKR has a great reputation with the companies it buys. On

average, its holding period is about seven years.

With strong, stable cash flows, a talented senior management team and a highly skilled employee base, First

Data has the critical characteristics for success as a KKR portfolio company.

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What Does this Mean for First Data and its Clients?

Business as usual

The

transition

will

be

seamless,

transparent

and
will
not
affect
day-

to-day service to our clients.

Deliver outstanding service to our clients

This is the single most important contribution our employees can make to our business as we continue to shape the new

First Data.

First Data is embarking on the next phase in its growth, which requires reinvestment in the business to take advantage of global market opportunities.

We have the opportunity to make lasting improvements in our business to make us more competitive and positioned for long-term growth by executing on initiatives that can improve First Data's overall cost structure and efficiencies.

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What Does this Mean for First Data and its Clients?

As the new First Data, we remain committed to reviewing and simplifying our internal processes and policies, making it easier for clients and partners to do business with us.

The ultimate beneficiaries of our investments in technology and product innovation will be the clients we serve.

We expect to build on our reputation as the trusted partner for electronic commerce and payment solutions.

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How Does KKR Work with Companies?

KKR works with companies to design and execute plans for improving operations in such areas as manufacturing, sales and marketing.

Typically, KKR staff serve on the Board of Directors, closely monitoring the company, providing strategic insight and access to financial, operational and other resources.

In most cases, KKR enables the company's managers to have

operational
autonomy;
ensuring
that
the
managers
own
the
results
of
their
decisions.

Over time, generally several years, KKR exits its investments through Initial Public Offerings (IPO), secondary offerings and sales to strategic buyers.

KKR typically purchases growing companies. It has purchased 150 companies, including Toys R Us, Sealy Corporation and SunGard.

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Did You Know?

Fast Facts About KKR

A global private equity firm that specializes in large, complex buyouts
Offices in New York, Paris, Menlo Park (Calif.), Hong Kong, London
and Tokyo

KKR takes a long-term view, building the company's value over time.

Led by co-founders Henry R. Kravis
and George R. Roberts

KKR By the Numbers

320 total employees, including 92 investment professionals

150+ completed transactions, with an aggregate value of over \$279B

37 portfolio companies with a combined revenue of \$107B,

employing more than 565,000 people

Holds each investment an average of seven years

Visit the Website at www.kkr.com

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Next Steps?
May 22
Go-shop
period ends, (during which First Data may solicit
other superior proposals)
3
rd
Quarter

Anticipated closing of the transaction

In the meantime, remain committed to delivering outstanding service to our clients.

That is the single most important contribution we can make to our business as we continue to shape the new First Data.

We've established a project management office led by Paula Redmond, Finance, and Tim Pfeifer, Legal, to manage First Data's transition.

This transition team will streamline our processes with the guidance of a steering committee and assistance from our functional teams, enabling the rest of us to focus on business as usual.

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Thank you for shaping the
new First Data!

First Data is "a company like no other,"
with an outstanding leadership team,
29,000 talented employees and an incredibly
exciting future.

A partnership with KKR
will bring a wealth of opportunity.

First Data Corporation

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First Data Corporation

Additional Information About the Merger and Where to Find It

In connection with this proposed transaction, First Data Corporation (the

Company) will file a proxy statement with the Securities and Exchange

Commission (SEC). STOCKHOLDERS ARE URGED TO READ THE PROXY

STATEMENT FILED WITH THE SEC CAREFULLY AND IN ITS ENTIRETY

WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT

INFORMATION ABOUT THE PROPOSED TRANSACTION. The final proxy

statement will be mailed to the Company's stockholders. In addition, stockholders will be able to obtain the proxy statement and all other relevant documents filed by the Company

with
the
SEC
free
of
charge

at
the
SEC's
Web
site
www.sec.gov

or
from First Data Corporation, Investor Relations Department at 6200 S. Quebec Street, Suite 340, Greenwood Village, Colorado 80111, (303) 967-6756.

Participants in the Solicitation

First
Data
Corporation
and
its
directors,
executive
officers
and
other
members
of
management
and
employees
may
be
deemed

to
be
participants
in
the
solicitation
of proxies from the stockholders of the Company in connection with the proposed transaction.

Information
about
the
Company
and

its
directors
and
executive
officers, and their ownership of the Company's securities, is set forth in the proxy
statement for the 2007 Annual Meeting of Stockholders of the Company, which
was
filed
with
the
SEC
on
April
17,
2007.
Additional
information
regarding
the
interests of those persons may be obtained by reading the proxy statement when it
becomes available.