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Expanding the STAR Network's Capabilities

We intend to drive the *STAR Network's* growth by expanding its functionality and by cross-selling it more effectively with other First Data solutions. We have already expanded *STAR's* available card holder verification methods from PIN to now also include PIN-less. We are also investing in more advanced fraud capabilities for *STAR*, and we will continue to consider additional enhancements to *STAR's* capabilities. We believe financial institutions, businesses, and commerce technology companies are increasingly looking for additional network options. This, coupled with the expanded array of solutions we sell to these business and financial services client bases, creates more opportunities for us to cross-sell *STAR* issuance and *STAR* acceptance with our other issuing and acquiring solutions.

Expand Our Global Footprint and Offerings

We have operations in 36 countries and serve clients in 118 countries across North America, Latin America, Europe, the Middle East and Africa, and the Asia Pacific region. We have expanded globally over the past 15 years, including recently in India and Brazil, and we intend to continue to expand our global footprint by making strategic investments and developing key partnerships in attractive new markets. This strategy allows us to expand our offerings by selling many of our integrated solutions, including several recently developed next-generation products, to our non-U.S. client base in existing and new markets. The realignment of our operating segments into GBS, GFS and NSS in the second quarter of 2015 was designed to establish global lines of businesses that support our client base and allow us to further globalize our solutions while working seamlessly with our teams across our regions.

We may enter a new geographic region or country in several ways, including establishing a new office and hiring local salespeople, creating a new distribution partnership, and acquiring local assets or a business. We are selective in determining which markets to enter and typically consider a range of factors before entering a new country or region, including local market size, growth, profitability, commerce and technology trends, regulatory and other risks, required investments, management resources, and the potential return on investment.

Continue to Enhance Our Operating Efficiencies

Our focus on cost optimization will remain a persistent part of our culture. We will leverage the deep operating expertise of our management team to identify opportunities to improve our operating efficiencies, plan to and continue to leverage our fixed technology and operations infrastructure as our business grows. We will execute on this strategy by implementing various initiatives, including:

- **Operational Excellence** – We utilize an ongoing program to identify and implement opportunities for productivity improvements through process redesign, capacity analysis and optimization, automation, organizational effectiveness, and technology rationalization. As part of this program, we are rolling out a “Global Process Head” model to ensure visibility on the performance of our end-to-end processes across global sites to identify opportunities for optimization.
- **Procurement Excellence** – We have launched an initiative to optimize our approximately \$2 billion of annual non-compensation expenses by reviewing our inventory of vendors, optimizing terms, and enhancing our demand management processes.
- **Location Strategy** – We are implementing a location strategy program to improve workforce effectiveness and reducing costs through the consolidation of various satellite facilities into larger, but more efficient regional hubs.
- **Offshoring and Outsourcing** – We have client service support delivered through partners in India, Dominican Republic, and the Philippines, providing time zone flexibility and resiliency. We are strengthening our current offshoring and outsourcing programs by building a captive site for operations processing within our India entity, creating two technology collaboration centers in India, and partnering with select third parties to improve quality, productivity, and cost.