STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

PAGE	ORDER DATE
1 of 8	12/09/15
BUSINESS UNIT 25670163	BUYER JENNIFER CROUSE (AS)

CONTRACT NUMBER
58755 O4

VENDOR NUMBER: 789566

VENDOR ADDRESS:

FIRST DATA GOVERNMENT SOLUTIONS LP
6200 S QUEBEC ST STE 260A
PO BOX 1832
ENGLEWOOD CO 80150-1832

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JANUARY 01, 2016 THROUGH JUNE 30, 2016

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4468 Z1

Contract to supply and deliver Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services to the State of Nebraska as per the attached specifications for the contract period January 1, 2016 through June 30, 2016.

Vendor Contact: Ed Picard
Phone: 508-768-7833
E-Mail: Ed.Picard@firstdata.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AS AMENDED. (sc 12/8/15)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	P1-INITIAL PROJECT ASSESSMENT REPORT	1.0000	EA	83,850.0000	83,850.00
2	P1-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
3	P1-IV&V PROJECT MANAGEMENT PLAN	1.0000	EA	36,000.0000	36,000.00
4	P1-IV&V PROJECT SCHEDULE	1.0000	EA	20,500.0000	20,500.00
5	P2-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
6	P2-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
7	P2-PERFORMANCE STANDARDS PLANNING DOCUMENT	1.0000	EA	33,850.0000	33,850.00
8	P2-PERFORMANCE METRICS DOCUMENT	1.0000	EA	26,950.0000	26,950.00

Courtney N. Phillips, MPA
Chief Executive Officer
Department of Health and Human Services

12/15/15 Jennifer Crouse 12-10-15

BUYER

MATERIEL ADMINISTRATOR

12-16-15

R43500|NISK0002|NISK0002 20150901

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
9	P3-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
10	P3-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
11	P3-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
12	P3-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
13	P4-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
14	P4-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
15	P4-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
16	P4-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
17	P5-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
18	P5-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
19	P5-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
20	P5-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
21	P6-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
22	P6-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
23	P6-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
24	P6-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
25	P6-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
26	P6-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
27	P7-MANAGEMENT BRIEFING	1.0000	EA	3,639.1300	3,639.13

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BUYER INITIALS

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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
28	P7-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
29	P7-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
30	P7-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
31	P7-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
32	P8-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
33	P8-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
34	ANALYSIS (REQUIREMENTS) REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00
35	P8-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
36	P8-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
37	P9-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
38	P9-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
39	P9-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
40	P9-UNIT TESTING REVIEW REPORT	1.0000	EA	82,150.0000	82,150.00
41	P9-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
42	P9-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
43	P10-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
44	P10-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
45	P10-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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BUSINESS UNIT	BUYER
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VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
46	P10-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
47	P11-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
48	P11-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
49	P11-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
50	P11-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
51	P12-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
52	P12-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
53	TECHNICAL RECOMMENDATIONS REPORT - ARCHITECTURE	1.0000	EA	53,400.0000	53,400.00
54	P12-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
55	P12-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
56	P12-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
57	P12-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
58	P12-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
59	P13-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
60	P13-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
61	P13-DATA CONVERSION PROCESS REVIEW REPORT	1.0000	EA	48,050.0000	48,050.00
62	P13-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
63	P13-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
64	P14-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
65	P14-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
66	P14-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
67	P14-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
68	P14-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
69	P15-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
70	P15-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
71	P15-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
72	P15-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
73	P15-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
74	P15-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
75	P16-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
76	P16-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
77	P16-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
78	P16-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
79	P16-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
80	P17-MANAGEMENT BRIEFING	1.0000	EA	3,639.1300	3,639.13

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BUSINESS UNIT 25670163	BUYER JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
81	P17-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
82	P17-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
83	P17-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
84	P18-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
85	P18-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
86	P18-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
87	P18-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
88	P18-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
89	P18-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
90	P19-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
91	P19-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
92	P19-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
93	P19-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
94	P20-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
95	P20-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
96	P20-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
97	P20-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00

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BUSINESS UNIT 25670163	BUYER JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
98	P21-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
99	P21-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
100	P21-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
101	P21-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
102	P21-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
103	P22-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
104	P22-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
105	P22-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
106	P22-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
107	P23-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
108	P23-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
109	P23-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
110	P23-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
111	P24-FINAL MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
112	P24-FINAL IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
113	P24-FINAL EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
114	P24-FINAL CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
115	DESIGN REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00

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VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
116	TECHNICAL RECOMMENDATIONS REPORT - DETAILED DESIGN	1.0000	EA	53,400.0000	53,400.00
	Total Order				**2,318,400.03**

BUYER INITIALS

R43500|NISK0002|NISK0002 20150901

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
1526 K Street, Suite 130
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PAGE	ORDER DATE
1 of 8	10/29/15
BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

CONTRACT NUMBER
58755 O4

VENDOR NUMBER: 789566

VENDOR ADDRESS:

FIRST DATA GOVERNMENT SOLUTIONS LP
6200 S QUEBEC ST STE 260A
PO BOX 1832
ENGLEWOOD CO 80150-1832

THE CONTRACT PERIOD IS:

JANUARY 01, 2014 THROUGH DECEMBER 31, 2015

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4468 Z1

Contract to supply and deliver Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services to the State of Nebraska as per the attached specifications for a two (2) year period from date of award. The contract may be renewed for one (1) additional six (6) month period when mutually agreeable to the vendor and the State of Nebraska. The State reserves the right to extend the period of this contract beyond the termination date when mutually agreeable to the vendor and the State of Nebraska.

Vendor Contact: Ed Picard
Phone: 508-768-7833
E-Mail: Ed.Picard@firstdata.com

(12/17/2013 ked)

Amendment One (1) as attached (03/24/14 ld)

AMENDMENT TWO (2) AS ATTACHED (10/29/15)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	P1-INITIAL PROJECT ASSESSMENT REPORT	1.0000	EA	83,850.0000	83,850.00
2	P1-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
3	P1-IV&V PROJECT MANAGEMENT PLAN	1.0000	EA	36,000.0000	36,000.00

Courtney N. Phillips, MPA
Chief Executive Officer
Department of Health and Human Services

11/5/15 pk Jennifer Crouse 10-30-15
BUYER

MATERIEL ADMINISTRATOR
11-5-15

R43500|NISH0003|NISH0003 20150901

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
4	P1-IV&V PROJECT SCHEDULE	1.0000	EA	20,500.0000	20,500.00
5	P2-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
6	P2-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
7	P2-PERFORMANCE STANDARDS PLANNING DOCUMENT	1.0000	EA	33,850.0000	33,850.00
8	P2-PERFORMANCE METRICS DOCUMENT	1.0000	EA	26,950.0000	26,950.00
9	P3-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
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11	P3-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
12	P3-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
13	P4-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
14	P4-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
15	P4-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
16	P4-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
17	P5-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
18	P5-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
19	P5-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
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21	P6-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
22	P6-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
23	P6-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
24	P6-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
25	P6-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
26	P6-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
27	P7-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
28	P7-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
29	P7-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
30	P7-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
31	P7-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
32	P8-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
33	P8-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
34	ANALYSIS (REQUIREMENTS) REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00
35	P8-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
36	P8-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
37	P9-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
38	P9-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
39	P9-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
40	P9-UNIT TESTING REVIEW REPORT	1.0000	EA	82,150.0000	82,150.00
41	P9-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
42	P9-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
43	P10-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
44	P10-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
45	P10-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
46	P10-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
47	P11-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
48	P11-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
49	P11-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
50	P11-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
51	P12-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
52	P12-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
53	TECHNICAL RECOMMENDATIONS REPORT - ARCHITECTURE	1.0000	EA	53,400.0000	53,400.00

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STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
1526 K Street, Suite 130
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PAGE	ORDER DATE
5 of 8	10/29/15
BUSINESS UNIT 25670163	BUYER JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
54	P12-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
55	P12-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
56	P12-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
57	P12-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
58	P12-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
59	P13-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
60	P13-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
61	P13-DATA CONVERSION PROCESS REVIEW REPORT	1.0000	EA	48,050.0000	48,050.00
62	P13-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
63	P13-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
64	P14-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
65	P14-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
66	P14-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
67	P14-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
68	P14-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
69	P15-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13

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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
70	P15-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
71	P15-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
72	P15-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
73	P15-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
74	P15-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
75	P16-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
76	P16-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
77	P16-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
78	P16-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
79	P16-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
80	P17-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
81	P17-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
82	P17-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
83	P17-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
84	P18-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
85	P18-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
86	P18-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
87	P18-EES PROJECT MILESTONE	1.0000	EA	23,233.3300	23,233.33

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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	AND COST STATUS REPORT				
88	P18-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
89	P18-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
90	P19-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
91	P19-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
92	P19-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
93	P19-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
94	P20-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
95	P20-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
96	P20-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
97	P20-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
98	P21-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
99	P21-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
100	P21-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
101	P21-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
102	P21-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
103	P22-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
104	P22-IV&V PROJECT STATUS	1.0000	EA	3,854.1700	3,854.17

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VENDOR NUMBER: 789566

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58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
105	P22-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
106	P22-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
107	P23-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
108	P23-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
109	P23-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
110	P23-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
111	P24-FINAL MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
112	P24-FINAL IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
113	P24-FINAL EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
114	P24-FINAL CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
115	DESIGN REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00
116	TECHNICAL RECOMMENDATIONS REPORT - DETAILED DESIGN	1.0000	EA	53,400.0000	53,400.00
	Total Order				**2,318,400.03**

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R43500|NISH0003|NISH0003 20150901

AMENDMENT TWO
58755 O4
Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services for the State of Nebraska
Between
The State of Nebraska and First Data Government Solutions LP

This Amendment (the "Amendment") is made by the State of Nebraska and First Data Government Solutions LP, parties to Contract 58755 O4 (the "Contract"), and upon mutual agreement and other valuable consideration the parties agree to and hereby amend the contract as follows:

Line 34 of the contract "P8-EES Design and Analysis Review Report" is being split into two requirements as shown below on lines 34 and 115. Line 53 of the contract "P12-EES Technical Recommendation Report" is being split into two requirements as shown below on lines 53 and 116.

1. Effective November 2, 2015, lines 34 and 53 of the contract are hereby superseded with the following:

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
34	Analysis (Requirements) Review Report	1	EA	44,150.0000	44,150.00
53	Technical Recommendations Report – Architecture	1	EA	53,400.0000	53,400.00

2. Effective November 2, 2015, lines 115 and 116 of the contract are added.

115	Design Review Report	1	EA	44,150.0000	44,150.00
116	Technical Recommendations Report – Detailed Design	1	EA	53,400.0000	53,400.00

3. Effective November 2, 2015, contact information is hereby superseded and replaced by:

   Vendor Contact: Ed Picard
   Phone: 508-768-7833
   Email: Ed.Picard@firstdata.com

This amendment and any attachments hereto will become part of the Contract. Except as set forth in this Amendment, the Contract is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this amendment and the Contract or any earlier amendment, the terms of this amendment will prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of execution by both parties below.

State of Nebraska	Contractor: First Data Government Solutions LP
By: ____________________	By: ____________________
Name: __Marilyn Bottrell________	Name: Jacie Engle
Title: _Materiel Administrator______	Title: Vice President
Date: 11-5 15	Date: 10/27/2015

State of Nebraska Department of Health and Human Services

By: ____________________

Name: Courtney Phillips

Title: Chief Executive Officer

Date: 11/2/15

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
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PAGE	ORDER DATE
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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

CONTRACT NUMBER
58755 O4

VENDOR NUMBER: 789566

VENDOR ADDRESS:

FIRST DATA GOVERNMENT SOLUTIONS LP
6200 S QUEBEC ST STE 260A
PO BOX 1832
ENGLEWOOD CO 80150-1832

THE CONTRACT PERIOD IS:

JANUARY 01, 2014 THROUGH DECEMBER 31, 2015

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4468 Z1

Contract to supply and deliver Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services to the State of Nebraska as per the attached specifications for a two (2) year period from date of award. The contract may be renewed for one (1) additional six (6) month period when mutually agreeable to the vendor and the State of Nebraska. The State reserves the right to extend the period of this contract beyond the termination date when mutually agreeable to the vendor and the State of Nebraska.

Vendor Contact: Ed Picard
Phone: 508-768-7833
E-Mail: Ed.Picard@firstdata.com

(12/17/2013 ked)

Amendment One (1) as attached (03/24/14 ld)

AMENDMENT TWO (2) AS ATTACHED (10/29/15)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	P1-INITIAL PROJECT ASSESSMENT REPORT	1.0000	EA	83,850.0000	83,850.00
2	P1-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
3	P1-IV&V PROJECT MANAGEMENT PLAN	1.0000	EA	36,000.0000	36,000.00

Courtney Phillips

Courtney N. Phillips, MPA
Chief Executive Officer
Department of Health and Human Services

11/5/15 pk Jennifer Crouse 10-30-15

BUYER

MATERIEL ADMINISTRATOR

11-5-15

R43500|NISH0003|NISH0003 20150901

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

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PAGE	ORDER DATE
2 of 8	10/29/15
BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
4	P1-IV&V PROJECT SCHEDULE	1.0000	EA	20,500.0000	20,500.00
5	P2-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
6	P2-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
7	P2-PERFORMANCE STANDARDS PLANNING DOCUMENT	1.0000	EA	33,850.0000	33,850.00
8	P2-PERFORMANCE METRICS DOCUMENT	1.0000	EA	26,950.0000	26,950.00
9	P3-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
10	P3-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
11	P3-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
12	P3-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
13	P4-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
14	P4-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
15	P4-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
16	P4-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
17	P5-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
18	P5-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
19	P5-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
20	P5-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00

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BUSINESS UNIT	BUYER
25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
21	P6-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
22	P6-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
23	P6-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
24	P6-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
25	P6-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
26	P6-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
27	P7-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
28	P7-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
29	P7-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
30	P7-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
31	P7-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
32	P8-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
33	P8-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
34	ANALYSIS (REQUIREMENTS) REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00
35	P8-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
36	P8-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00

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VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
37	P9-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
38	P9-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
39	P9-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
40	P9-UNIT TESTING REVIEW REPORT	1.0000	EA	82,150.0000	82,150.00
41	P9-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
42	P9-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
43	P10-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
44	P10-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
45	P10-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
46	P10-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
47	P11-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
48	P11-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
49	P11-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
50	P11-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
51	P12-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
52	P12-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
53	TECHNICAL RECOMMENDATIONS REPORT - ARCHITECTURE	1.0000	EA	53,400.0000	53,400.00

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CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
54	P12-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
55	P12-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
56	P12-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
57	P12-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
58	P12-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
59	P13-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
60	P13-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
61	P13-DATA CONVERSION PROCESS REVIEW REPORT	1.0000	EA	48,050.0000	48,050.00
62	P13-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
63	P13-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
64	P14-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
65	P14-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
66	P14-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
67	P14-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
68	P14-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
69	P15-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
70	P15-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
71	P15-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
72	P15-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
73	P15-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
74	P15-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
75	P16-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
76	P16-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
77	P16-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
78	P16-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
79	P16-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
80	P17-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
81	P17-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
82	P17-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
83	P17-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
84	P18-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
85	P18-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
86	P18-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
87	P18-EES PROJECT MILESTONE	1.0000	EA	23,233.3300	23,233.33

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25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	AND COST STATUS REPORT				
88	P18-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
89	P18-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
90	P19-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
91	P19-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
92	P19-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
93	P19-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
94	P20-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
95	P20-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
96	P20-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
97	P20-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
98	P21-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
99	P21-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
100	P21-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
101	P21-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
102	P21-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
103	P22-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
104	P22-IV&V PROJECT STATUS	1.0000	EA	3,854.1700	3,854.17

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25670163	JENNIFER CROUSE (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
105	P22-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
106	P22-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
107	P23-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
108	P23-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
109	P23-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
110	P23-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
111	P24-FINAL MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
112	P24-FINAL IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
113	P24-FINAL EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
114	P24-FINAL CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
115	DESIGN REVIEW REPORT	1.0000	EA	44,150.0000	44,150.00
116	TECHNICAL RECOMMENDATIONS REPORT - DETAILED DESIGN	1.0000	EA	53,400.0000	53,400.00
	Total Order				**2,318,400.03**

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AMENDMENT TWO
58755 O4
Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services for the State of Nebraska
Between
The State of Nebraska and First Data Government Solutions LP

This Amendment (the "Amendment") is made by the State of Nebraska and First Data Government Solutions LP, parties to Contract 58755 O4 (the "Contract"), and upon mutual agreement and other valuable consideration the parties agree to and hereby amend the contract as follows:

Line 34 of the contract "P8-EES Design and Analysis Review Report" is being split into two requirements as shown below on lines 34 and 115. Line 53 of the contract "P12-EES Technical Recommendation Report" is being split into two requirements as shown below on lines 53 and 116.

1. Effective November 2, 2015, lines 34 and 53 of the contract are hereby superseded with the following:

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
34	Analysis (Requirements) Review Report	1	EA	44,150.0000	44,150.00
53	Technical Recommendations Report – Architecture	1	EA	53,400.0000	53,400.00

2. Effective November 2, 2015, lines 115 and 116 of the contract are added.

115	Design Review Report	1	EA	44,150.0000	44,150.00
116	Technical Recommendations Report – Detailed Design	1	EA	53,400.0000	53,400.00

3. Effective November 2, 2015, contact information is hereby superseded and replaced by:

   Vendor Contact: Ed Picard
   Phone: 508-768-7833
   Email: Ed.Picard@firstdata.com

This amendment and any attachments hereto will become part of the Contract. Except as set forth in this Amendment, the Contract is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this amendment and the Contract or any earlier amendment, the terms of this amendment will prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of execution by both parties below.

State of Nebraska

By: ____________________

Name: __Marilyn Bottrell________

Title: _Materiel Administrator______

Date:____11-5 15______________

Contractor: First Data Government Solutions LP

By: ____________________

Name: Jacie Engle

Title: Vice President

Date: 10/27/2015

State of Nebraska Department of Health and Human Services

By: ____________________

Name: Courtney Phillips

Title: Chief Executive Officer

Date: 11/2/15

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BUSINESS UNIT	BUYER
25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

VENDOR ADDRESS:

FIRST DATA GOVERNMENT SOLUTIONS LP
6200 S QUEBEC ST STE 260A
PO BOX 1832
ENGLEWOOD COLORADO 80150-1832

THE CONTRACT PERIOD IS:

JANUARY 01, 2014 THROUGH DECEMBER 31, 2015

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original Contract/Bid Document 4468 Z1

Contract to supply and deliver Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services to the State of Nebraska as per the attached specifications for a two (2) year period from date of award. The contract may be renewed for one (1) additional six (6) month period when mutually agreeable to the vendor and the State of Nebraska. The State reserves the right to extend the period of this contract beyond the termination date when mutually agreeable to the vendor and the State of Nebraska.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: http://www.das.state.ne.us/accounting/forms/achenrol.pdf

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Responsibility Act of 1996, 8 U.S.C. 1324a, known as E-Verify Program, or an equivalent federal program designed by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor, by signature to the Request For Proposal, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

If the Contractor is an individual or sole proprietorship, the following applies:
1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: http://das.nebraska.gov/lb403/attestation_form.pdf
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

3/25/2014
CHIEF EXECUTIVE OFFICER
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3/26/14
BUYER RK 3/26/14
3/31/14
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

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25710178	PETER KROLL (AS)

CONTRACT NUMBER
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3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract resulting from the Invitation to Bid shall incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request For Proposal form and the Contractor' s proposal;
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request For Proposal form and the Contractor' s proposal 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once Requests For Proposal are opened they become the property of the State of Nebraska and will not be returned.

It is understood by the parties that in the State of Nebraska' s opinion, any limitation on the contractor' s liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section III and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied by the contractor' s bid response.

Vendor Contact: Lori Barett, Director, Government Business
Phone: 913-475-1395
Fax: 404-890-2360
E-Mail: Lori.barrett@firstdata.com

(12/17/2013 ked)

Amdendment One (1) as attached (03/24/14 ld)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	P1-INITIAL PROJECT ASSESSMENT REPORT	1.0000	EA	83,850.0000	83,850.00
2	P1-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
3	P1-IV&V PROJECT MANAGEMENT PLAN	1.0000	EA	36,000.0000	36,000.00
4	P1-IV&V PROJECT SCHEDULE	1.0000	EA	20,500.0000	20,500.00
5	P2-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
6	P2-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
7	P2-PERFORMANCE STANDARDS PLANNING DOCUMENT	1.0000	EA	33,850.0000	33,850.00
8	P2-PERFORMANCE METRICS DOCUMENT	1.0000	EA	26,950.0000	26,950.00
9	P3-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
10	P3-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
11	P3-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
12	P3-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
13	P4-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
14	P4-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
15	P4-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
16	P4-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
17	P5-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
18	P5-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
19	P5-EES DELIVERABLE REVIEW	1.0000	EA	54,604.7600	54,604.76

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
20	P5-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
21	P6-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
22	P6-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
23	P6-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
24	P6-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
25	P6-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
26	P6-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
27	P7-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
28	P7-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
29	P7-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
30	P7-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
31	P7-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
32	P8-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
33	P8-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
34	P8-EES DESIGN AND ANALYSIS REVIEW REPORT	1.0000	EA	88,300.0000	88,300.00
35	P8-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
36	P8-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
37	P9-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
38	P9-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
39	P9-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
40	P9-UNIT TESTING REVIEW REPORT	1.0000	EA	82,150.0000	82,150.00
41	P9-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
42	P9-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
43	P10-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
44	P10-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
45	P10-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
46	P10-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
47	P11-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
48	P11-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
49	P11-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
50	P11-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
51	P12-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
52	P12-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
53	P12-EES TECHNICAL	1.0000	EA	106,800.0000	106,800.00

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	RECOMMENDATIONS REPORT				
54	P12-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
55	P12-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
56	P12-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
57	P12-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
58	P12-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
59	P13-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
60	P13-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
61	P13-DATA CONVERSION PROCESS REVIEW REPORT	1.0000	EA	48,050.0000	48,050.00
62	P13-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
63	P13-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
64	P14-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
65	P14-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
66	P14-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
67	P14-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
68	P14-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
69	P15-MANAGEMENT BRIEFING	1.0000	EA	3,639.1300	3,639.13

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
70	P15-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
71	P15-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
72	P15-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
73	P15-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
74	P15-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
75	P16-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
76	P16-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
77	P16-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
78	P16-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
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81	P17-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
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83	P17-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
84	P18-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
85	P18-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
86	P18-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
87	P18-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
88	P18-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
89	P18-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
90	P19-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
91	P19-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
92	P19-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
93	P19-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
94	P20-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
95	P20-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
96	P20-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
97	P20-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
98	P21-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
99	P21-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
100	P21-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
101	P21-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
102	P21-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
103	P22-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13

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STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508
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Lincoln, Nebraska 68509-4847
Telephone: (402) 471-6500
Fax: (402) 471-2089

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BUSINESS UNIT	BUYER
25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
104	P22-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
105	P22-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
106	P22-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
107	P23-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
108	P23-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
109	P23-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
110	P23-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
111	P24-FINAL MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
112	P24-FINAL IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
113	P24-FINAL EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
114	P24-FINAL CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
	Total Order				**2,318,400.03**

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AMENDMENT ONE
Contract 58755 O4
Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V)
Services for the State of Nebraska
Between
The State of Nebraska and First Data Government Solutions LP

This Amendment (the "Amendment") is made by the State of Nebraska and First Data Government Solutions LP, parties to Contract 58755 O4 (the "Contract"), and upon mutual agreement and other valuable consideration the parties agree to and hereby amend the contract period to read as follows:

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JANUARY 1, 2014 THROUGH DECEMBER 31, 2015

This amendment and any attachments hereto will become part of the Contract. Except as set forth in this Amendment, the Contract is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this amendment and the Contract or any earlier amendment, the terms of this amendment will prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of execution by both parties below.

State of Nebraska	Contractor: First Data Government Solutions LP
By:	By:
Name: Bo Botelho	Name: John Grubmuller
Title: Materiel Administrator	Title: Vice President
Date: 3/3/14	Date: March 19, 2014

Department of Health and Human Services

By:

Name: Kerry Winterer

Title: Chief Executive Officer

Date: 3/25/2014

STATE OF NEBRASKA SERVICE CONTRACT AWARD

PAGE 1 of 9	ORDER DATE 12/17/13
BUSINESS UNIT 25710178	BUYER PETER KROLL (AS)

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
58755 O4

VENDOR NUMBER: 789566

VENDOR ADDRESS:

FIRST DATA GOVERNMENT SOLUTIONS LP
6200 S QUEBEC ST STE 260A
GREENWOOD VILLAGE COLORADO 80111-4750

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JANUARY 01, 2014 THROUGH DECEMBER 31, 2014

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4468 Z1

Contract to supply and deliver Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services to the State of Nebraska as per the attached specifications for a one (1) year period from date of award. The contract may be renewed for one (1) additional six (6) month period when mutually agreeable to the vendor and the State of Nebraska. The State reserves the right to extend the period of this contract beyond the termination date when mutually agreeable to the vendor and the State of Nebraska.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: http://www.das.state.ne.us/accounting/forms/achenrol.pdf

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Responsibility Act of 1996, 8 U.S.C. 1324a, known as E-Verify Program, or an equivalent federal program designed by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor, by signature to the Request For Proposal, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

If the Contractor is an individual or sole proprietorship, the following applies:
1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: http://das.nebraska.gov/lb403/attestation_form.pdf
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract resulting from the Invitation to Bid shall incorporate the following documents:

1/13/14
CHIEF EXECUTIVE OFFICER
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1/13/14
RK 1/13/13
BUYER

1-13-14
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
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25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

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1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request For Proposal form and the Contractor' s proposal;
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request For Proposal form and the Contractor' s proposal 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once Requests For Proposal are opened they become the property of the State of Nebraska and will not be returned.

It is understood by the parties that in the State of Nebraska' s opinion, any limitation on the contractor' s liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section III and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied by the contractor' s bid response.

Vendor Contact: Lori Barett, Director, Government Business
Phone: 913-475-1395
Fax: 404-890-2360
E-Mail: Lori.barrett@firstdata.com

(12/17/2013 ked)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	P1-INITIAL PROJECT ASSESSMENT REPORT	1.0000	EA	83,850.0000	83,850.00
2	P1-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
3	P1-IV&V PROJECT MANAGEMENT PLAN	1.0000	EA	36,000.0000	36,000.00
4	P1-IV&V PROJECT SCHEDULE	1.0000	EA	20,500.0000	20,500.00
5	P2-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
6	P2-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
7	P2-PERFORMANCE STANDARDS	1.0000	EA	33,850.0000	33,850.00

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VENDOR NUMBER: 789566

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58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	PLANNING DOCUMENT				
8	P2-PERFORMANCE METRICS DOCUMENT	1.0000	EA	26,950.0000	26,950.00
9	P3-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
10	P3-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
11	P3-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
12	P3-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
13	P4-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
14	P4-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
15	P4-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
16	P4-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
17	P5-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
18	P5-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
19	P5-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
20	P5-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
21	P6-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
22	P6-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
23	P6-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
24	P6-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
25	P6-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
26	P6-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
27	P7-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
28	P7-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
29	P7-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
30	P7-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
31	P7-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
32	P8-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
33	P8-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
34	P8-EES DESIGN AND ANALYSIS REVIEW REPORT	1.0000	EA	88,300.0000	88,300.00
35	P8-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
36	P8-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
37	P9-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
38	P9-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
39	P9-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
40	P9-UNIT TESTING REVIEW REPORT	1.0000	EA	82,150.0000	82,150.00
41	P9-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
42	P9-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
43	P10-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
44	P10-IV&V PROJECT STATUS	1.0000	EA	3,854.1700	3,854.17

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25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
45	P10-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
46	P10-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
47	P11-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
48	P11-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
49	P11-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
50	P11-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
51	P12-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
52	P12-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
53	P12-EES TECHNICAL RECOMMENDATIONS REPORT	1.0000	EA	106,800.0000	106,800.00
54	P12-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
55	P12-EES ESTIMATING AND SCHEDULE REVIEW RECOMMENDATIONS REPORT	1.0000	EA	24,166.6700	24,166.67
56	P12-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
57	P12-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
58	P12-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
59	P13-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
60	P13-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
61	P13-DATA CONVERSION PROCESS	1.0000	EA	48,050.0000	48,050.00

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25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REVIEW REPORT				
62	P13-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
63	P13-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
64	P14-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
65	P14-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
66	P14-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
67	P14-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
68	P14-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
69	P15-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
70	P15-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
71	P15-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
72	P15-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
73	P15-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
74	P15-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
75	P16-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
76	P16-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
77	P16-DATA CONVERSION ERROR REPORT	1.0000	EA	21,266.6700	21,266.67
78	P16-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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BUSINESS UNIT	BUYER
25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
79	P16-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
80	P17-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
81	P17-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
82	P17-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
83	P17-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
84	P18-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
85	P18-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
86	P18-RISK ASSESSMENT REPORT	1.0000	EA	30,978.5700	30,978.57
87	P18-EES PROJECT MILESTONE AND COST STATUS REPORT	1.0000	EA	23,233.3300	23,233.33
88	P18-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
89	P18-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
90	P19-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
91	P19-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
92	P19-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
93	P19-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
94	P20-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
95	P20-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
96	P20-EES DELIVERABLE REVIEW	1.0000	EA	54,604.7600	54,604.76

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	REPORT				
97	P20-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
98	P21-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
99	P21-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
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101	P21-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
102	P21-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
103	P22-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
104	P22-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
105	P22-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
106	P22-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
107	P23-MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
108	P23-IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
109	P23-EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76
110	P23-CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
111	P24-FINAL MANAGEMENT BRIEFING REPORT	1.0000	EA	3,639.1300	3,639.13
112	P24-FINAL IV&V PROJECT STATUS REPORT	1.0000	EA	3,854.1700	3,854.17
113	P24-FINAL EES DELIVERABLE REVIEW REPORT	1.0000	EA	54,604.7600	54,604.76

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P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

PAGE	ORDER DATE
9 of 9	12/17/13
BUSINESS UNIT	BUYER
25710178	PETER KROLL (AS)

VENDOR NUMBER: 789566

CONTRACT NUMBER
58755 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
114	P24-FINAL CRITICAL INCIDENT REPORT	1.0000	EA	2,200.0000	2,200.00
	Total Order				**2,318,400.03**

PK
BUYER INITIALS

First Data.

December 10, 2013

Pete Kroll
State Purchasing Bureau
301 Centennial Mall South
Mall Level
Lincoln, NE 68508

VIA FEDEX DELIVERY

RE: NE EES IV&V Addendum One

Dear Mr. Kroll:

Enclosed is the original version of the referenced document. Please send a fully signed copy back to me when it is ready.

First Data Government Solutions
Attn: Julie Patel
11311 Cornell Park Drive, Suite 300
Cincinnati, OH 45242

If you have any questions, please feel free to contact me at (513) 489-9599 ext. 189 or julie.patel@firstdata.com.

Sincerely,

Julie Patel

Julie Patel
Sr. Administrative Assistant

Enclosures

ADDENDUM ONE to Contract Award
Terms and Conditions
Contract 58755 O4 Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services
Between
The State of Nebraska and First Data Government Solutions, LP

The following Terms and Conditions, Addendum One of Contract 58755 O4 have been reviewed and agreed upon between First Data Government Solutions, LP "Contractor" and the State of Nebraska "State". This addendum will become part of the contract for Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services. The terms and conditions of this Addendum shall supersede, prevail and govern in the case of any inconsistencies with the Terms and Conditions indicated in Section III of the Request for Proposal.

By signing this Addendum the Contractor guarantees compliance with the provisions stated herein, agrees to the terms and conditions and certifies Contractor maintains a drug free work place environment.

A. GENERAL

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request for Proposal form and the Contractor's Proposal, 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once an intent to award decision has been determined, it will be posted to the Internet at:
http://www.das.state.ne.us/materiel/purchasing/rfp.htm

Grievance and protest procedure is available on the Internet at:
http://www.das.state.ne.us/materiel/purchasing/agencyservicesprocurementmanual/ProtestGrievanceProcedureForServices.doc

Any protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the Internet.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION

The contractor shall comply with all applicable local, State and Federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D. PERMITS, REGULATIONS, LAWS

The contractor shall procure and pay for all permits, licenses and approvals necessary for the execution of the contract. The contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders and regulations.

E. OWNERSHIP OF INFORMATION AND DATA

The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data contained in work plans, assessments, and performance metrics (the "Deliverables").

The contractor must guarantee that it has the full legal right to assign the Deliverables. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights to the Deliverables. It shall be the responsibility of the contractor to pay for all royalties and costs for the Deliverables, and the State must be held harmless from any such claims.

F. INSURANCE REQUIREMENTS

The contractor shall not commence work under this contract until he or she has obtained all the insurance required hereunder and such insurance has been approved by the State. If contractor will be utilizing any subcontractors, the contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all subcontractor(s). Contractor is also responsible for ensuring subcontractor(s) maintain the insurance required until completion of the contract requirements. The contractor shall not allow any subcontractor to commence work on his or her subcontract until all similar insurance required of the subcontractor has been obtained and approved by the contractor. Approval of the insurance by the State shall not limit, relieve or decrease the liability of the contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the contractor elects to increase the mandatory deductible amount, the contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

1. WORKERS' COMPENSATION INSURANCE

The contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. **COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

The contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury and Contractual Liability coverage. The policy shall include the State, and others as required by the contract documents, as an Additional Insured. This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned and Hired vehicles.

3. **INSURANCE COVERAGE AMOUNTS REQUIRED**

a. **WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY**

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	$100,000 each accident
Bodily Injury by Disease	$500,000 policy limit
Bodily Injury by Disease	$100,000 each employee

b. **COMMERCIAL GENERAL LIABILITY**

General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 any one person
Bodily Injury/Property Damage	$1,000,000 per occurrence
Fire Damage	$50,000 any one fire
Medical Payments	$5,000 any one person

c. **COMMERCIAL AUTOMOBILE LIABILITY**

Bodily Injury/Property Damage	$1,000,000 combined single limit

d. **UMBRELLA/EXCESS LIABILITY**

Over Primary Insurance — $1,000,000 per occurrence

4. **EVIDENCE OF COVERAGE**

The Contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements, which shall be submitted to the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl., Lincoln, NE 68508 (facsimile 402-471-2089). These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration and amounts and types of coverage afforded. If the State is damaged by the failure of the contractor to maintain such insurance, then the contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089 when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

G. COOPERATION WITH OTHER CONTRACTORS

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential contractors, if such an arrangement is in the best interest of the State.
2. The contractor shall agree to cooperate with such other contractors, and shall not commit or permit any act which may interfere with the performance of work by any other contractor.

H. INDEPENDENT CONTRACTOR

It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the contractor, its officers or its agents) shall in no way be the responsibility of the State. The contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay or retirement benefits.

I. CONTRACTOR RESPONSIBILITY

The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.

If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J. CONTRACTOR PERSONNEL

The contractor warrants that all persons assigned to the project shall be employees of the contractor or specified subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the contractor to fulfill the terms of the contract shall remain under the sole direction and control of the contractor. The contractor shall include a similar provision in any contract with any subcontractor selected to perform work on the project.
Personnel commitments made in the contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the contractor to reassign or remove from the project any contractor or subcontractor employee.

In respect to its employees, the contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the contractor's employees, including all insurance required by state law;
3. damages incurred by contractor's employees within the scope of their duties under the contract;

4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the contractor's employees.

Notice of cancellation of any required insurance policy must be submitted to the State when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

K. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

The contractor shall not, at any time during the term of this contract and for six (6) months thereafter, recruit or employ any State employee who has worked on the Request for Proposal or project.

L. CONFLICT OF INTEREST

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

M. PROPOSAL PREPARATION COSTS

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations, or oral presentations, or in any other activity related to bidding on this Request for Proposal.

N. ERRORS AND OMISSIONS

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

O. BEGINNING OF WORK

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful contractor. The contractor will be notified in writing when work may begin.

P. ASSIGNMENT BY THE STATE

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

Q. ASSIGNMENT BY THE CONTRACTOR

The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld; provided, however, the State's consent is not required for the contractor to assign this contract to an affiliate or in connection with a merger, acquisition or sale of all or substantially all of the contractor's assets or of a controlling equity interest. This contract will extend to and be binding upon any permitted successors and assigns.

R. DEVIATIONS FROM THE REQUEST FOR PROPOSAL

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal or mandatory requirements. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

S. GOVERNING LAW

The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The contractor must be in compliance with all Nebraska statutory and regulatory law.

T. ATTORNEY'S FEES

In the event of any litigation, appeal or other legal action to enforce any provision of the contract, the contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

U. ADVERTISING

The contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

V. STATE PROPERTY

The contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the contractor's use during the performance of the contract. The contractor shall reimburse the State for any loss or damage of such property, normal wear and tear is expected.

W. SITE RULES AND REGULATIONS

The contractor shall use its best efforts to ensure that its employees, agents and subcontractors comply with site rules and regulations while on State premises. If the contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the contractor.

X. NOTIFICATION

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II, A. Procuring Office and Contact Person of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) days following deposit in the mail.

2. Whenever the contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by

law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between contractor and the State regarding the contract shall take place between the contractor and individuals specified by the State in writing. Communication about the contract between contractor and individuals not designated as points of contact by the State is strictly forbidden.

Y. EARLY TERMINATION

The contract may be terminated as follows:

1. The State and the contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon 30 days written notice to the contractor. Such termination shall not relieve the contractor of warranty or other service obligations incurred under the terms of the contract. In the event of cancellation the contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
   - **a.** if directed to do so by statute;
   - **b.** contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
   - **c.** a trustee or receiver of the contractor or of any substantial part of the contractor's assets has been appointed by a court;
   - **d.** fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its contractor, its employees, officers, directors or shareholders;
   - **e.** an involuntary proceeding has been commenced by any party against the contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) days; or (ii) the contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the contractor has been decreed or adjudged a debtor;
   - **f.** a voluntary petition has been filed by the contractor under any of the chapters of Title 11 of the United States Code;

g. contractor intentionally discloses confidential information;
h. contractor has or announces it will discontinue support of the deliverable;
i. second or subsequent documented "vendor performance report" form deemed acceptable by the State Purchasing Bureau.

Z. FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS

The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the contractor written notice thirty (30) days prior to the effective date of any termination, and advise the contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the contractor be paid for a loss of anticipated profit.

AA. BREACH BY CONTRACTOR

The State may terminate the contract, in whole or in part, if the contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the contractor, allow the contractor to cure a failure or breach of contract within a period of thirty (30) days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

BB. ASSURANCES BEFORE BREACH

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the contractor shall deliver assurances in the form of additional contractor resources at
no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

CC. PENALTY

In the event that the contractor fails to perform any substantial obligation under the contract, the State may withhold all monies due and payable to the contractor, without penalty, until such failure is cured or otherwise adjudicated. Failure to meet the dates stipulated in the contract for the deliverables may result in an assessment of penalty due the State of $1000.00 dollars per day, until the deliverables are approved. Contractor will be notified in writing when penalty will commence.

DD. FORCE MAJEURE

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the contractor. To obtain release based on a Force Majeure Event, the contractor shall file a written request for such relief with the State Purchasing Bureau/ Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

EE. PROHIBITION AGAINST ADVANCE PAYMENT

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

FF. PAYMENT

State will render payment to contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date, and the contractor hereby waives any claim or cause of action for any such services.

GG. INVOICES

Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. Invoices must be submitted to: Medicaid and Long-Term Care Division, P.O. Box 95026, Lincoln, NE 68509. The terms and conditions included in the contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

HH. AUDIT REQUIREMENTS

The contractor shall permit the State to audit contractor's books and records directly related to the services provided under the contract; provided that the State gives at least thirty (30) days prior written notice and does not conduct such audits more frequently than once in any one year period. Such audit shall be conducted during normal business hours at the State's own expense in a manner that does not disrupt the contractor's business. The State shall abide by all contractor work rules and security regulations while conducting such audit. These records shall be maintained for a period of five (5) full years from the date of final payment, or until all issues related to an audit, litigation or other action are resolved, whichever is longer. All records shall be maintained in accordance with generally accepted accounting principles.

In addition to, and in no way in limitation of any obligation in the contract, the contractor shall agree that it will be held liable for any State audit exceptions, and shall return to the State all payments made under the contract for which an exception has been taken or which has been disallowed because of such an exception. The contractor agrees to correct immediately any material weakness or condition reported to the State in the course of an audit.

II. TAXES

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the contractor's equipment which may be installed in a state-owned facility is the responsibility of the contractor.

JJ. INSPECTION AND APPROVAL

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The contractor shall permit the State to inspect, monitor and otherwise evaluate the work being performed; provided that the State gives at least thirty (30) days prior written notice and does not conduct such inspections more frequently than once in any one year period. Such inspection shall be conducted during normal business hours at the State's own expense in a manner that does not disrupt the contractor's business. The State shall abide by all contractor work rules and security regulations while conducting such inspection.

KK. CHANGES IN SCOPE/CHANGE ORDERS

The State may, at any time with written notice to the contractor, make changes within the general scope of the contract. Changes in scope shall only be conducted with the written approval of the State's designee as so defined by the State from time to time. (The State retains the right to employ the services of a third party to perform any change order(s)).

The State may, at any time work is in progress, by written order, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the contractor for any extra work so ordered shall be determined in accordance with the applicable unit prices of the contractor's proposal.

Corrections of any deliverable services or performance of work required pursuant to the contract shall not be deemed a modification requiring a change order.

LL. SEVERABILITY

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.

MM. CONFIDENTIALITY

"Confidential Information" means all data or information that is competitively sensitive material and/or not generally known to the public, including, but not limited to, information which is marked confidential or proprietary. Confidential Information does not include information which: (i) is or becomes part of the public domain; (ii) was already known to the receiving party prior to its disclosure; (iii) is lawfully obtained from a third party without obligations of confidentiality; (iv) is independently developed by the receiving party; or (v) must be communicated in response to a valid law, regulation or court order, provided the disclosing party uses reasonable efforts to notify the other party prior to disclosure (unless such notification is prohibited by law, regulation or court order) so such party may seek a protective order or otherwise prevent or limit such disclosure. All Confidential Information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with applicable Federal and State Law, and ethical standards. The contractor will take commercially reasonable steps to prevent disclosure of Confidential Information, including, at a minimum, such steps it would take to protect its own Confidential Information. A "Security Incident" means any unauthorized or unlawful access to, use, disclosure or alteration of non-public or personally identifiable information ("Personal Information"). In the event of a Security Incident, the contractor will promptly (i) assess the nature and scope of the Security Incident; (ii) identify the Personal Information involved, if any; (iii) take appropriate steps to contain, control and stop the Security Incident; and (iv), in the event Personal Information was compromised and it is reasonably suspected that misuse will result, notify the other party of the Security Incident, subject to any request by law enforcement or other government agency to withhold such notice pending the completion of an investigation.

It is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

NN. PROPRIETARY INFORMATION

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal. The separate package must be clearly marked PROPRIETARY on the outside of the package. Bidders may not mark their entire Request for Proposal as proprietary. Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

OO. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

By submission of this proposal, the bidder certifies, that he or she is the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

PP. PRICES

All prices, costs, terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made (and for bidder receiving award prices shall remain as bid for the duration of the contract unless otherwise so stated in the contract) or the Request for Proposal is cancelled.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the contractor may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

QQ. BEST AND FINAL OFFER

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

RR. ETHICS IN PUBLIC CONTRACTING

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator or employee based on the understanding that the receiving person's vote, actions or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau.

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.

If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.

SS. INDEMNIFICATION

1. GENERAL

The contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents, except to the extent such claim is caused by, relates to or arises out of (a) the State's failure to use the Deliverables as permitted under the contract or (b) the State's configuration or use of the Deliverables in combination with other software, equipment, services, processes, elements, components or systems that are not provided by the contractor; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Deliverables without the State's prior written consent.

3. **PERSONNEL**

The contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the contractor.

TT. NEBRASKA TECHNOLOGY ACCESS STANDARDS

Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-101.html and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.

UU. ANTITRUST

The contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

VV. DISASTER RECOVERY/BACK UP PLAN

The contractor shall have a disaster recovery and business continuity plan, in order to continue services as specified under these specifications in the event of a disaster. Upon receipt of a confidentiality agreement from the State, the contractor will provide an executive summary of the plan upon request.

WW. TIME IS OF THE ESSENCE

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the contractor remaining to be performed.

XX. RECYCLING

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

YY. DRUG POLICY

Contractor certifies that it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

ZZ. NEW EMPLOYEE WORK ELIGIBILITY STATUS

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us.

2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

AAA. CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

The contractor, by signature to this RFP, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

"State"	"Contractor"
By:	By:
Name: BO BOTELHO	Name: John Grubmuller
Title: MATERIEL ADMINISTRATOR	Title: Vice President
Date: 12-30-13	Date: December 9, 2013

Request for Proposal Number 4468 Z1
Contract Number 58755 O4
Proposal Opening: October 8, 2013

In accordance with Nebraska Revised Statutes §84.712.05(3), the following material(s) has not been included due to it being marked proprietary.

First Data Government Solutions, LP

1. Attachment 2 Disaster Recovery (Exec. Summary): Business Continuity and Disaster Recovery

First Data
b›yond the transaction

State of Nebraska

Department of Health & Human Services (DHHS)

Request for Proposal (RFP) for

Eligibility & Enrollment Solution (EES), Independent Verification & Validation (IV&V) Services

RFP# 4468Z1

October 8, 2013
2:00PM

TECHNICAL PROPOSAL

5565 Glenridge Connector NE,
Suite 1600
Atlanta, GA 30342
www.firstdata.com

ORIGINAL

First Data.
b›yond the transaction

October 8, 2013

Peter Kroll/Robert Thompson
State Purchasing Bureau
301 Centennial Mall South, Mall Level
Lincoln, NE 68505

Subject: First Data's proposal in response to the State of Nebraska, Department of Health & Human Services, Request for Proposals (RFP) for Independent Verification and Validation (IV&V) Services for the Eligibility & Enrollment Solution (EES) Project, RFP# 4468Z1

Dear Mr. Kroll/ Mr. Thompson

In response to the IV&V Services Opportunity referenced above, First Data Government Solutions, LP is enclosing our proposal for IV&V Services to the Nebraska, Department of Health & Human Services.

First Data Government Solutions, LP is a government facing business component of First Data Corporation, a $10 billion company that provides a significant percentage of the world's financial transactions for banks and retailers. The stability and integrity of an IV&V partner such as First Data is essential to ensuring an objective, reasoned assessment of the processes and deliverables associated with the replacement and implementation of the Medicaid Eligibility & Enrollment System components. Not only are we industry leaders in project management, quality assurance and IV&V, we have also diligently performed these services for many of the nation's largest government system development projects.

First Data is pleased to offer our IV&V knowledge to support the Department's EES Project. First Data is a proven leader in providing consulting services that span the entire system development lifecycle. This includes the following:

- **More than 25 years of industry leading experience** – First Data Government Solutions, LP was formed to bring business and technical expertise in IT solutions and consulting services to government. As a result, we have a very good understanding of the MMIS and Medicaid eligibility programs, policies, business processes, and systems. Some examples of our IV&V projects include the following:
  - ✓ Indiana MMIS Project Operational Verification and Validation (OV&V) project management and operational quality assurance support

- ✓ Indiana Eligibility Modernization Project Operational Verification and Validation (OV&V) project management and operational quality assurance support
- ✓ California WCDS Consortium CalWORKs Information Network (CalWIN) strategic planning, procurement support, quality assurance, and IV&V
- ✓ California Statewide Automated Welfare System Consortium IV (C-IV) strategic planning, procurement support, quality assurance, and IV&V
- ✓ New York Department of Labor Modernization Project IV&V
- ✓ North Dakota Department of Human Services MMIS IV&V
- ✓ Texas Department of Health Compass 21 IV&V

- **Highly qualified key staff** - The proposed First Data Team's knowledge is built on a successful track record of real, hands-on experience performing the work required. Our team will work independently of, but collaboratively with the Department and other vendor teams to ensure the realization of the Department's goals and objectives.

- **Corporate stability** – As a $10 billion company with approximately 25,000 employees, First Data provides the strength and credibility that is essential to both State and Federal stakeholders and sponsors Nebraska can count on the company behind the team to bring the right skills and expertise for the duration of the EES IV&V Project.

First Data welcomes the opportunity to discuss our proposal should there be any questions that may arise. Please do not hesitate to call Ms. Lori Barrett at (913) 475-1395.

Regards,

Jeffery D. Myers
Senior Vice President & General Manager
First Data Government Solutions, LP

Table of Contents

Attachments

SOLICITATION NUMBER	RELEASE DATE
RFP 4468Z1	**August 16, 2013**
OPENING DATE AND TIME	PROCUREMENT CONTACT
October 8, 2013 2:00 p.m. Central Time	**Peter A. Kroll** **Robert Thompson**

This form is part of the specification package and must be signed and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4468Z1 for the purpose of selecting a qualified contractor to provide Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services.

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Written questions are due no later than August 30, 2013, and should be submitted via e-mail to as.materielpurchasing@nebraska.gov. Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original and six (6) hardcopies of the entire proposal. In the event of any inconsistencies among the proposals, the language contained in the original proposal shall govern. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing by the date and time of proposal opening indicated above. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form "REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES" MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder's proposal and any other requirements as specified in the Request for Proposal in order to be considered for an award.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows: http://das.nebraska.gov/materiel/purchasing/rfp.htm
4. It is understood by the parties that in the State of Nebraska's opinion, any limitation on the contractor's liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section 3, and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied with the contractor's bid or in the final contract.

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal For Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions (see Section III) and certifies that bidder maintains a drug free work place environment.

FIRM: First Data Government Solutions, LP

COMPLETE ADDRESS: 5565 Glenridge Connector, NE Suite 1600 Atlanta, GA 30342

TELEPHONE NUMBER: (404) 890-2455 FAX NUMBER: (404) 890 2360

SIGNATURE: [signature] DATE: 10/7/13

TYPED NAME & TITLE OF SIGNER: Jeffery D. Myers, SVP & General Manager

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Form A

Bidder Contact Sheet

Request for Proposal Number 4468Z1

The Bidder Contact Sheet should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response. Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Preparation of Response Contact Information	
Bidder Name:	First Data Government Solutions, LP
Bidder Address:	5565 Glenridge Connector NE, Suite 1600 Atlanta, GA 30342
Contact Person & Title:	Lori Barett, Director, Government Business
E-mail Address:	Lori.barrett@firstdata.com
Telephone Number (Office):	(913) 475-1395
Telephone Number (Cellular):	(913) 475-1395
Fax Number:	(404) 890-2360

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	First Data Government Solutions, LP
Bidder Address:	5565 Glenridge Connector NE, Suite 1600 Atlanta, GA 30342
Contact Person & Title:	Lori Barett, Director, Government Business
E-mail Address:	Lori.barrett@firstdata.com
Telephone Number (Office):	(913) 475-1395
Telephone Number (Cellular):	(913) 475-1395
Fax Number:	(404) 890-2360

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III. TERMS AND CONDITIONS

By signing the "Request for Proposal for Contractual Services" form, the Bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions and certifies bidder maintains a drug free work place environment.

Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, (2) including an explanation for the bidder's inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder's proposal.

The Contractor awarded the IV&V contract for the EES project, their subcontractor(s) and vendor(s) are precluded from submitting an EES proposal, assisting another company in making a proposal, or otherwise materially participating in any subsequent contract related to the EES project.

A. GENERAL

ADM Accept (Initial) ______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request for Proposal form and the Contractor's Proposal, 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

JOM **Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)**

All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once an intent to award decision has been determined, it will be posted to the Internet at:
http://www.das.state.ne.us/materiel/purchasing/rfp.htm

Grievance and protest procedure is available on the Internet at:
http://www.das.state.ne.us/materiel/purchasing/agencyservicesprocurementmanual/ProtestGrievanceProcedureForServices.doc

Any protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the Internet.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION

JOM **Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)**

The contractor shall comply with all applicable local, State and Federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D. PERMITS, REGULATIONS, LAWS

JOM **Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)**

The contractor shall procure and pay for all permits, licenses and approvals necessary for the execution of the contract. The contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders and regulations.

E. OWNERSHIP OF INFORMATION AND DATA

_______Accept (Initial)_______Reject (Initial) _ADM_Reject and Provide Alternative within RFP Response (Initial)

The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data developed or derived by the contractor pursuant to this contract.

The contractor must guarantee that it has the full legal right to the materials, supplies, equipment, and other rights or titles (e.g. rights to licenses transfer or assign deliverables) necessary to execute this contract. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights that are in any way involved in the contract. It shall be the responsibility of the contractor to pay for all royalties and costs, and the State must be held harmless from any such claims.

F. INSURANCE REQUIREMENTS

_ADM_Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall not commence work under this contract until he or she has obtained all the insurance required hereunder and such insurance has been approved by the State. If contractor will be utilizing any subcontractors, the contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all subcontractor(s). Contractor is also responsible for ensuring subcontractor(s) maintain the insurance required until completion of the contract requirements. The contractor shall not allow any subcontractor to commence work on his or her subcontract until all similar insurance required of the subcontractor has been obtained and approved by the contractor. Approval of the insurance by the State shall not limit, relieve or decrease the liability of the contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the contractor elects to increase the mandatory deductible amount, the contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

1. WORKERS' COMPENSATION INSURANCE

The contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury and Contractual Liability coverage. The policy shall include the State, and others as required by the contract documents, as an Additional Insured. This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned and Hired vehicles.

3. **INSURANCE COVERAGE AMOUNTS REQUIRED**

a. **WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY**

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	$100,000 each accident
Bodily Injury by Disease	$500,000 policy limit
Bodily Injury by Disease	$100,000 each employee

b. **COMMERCIAL GENERAL LIABILITY**

General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 any one person
Bodily Injury/Property Damage	$1,000,000 per occurrence
Fire Damage	$50,000 any one fire
Medical Payments	$5,000 any one person

c. **COMMERCIAL AUTOMOBILE LIABILITY**

Bodily Injury/Property Damage	$1,000,000 combined single limit

d. **UMBRELLA/EXCESS LIABILITY**

Over Primary Insurance	$1,000,000 per occurrence

4. **EVIDENCE OF COVERAGE**

The Contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements, which shall be submitted to the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl., Lincoln, NE 68508 (facsimile 402-471-2089). These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration and amounts and types of coverage afforded. If the State is damaged by the failure of the contractor to maintain such insurance, then the contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089 when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

G. COOPERATION WITH OTHER CONTRACTORS

dm___Accept (Initial) _____Reject (Initial) ____Reject and Provide Alternative within RFP Response (Initial)

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential contractors, if such an arrangement is in the best interest of the State.
2. The contractor shall agree to cooperate with such other contractors, and shall not commit or permit any act which may interfere with the performance of work by any other contractor.

H. INDEPENDENT CONTRACTOR

dm___Accept (Initial) _____Reject (Initial) ____Reject and Provide Alternative within RFP Response (Initial)

It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the contractor, its officers or its agents) shall in no way be the responsibility of the State. The contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay or retirement benefits.

I. CONTRACTOR RESPONSIBILITY

dm___Accept (Initial) _____Reject (Initial) ____Reject and Provide Alternative within RFP Response (Initial)

The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.

If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J. CONTRACTOR PERSONNEL

dm___Accept (Initial) _____Reject (Initial) ____Reject and Provide Alternative within RFP Response (Initial)

The contractor warrants that all persons assigned to the project shall be employees of the contractor or specified subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the contractor to fulfill the terms of the contract shall remain under the sole direction and control of the contractor. The contractor shall include a similar provision in any contract with any subcontractor selected to perform work on the project.

Personnel commitments made in the contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the contractor to reassign or remove from the project any contractor or subcontractor employee.

In respect to its employees, the contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the contractor's employees, including all insurance required by state law;
3. damages incurred by contractor's employees within the scope of their duties under the contract;
4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the contractor's employees.

Notice of cancellation of any required insurance policy must be submitted to the State when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

K. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

______Accept (Initial)_____Reject (Initial)______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall not, at any time, recruit or employ any State employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

L. CONFLICT OF INTEREST

______Accept (Initial) _____Reject (Initial) ____Reject and Provide Alternative within RFP Response (Initial)

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

M. PROPOSAL PRECEDENCE COSTS

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations, or oral presentations, or in any other activity related to bidding on this Request for Proposal.

N. ERRORS AND OMISSIONS

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

O. BEGINNING OF WORK

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful contractor. The contractor will be notified in writing when work may begin.

P. ASSIGNMENT BY THE STATE

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

Q. ASSIGNMENT BY THE CONTRACTOR

_______Accept (Initial)_______Reject (Initial) ADM Reject and Provide Alternative within RFP Response (Initial)

The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld.

R. DEVIATIONS FROM THE REQUEST FOR PROPOSAL

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal or mandatory requirements. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

S. GOVERNING LAW

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The contractor must be in compliance with all Nebraska statutory and regulatory law.

T. ATTORNEY'S FEES

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

In the event of any litigation, appeal or other legal action to enforce any provision of the contract, the contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

U. ADVERTISING

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

V. STATE PROPERTY

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the contractor's use during the performance of the contract. The contractor shall reimburse the State for any loss or damage of such property, normal wear and tear is expected.

W. SITE RULES AND REGULATIONS

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contractor shall use its best efforts to ensure that its employees, agents and subcontractors comply with site rules and regulations while on State premises. If the contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the contractor.

X. NOTIFICATION

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II, A.

Procuring Office and Contact Person of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) days following deposit in the mail.

2. Whenever the contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between contractor and the State regarding the contract shall take place between the contractor and individuals specified by the State in writing. Communication about the contract between contractor and individuals not designated as points of contact by the State is strictly forbidden.

Y. EARLY TERMINATION

ABM **Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)**

The contract may be terminated as follows:

1. The State and the contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon 30 days written notice to the contractor. Such termination shall not relieve the contractor of warranty or other service obligations incurred under the terms of the contract. In the event of cancellation the contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
   a. if directed to do so by statute;
   b. contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;

c. a trustee or receiver of the contractor or of any substantial part of the contractor's assets has been appointed by a court;
d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its contractor, its employees, officers, directors or shareholders;
e. an involuntary proceeding has been commenced by any party against the contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) days; or (ii) the contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the contractor has been decreed or adjudged a debtor;
f. a voluntary petition has been filed by the contractor under any of the chapters of Title 11 of the United States Code;
g. contractor intentionally discloses confidential information;
h. contractor has or announces it will discontinue support of the deliverable;
i. second or subsequent documented "vendor performance report" form deemed acceptable by the State Purchasing Bureau.

Z. FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the contractor written notice thirty (30) days prior to the effective date of any termination, and advise the contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the contractor be paid for a loss of anticipated profit.

AA. BREACH BY CONTRACTOR

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State may terminate the contract, in whole or in part, if the contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the contractor, allow the contractor to cure a failure or breach of contract within a period of thirty (30) days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

BB. ASSURANCES BEFORE BREACH

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the contractor shall deliver assurances in the form of additional contractor resources at no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

CC. PENALTY

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

In the event that the contractor fails to perform any substantial obligation under the contract, the State may withhold all monies due and payable to the contractor, without penalty, until such failure is cured or otherwise adjudicated. Failure to meet the dates stipulated in the contract for the deliverables may result in an assessment of penalty due the State of $1000.00 dollars per day, until the deliverables are approved. Contractor will be notified in writing when penalty will commence.

DD. FORCE MAJEURE

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the contractor. To obtain release based on a Force Majeure Event, the contractor shall file a written request for such relief with the State Purchasing Bureau/ Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

EE. PROHIBITION AGAINST ADVANCE PAYMENT

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

FF. PAYMENT

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

State will render payment to contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date, and the contractor hereby waives any claim or cause of action for any such services.

GG. INVOICES

JM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. Invoices must be submitted to: Medicaid and Long-Term Care Division, P.O. Box 95026, Lincoln, NE 68509. The terms and conditions included in the contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

HH. AUDIT REQUIREMENTS

_______Accept (Initial)_____Reject (Initial) JM Reject and Provide Alternative within RFP Response (Initial)

All contractor books, records and documents relating to work performed or monies received under the contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by the State. These records shall be maintained for a period of five (5) full years from the date of final payment, or until all issues related to an audit, litigation or other action are resolved, whichever is longer. All records shall be maintained in accordance with generally accepted accounting principles.

In addition to, and in no way in limitation of any obligation in the contract, the contractor shall agree that it will be held liable for any State audit exceptions, and shall return to the State all payments made under the contract for which an exception has been taken or which has been disallowed because of such an exception. The contractor agrees to correct immediately any material weakness or condition reported to the State in the course of an audit.

II. TAXES

JM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the contractor's equipment which may be installed in a state-owned facility is the responsibility of the contractor.

JJ. INSPECTION AND APPROVAL

_______Accept (Initial)_____Reject (Initial) JM Reject and Provide Alternative within RFP Response (Initial)

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The State and/or its authorized representatives shall have the right to enter any premises where the contractor or subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

KK. CHANGES IN SCOPE/CHANGE ORDERS

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State may, at any time with written notice to the contractor, make changes within the general scope of the contract. Changes in scope shall only be conducted with the written approval of the State's designee as so defined by the State from time to time. (The State retains the right to employ the services of a third party to perform any change order(s)).

The State may, at any time work is in progress, by written order, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the contractor for any extra work so ordered shall be determined in accordance with the applicable unit prices of the contractor's proposal.

Corrections of any deliverable services or performance of work required pursuant to the contract shall not be deemed a modification requiring a change order.

LL. SEVERABILITY

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.

MM. CONFIDENTIALITY

_______Accept (Initial)_____Reject (Initial) JDM Reject and Provide Alternative within RFP Response (Initial)

All materials and information provided by the State or acquired by the contractor on behalf of the State shall be regarded as confidential information. All materials and information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with Federal and State Law, and ethical standards. The contractor must ensure the confidentiality of such materials or information. Should said confidentiality be breached by a contractor; contractor shall notify the State immediately of said breach and take immediate corrective action.

It is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

NN. PROPRIETARY INFORMATION

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal. The separate package must be clearly marked PROPRIETARY on the outside of the package. Bidders may not mark their entire Request for Proposal as proprietary. Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

OO. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

By submission of this proposal, the bidder certifies, that he or she is the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

PP. PRICES

________Accept (Initial)_____Reject (Initial)____Reject and Provide Alternative within RFP Response (Initial)

All prices, costs, terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made (and for bidder receiving award prices shall remain as bid for the duration of the contract unless otherwise so stated in the contract) or the Request for Proposal is cancelled.

Contractor represents and warrants that all prices for services, now or subsequently specified are as low as and no higher than prices which the contractor has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the contractor shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the contractor shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the contractor may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

QQ. BEST AND FINAL OFFER

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

RR. ETHICS IN PUBLIC CONTRACTING

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator or employee based on the understanding that the receiving person's vote, actions or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau.

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.

If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.

SS. INDEMNIFICATION

_______Accept (Initial)_____Reject (Initial) ADM Reject and Provide Alternative within RFP Response (Initial)

1. GENERAL

The contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the contractor has indemnified the State, the contractor shall at the contractor's sole cost and expense promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the contractor, and the State may receive the remedies provided under this RFP.

3. PERSONNEL

The contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the contractor.

TT. NEBRASKA TECHNOLOGY ACCESS STANDARDS

ADM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-101.html and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.

UU. ANTITRUST

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

VV. DISASTER RECOVERY/BACK UP PLAN

________Accept (Initial)_____Reject (Initial)_____Reject and Provide Alternative within RFP Response (Initial)

The contractor shall have a disaster recovery and back-up plan, of which a copy should be provided to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under these specifications in the event of a disaster.

WW. TIME IS OF THE ESSENCE

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the contractor remaining to be performed.

XX. RECYCLING

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

YY. DRUG POLICY

____Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial

Contractor certifies that it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

ZZ. NEW EMPLOYEE WORK ELIGIBILITY STATUS

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us.

2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

AAA. CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

JDM Accept (Initial) _____Reject (Initial) _____Reject and Provide Alternative within RFP Response (Initial)

The contractor, by signature to this RFP, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing

Exceptions to RFP

In the event First Data Government Solutions, LP ("First Data") is awarded a contract as a result of the RFP, it would welcome the opportunity to enter into good faith negotiations on certain issues, including, but not limited to the following, toward a mutually acceptable definitive agreement between First Data and the State of Nebraska ("the State").

Page	RFP Section	Exception	Proposed Alternative Language
10	E. Ownership of Information and Data	The language of this section states that the State shall have the unlimited right to publish, duplicate, use and disclose all information and data developed or derived by the contractor pursuant to this contract. We request an exception to limit the applicability of this section to just the reports and other deliverables to be prepared under the contract. We cannot agree to transfer rights to any other intellectual property.	Replace the section with: The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data contained in work plans, assessments, and performance metrics (the "Deliverables"). The contractor must guarantee that it has the full legal right to assign the Deliverables. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights to the Deliverables. It shall be the responsibility of the contractor to pay for all royalties and costs for the Deliverables, and the State must be held harmless from any such claims.
13	K. State of Nebraska Personnel Recruitment Prohibition	First Data requests an exception to this requirement to more narrowly define the extent of the prohibition. A more definite time period and more readily identifiable group of State employees will help to manage compliance with this requirement.	Replace the section with: The contractor shall not, at any time during the term of this contract and for six (6) months thereafter, recruit or employ any State employee who has worked on the Request for Proposal or project.

Page	RFP Section	Exception	Proposed Alternative Language
14	Q. Assignment by the Contractor	First Data requests an exception to this requirement to provide that the State's prior written consent will not be required for assignment to an affiliate or in the event of a change of control. We need this flexibility in order to have control of our own business decisions.	Replace this section with: The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld; provided, however, the State's consent is not required for the contractor to assign this contract to an affiliate or in connection with a merger, acquisition or sale of all or substantially all of the contractor's assets or of a controlling equity interest. This contract will extend to and be binding upon any permitted successors and assigns.
19	HH. Audit Requirements	First Data requests an exception to provide for reasonable limits on the conduct of audits under this section. We request these limits to protect against potentially unlimited audits, which could become costly and a distraction from conducting our business.	Replace the first sentence of this section with: The contractor shall permit the State to audit contractor's books and records directly related to the services provided under the contract; provided that the State gives at least thirty (30) days prior written notice and does not conduct such audits more frequently than once in any one year period. Such audit shall be conducted during normal business hours at the State's own expense in a manner that does not disrupt the contractor's business. The State shall abide by all contractor work rules and security regulations while conducting such audit.

Page	RFP Section	Exception	Proposed Alternative Language
19	JJ. Inspection and Approval	First Data requests an exception to provide for reasonable limits on the conduct of inspections under this section. We request these limits to protect against potentially unlimited inspections, which could become costly and a distraction from conducting our business.	Replace this section with: Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The contractor shall permit the State to inspect, monitor and otherwise evaluate the work being performed; provided that the State gives at least thirty (30) days prior written notice and does not conduct such inspections more frequently than once in any one year period. Such inspection shall be conducted during normal business hours at the State's own expense in a manner that does not disrupt the contractor's business. The State shall abide by all contractor work rules and security regulations while conducting such inspection.
20	MM. Confidentiality	First Data requests an exception to exclude publically available information from the meaning of confidential information, to provide that we will handle confidential information in accordance with applicable laws and ethical standards, and to provide that we will give prompt notice of a breach of personal information. We cannot agree to maintain the confidentiality of information that is already publically available or to comply with laws and standards that are not applicable. Also, it is impractical for us to provide immediate notice of a breach of confidentiality.	Replace the first paragraph of this section with: "Confidential Information" means all data or information that is competitively sensitive material and/or not generally known to the public, including, but not limited to, information which is marked confidential or proprietary. Confidential Information does not include information which: (i) is or becomes part of the public domain; (ii) was already known to the receiving party prior to its disclosure; (iii) is lawfully obtained from a third party without obligations of confidentiality; (iv) is independently developed by the receiving party; or (v) must be communicated in response to a valid law, regulation or court order, provided the disclosing party uses

Page	RFP Section	Exception	Proposed Alternative Language
			reasonable efforts to notify the other party prior to disclosure (unless such notification is prohibited by law, regulation or court order) so such party may seek a protective order or otherwise prevent or limit such disclosure. All Confidential Information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with applicable Federal and State Law, and ethical standards. The contractor will take commercially reasonable steps to prevent disclosure of Confidential Information, including, at a minimum, such steps it would take to protect its own Confidential Information. A "Security Incident" means any unauthorized or unlawful access to, use, disclosure or alteration of non-public or personally identifiable information ("Personal Information"). In the event of a Security Incident, the contractor will promptly (i) assess the nature and scope of the Security Incident; (ii) identify the Personal Information involved, if any; (iii) take appropriate steps to contain, control and stop the Security Incident; and (iv), in the event Personal Information was compromised and it is reasonably suspected that misuse will result, notify the other party of the Security Incident, subject to any request by law enforcement or other government agency to withhold such notice pending the completion of an investigation.
22	PP. Prices	First Data requests an exception to	Delete the second paragraph of

Page	RFP Section	Exception	Proposed Alternative Language
		remove the second paragraph of this section. Since the services that we will be providing under this contract are unique to this project and the specific needs of the State, we believe this requirement is unnecessary.	this section.
23	SS. Indemnification, Section 2 – Intellectual Property	First Data requests exceptions to the contractor's indemnification obligations when the intellectual property ("IP") infringement is due to the State's use of the IP in a manner not authorized by the contract or in combination with other IP not provided by the contractor. We cannot be responsible for infringement that results from the State's use of the IP in a manner not anticipated by the contract. We also request that the second paragraph be deleted. This section gives the State additional remedies that duplicate and overlap the indemnification provision. We believe that these are not necessary given the indemnification provision.	Delete the second paragraph of this section. Replace the first paragraph with: The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents, except to the extent such claim is caused by, relates to or arises out of (a) the State's failure to use the Deliverables as permitted under the contract or (b) the State's configuration or use of the Deliverables in combination with other software, equipment, services, processes, elements, components or systems that are not provided by the contractor; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Deliverables without the State's prior written consent.

Page	RFP Section	Exception	Proposed Alternative Language
24	VV. Disaster Recovery/Back Up Plan	First Data requests an exception to eliminate the requirement to provide a copy of our disaster recovery and back-up plan. The information contained in our plan is confidential. We may be able to provide a summary of the plan subject to receipt of a signed confidentiality agreement from the State.	Replace this section with: The contractor shall have a disaster recovery and business continuity plan, in order to continue services as specified under these specifications in the event of a disaster. Upon receipt of a confidentiality agreement from the State, the contractor will provide an executive summary of the plan upon request.

2. Executive Summary

Nebraska is embarking on a tremendous effort to improve access, quality, and timeliness of health care services to the neediest and most unreachable segment of its population. First Data brings experts in Eligibility Systems, MITA-based transformation and large scale project planning and stands ready to assist the Department achieve its service delivery and programmatic goals.

First Data is pleased to share our approach to Independent Validatation and Verification (IV&V) services in response to the Nebraska Department of Health and Human Services' (Department) Request for Proposal (RFP) regarding IV&V Services on the new Eligibility and Enrollment Solution (EES). First Data Government Solutions is the government facing business component of First Data Corporation, a $10 billion company that provides a significant percentage of the world's financial transactions for banks and retailers. As a business unit devoted strictly to our government clients, we are industry leaders in strategic planning, feasibility studies, requirements analysis, business process analysis, gap analysis, Information Technology (IT) solution planning, procurement support, project management and Independent Verification and Validation (IV&V). As such we understand the nature and scope of the effort the Department is embarking upon.

First Data has established a sound approach for addressing the challenges and meeting the needs of the project based on our proven methodologies. This response outlines the First Data Team's methodologies and corresponding approaches that will prove invaluable to the Department. This assurance comes from the knowledge and experience that can only be acquired by having succeeded previously in similar projects with equally large and challenging environments.

2.1 Understanding of the EES Project

First Data is intimately aware of the challenges and complex considerations facing the Department because of our long and successful history with other states in the strategic planning, development, implementation, and operations of large, complex healthcare systems. Some of these challenges include:

- **Effectively implementing all of the federally mandated projects while considering a new Medicaid Eligibility and Enrollment System-** We are fully aware of CMS requirements and can ensure that the new Medicaid Eligibility and Enrollment System meets these federal standards.

- **Increasing pressures to improve efficiency of operations and provide better service to the public** - We understand the business needs driving this project and the need to provide operational improvements. One way the Department is looking to do this is by aligning with the MITA 3.0 standards and the Seven Standards and Conditions to promote the interoperability between State systems.

- **Need for flexibility in business operations** – We understand the challenges faced by agencies in today's rapidly changing program environments. Systems must be able to quickly respond to legislative or programmatic changes, such as Health Care Reform, otherwise cumbersome work arounds must be employed to correctly determine and administer Medicaid eligibility.

- **Coordinating project efforts with many stakeholders involved** – Because we have worked with other states that are undergoing wide-spread system changes, we appreciate the importance of working closely with all stakeholders across multiple organizations that service the same clients. In addition, the project must manage the input from multiple legislative initiatives and be accountable by providing timely and accurate information as the legacy replacement project progresses.

- **Securing project success** – Historically, IT projects across the country have experienced schedule slippages, budget overruns, and failure to meet end-user expectations. First Data has the advantage of being able to assist states and local governments during planning and procurement projects which well positions us to support the systems through development and operations. As a result, we have gained a deep appreciation for the long-term implications of the decisions that are made early in the process and can help the Department avoid similar pitfalls while enforcing the processes and standards that work well.

As an IV&V consultant, it is important we understand our role, and how it relates to other major roles on the EES Project. We provide an ongoing, independent assessment of key elements of the project, so State and Federal stakeholders have a clear, current and unbiased view of the EES Project's progress. We bring project management processes and best practices to drive quality, timeliness, and cost containment. We apply our experience to identify organizational stress points and assess the effectiveness of the EES Contractor's plans to smooth the transition to new business practices. We proactively apply our business and technical expertise to promote high quality work products, deliverables, and the processes that derive them. Where we find areas of potential improvement, we will make the appropriate recommendations to the Department, and work with the Department and its selected contractors to implement them. Thus, we view the role of the IV&V consultant as an important partner to the overall success of the EES Project.

First Data has a long history of partnering with government clients in their efforts to plan and manage the replacement of large legacy eligibility systems, including several recent, large-scale, complex HHS projects. Below we highlight some of the advantages our extensive experience brings to the EES Project:

- **We understand health and human services eligibility** – First Data has helped many health and human services agencies plan, procure, and implement complex systems, providing a deep and broad understanding of human services, the corresponding programs, and the interrelations between the programs and various interfaces.

- **We understand the programs** - First Data has worked with all of the major programs, and while the EES Project is for Medicaid eligibility, we understand how the programs intersect. We have a very good understanding of the programs, policies, and business processes associated with them and can bring best practices from other states. Through this experience, we have also been able to develop a team of subject matter experts that can contribute immediately, with no learning curve. We bring insight and experience from a wide range of health and human services programs, including eligibility programs (Medicaid, TANF, SNAP), work supports (child care. workforce development), services to vulnerable populations (foster care, services to the aging, long term care), and other programs.

- **We are fiercely independent –** First Data has extensive experience as an independent advisor on eligibility system planning and implementation projects. First Data does not prefer any solution or solution provider, but has worked with most of the current systems or approaches in an independent capacity. We have no agenda other than the successful design, development and implementation of EES Project.

- **We are industry leaders in IV&V** - The First Data Team has a long list of successful IV&V projects involving government information systems. **Our list of clients includes 44 government IV&V projects**. This has included some of the largest and highest-profile projects in the country and has enabled us to gain valuable lessons learned from other states that can help the State as it makes this significant transformation. As a result, we have seen what works well and we know things to watch out for as the project progresses. Our role has taken many different forms and responsibilities over the lifecycle of the projects, depending on the specific milestone or work product developed, but we have always maintained our commitment to meeting the needs of the project with dedicated staff and proven tools and methodologies.

- **We have a history of successful projects -** Perhaps the greatest testament to the quality of our work is the number of clients that have asked us to continue supporting their project after the conclusion of our original contract. Twenty of First Data's large system projects have involved an IV&V role after performing the planning/procurement or have involved a significant contract extension in order to increase the scope of the effort. We recognize that states have options when selecting a partner for their projects, and we are honored that so many of them have continued to select us after working with us. The long-term nature of our client engagements and the re-selection of the First Data team through multiple re-procurements demonstrate the trust our clients have in us as a partner that delivers on its commitments.

First Data's role has taken many different forms and responsibilities over the lifecycle of the projects, depending on the specific milestone or work product developed, but we have always maintained our commitment to meeting the needs of the project with dedicated staff and proven tools and methodologies. Our extensive knowledge of the federal funding process and experience interacting with oversight agencies and various state entities has contributed to the success of each of these projects. The results of our efforts have been the successful procurement and subsequent implementation of many large, mission critical human services systems.

The EES Project is a bold, transformative vision of better client outcomes, lower service cost, and improved responsiveness to clients and partners. To realize this vision, Nebraska needs an IV&V partner with deep and relevant experience, real world insight, and accomplished people. The First Data Team is uniquely qualified to be that partner. Given the opportunity, we believe our involvement will be key to the Project's success.

2.2 Approach to Statement of Work

As a national leader in providing Independent Verification and Validation (IV&V) services to state health and human services agencies, First Data brings a proven, disciplined approach to the IV&V Services for the EES Project. Like other IV&V vendors, we base our approach on industry standards, including the Institute of Electrical and Electronics Engineers (IEEE) Standard for System and Software Verification and Validation, and the Project Management Institute's Project Management Body of Knowledge. We also bring a team of talented and experienced consultants, with broad and deep experience in systems implementation, to apply our disciplined approach. Beyond our proven approach and talented team, however, we bring something more: a commitment to helping the State deliver this high profile, mission-critical systems on time and in budget.

First Data applies a structured deliverable review and assessment methodology that our team has used on many prior IV&V engagements. We will apply this methodology to the review of EES Project deliverables. The following graphic depicts at a high level activities the First Data Team will contribute to the project and the standards that will be observed.

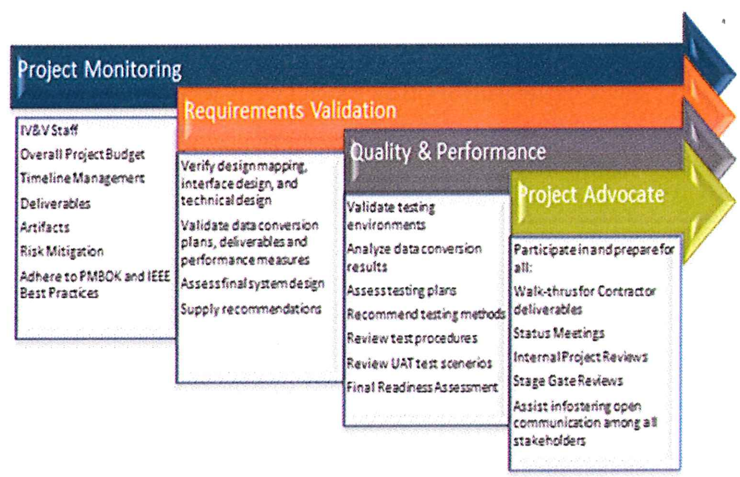

Figure 2.1 - First Data IV&V Project Activities

First Data brings a toolbox for added value

In order to achieve optimal project success, First Data has developed a Health and Human Services Business Architecture (HHSBA) tool that we've used with clients to establish a common framework for documenting the core business functions of a state's systems and to help identify common business functions across programs or agencies. The HHSBA can assist states with identification of potential candidates for reuse/leverage by providing a clear view of the assets the state has or has planned that could potentially provide functionality needed by another program or system. For IV&V opportunities we utilize the HHSBA to compare the project's requirements to our repository of requirements to validate the robustness of the requirements, develop use cases, develop IV&V checklists and validate that system meets the 7 Standards and Conditions, including alignment to MITA 3.0. The use of this tool will lend an extreme value add to the project.

Project Location and Staffing

First Data is prepared to be available full-time in Nebraska to support the EES Project. All team members either reside in Nebraska or will travel into the area and be available for all meetings in person. The First Data Team feels it is important to work along-side State staff and the Design, Development and Implementation (DDI) teams for optimal efficiency and quality. The team can collocate within State offices or work from a remote site with quick access to the larger project team.

The First Data Team consists of four full-time members with an additional budget of subject matter expert hours that is available as needs fluctuate throughout the project. Our team brings rich Medicaid, IV&V and Eligibility experience to perform quality IV&V services. The table below provides a quick snap shot of the three experienced team members we have proposed.

Team Member	Role	PM	IV&V	Eligibility	Medicaid	System Certification	ACA	MITA	Testing
Alan Ashurst	Project Manager	✓	✓	✓	✓	✓	✓	✓	
Matt Cullen	Sr. IV&V Consultant	✓	✓		✓	✓	✓	✓	✓
Sukesh Reddy	Sr. Business Analyst/ Testing Lead				✓	✓	✓		✓

Table 2.1- First Data's Proposed Team Members

While First Data has planned to staff a full-time technical consultant to join the team, we prefer to assign a person to this position once the State has selected the DDI vendor so we may align the technical skills appropriately to the platform selected.

2.3 Experience

First Data has a variety of experience in assisting government clients with their efforts to replace large legacy information systems. Our experience with many large, high-profile system projects in several states enables us to coordinate efforts on multiple fronts within the first thirty days of the project's start. These include the following:

- **Project Management** – This includes Project Managers to work closely with the Department staff to refine the established project management processes and procedures required to manage a legacy system replacement project.
- **Business Transformation** – This includes identifying project stakeholders and obtaining consensus for the vision and proposed business and operational changes and integrating the changes early in organizational culture.
- **Requirements Management** – This is a comprehensive process to develop the business, technical and operational requirements for replacing the current EES and establish a traceability tool to manage and control them.
- **Alternative Analysis** – This involves recommending the best course of action by comparing multi-faceted aspects of maintaining the status quo, transferring an existing system, enhancement of current system, new system development with consideration of custom built or commercial off-the-shelf (COTS) systems.
- **Cost/Benefit Analysis** – This includes conducting a study that defines the costs associated with various system alternatives and compares that cost with the anticipated benefits. This task assists the agency in determining the approach for the project and forms the foundation for the project funding request.
- **Procurement Support** – First Data often assists our government clients in creating an RFP and associated evaluation guide to procure a replacement MMIS or Medicaid Eligibility Systems.
- **Funding Request Document** – This involves documenting the results of the tasks described above into a consolidated document that can be used for requesting funds for the project. The Advanced Planning Documents (APDs) must include a thorough review of all alternatives and budget information, and be presented in an easily comprehendible format.
- **Contract Management Support** – First Data's QA services can be applied to helping clients in evaluating vendor performance and providing guidelines and recommendations to the Department to ensure expected outcomes are delivered.

First Data Brings Essential Healthcare Experience to Help Nebraska Succeed

One of the key focus areas of the First Data professional services team is Healthcare, with particular emphasis on the Medicaid Program and its systems. As a result, we have a very good understanding of the programs, policies, processes, and types of systems involved in this project. For this project, First Data brings a strong combination of eligibility and IV&V

expertise with hands-on MITA and Medicaid experience. The following table highlights the services provided by First Data in support of health care programs.

First Data's Health Care Experience		
Project Type	**Description Of Work Performed**	**Where Performed**
Health Insurance Exchange	Conduct system planning, analysis, requirements development, RFP development, grant writing, and procurement support, project management, quality assurance and technical support for a state health insurance exchange.	• Arkansas • California • Colorado • Illinois • Indiana
MMIS-Related Projects	Assisted several states in their efforts to replace their legacy Medicaid Management Information System, implement new system components, or oversee fiscal agent operations. Services provided include: • Alternatives analysis/feasibility studies • Requirements development • RFP development and procurement support • Business Transformation IV&V/QA during design, development, and implementation • Operational Quality Assurance	• Indiana • Florida • Louisiana • Maine • Massachusetts • Michigan • Nebraska • North Dakota • Ohio • Texas
Medicaid Policy and Program Analysis	Provided independent analysis of current Medicaid policies, rules, and regulations, including recommendations for process improvements.	• Alabama • Michigan
Medicaid Eligibility Projects	Supported multiple eligibility system projects by performing activities that cover the entire system lifecycle: • Alternatives analysis/business case development • Business process analysis and reengineering • Requirements development and analysis • RFP development and procurement support • Independent testing • Project Management • Training • Implementation support • IV&V/QA during design, development, and implementation • Operational Quality Assurance	• Arizona • California Welfare System Consortiums: ✓ LEADER ✓ CalWIN ✓ C-IV ✓ ISAWS • Colorado • Connecticut • Indiana • New York • Ohio • Oklahoma • South Dakota • Virginia • Washington
Health Care Payment Reform	Conducted studies with health insurers and state government to explore opportunities for using health information technology to achieve real-time eligibility verification and claim adjudication.	• Vermont • Cerner (health insurer) payment reform pilot
Medicaid/ Consumer Directed	Implemented automated point-of-service IVR/Web tracking and billing systems for home and community-based	• Florida • Nebraska

First Data's Health Care Experience		
Project Type	**Description Of Work Performed**	**Where Performed**
Care Time & Attendance Tracking Systems	services. The systems are used in support of case managers, program administrators, and providers that provide direct electronic billing to Medicaid and other third party payers.	• Michigan • Oklahoma • South Carolina
Medicaid IVR/Web Systems	Performed multiple projects involving Medicaid eligibility Interactive Voice Response (IVR) systems. The projects include designing, developing, implementing, and maintaining eligibility IVRs. Also conducted analysis of a Medicaid provider call center.	• Georgia • Minnesota • Ohio • South Carolina

Table 2.1 – First Data's Healthcare Experience

- **We have successful experience with large, complex systems comparable to the EES Project** - The organizational dynamics are more complex, the number of stakeholders, users, and recipients is larger, and the attention given to mission-critical initiatives, such as the EES Project, is much higher. First Data has proven its ability to be successful in this complex environment by helping some of the largest states in the country succeed in comparable projects.

- **A large number of our clients have retained us for follow-on work, such as QA or IV&V** – One of the greatest testaments to our capabilities is the number of clients that have asked First Data to continue to support their project after the conclusion of our original contract. Eighteen of our legacy replacement projects have involved us performing a QA/IV&V role after performing the planning/procurement or have involved a significant contract extension in order to increase the scope of our effort. We recognize that states have many options when selecting a partner for their projects, and we are honored that so many of them have continued to select us after working with us. Some examples include:

  ✓ ***California CalWIN eligibility/human services system project*** – First Data conducted the planning and procurement and then QA through design, development, and implementation. We now provide QA services during the ongoing maintenance and operations phase. First Data project duration: 1995 - present (16 years).

  ✓ ***California C-IV eligibility/ human services system project*** – First Data conducted the planning and procurement and then QA through design, development, and implementation. We now provide QA services during the ongoing maintenance and operations phase. First Data project duration: 1997 - present (14 years).

  ✓ ***Connecticut eligibility/ human services system modernization project*** – First Data conducted the planning and procurement and is now preparing to provide QA services during the design, development, and implementation phase of the project. Project duration: 2008 – present (3 years).

- ✓ ***Indiana ICES eligibility/ human services system project*** – First Data conducted the planning and procurement and then QA through design, development, implementation, and maintenance. Project duration: 1990 - 1999 (9 years).

- ✓ ***Indiana (Eligibility Modernization)*** – First Data has provided project management, deliverable review, performance measurement, and operational verification and validation since 2007.

These projects demonstrate the depth of our experience and broad range of subject matter expertise gained from our many Eligibility projects. First Data's role has taken many different forms and responsibilities over the lifecycle of the projects, depending on the specific milestone or work product developed, but we have always maintained our commitment to meeting the needs of the project with dedicated staff and proven tools and methodologies.

2.4 Subcontractors

First Data, along with our partner Cognizant is excited to offer our expertise in Independent Verification and Validation (IV&V) to help the State of Nebraska successfully implement the EES Project. Our proposal incorporates the methods and insights developed and refined over more than two decades of experience helping human services agencies implement large-scale human services systems successfully.

Our Partner

Cognizant is a leading provider of information technology, consulting, IT infrastructure and business process outsourcing services. Cognizant's single-minded mission is to dedicate our business process and technology innovation know-how, deep industry expertise and resources to working together with clients to make their businesses stronger. Cognizant was founded in 1994 as an IT development and maintenance services arm of The Dun & Bradstreet Corporation. The company was spun-off as an independent organization two years later. Since 1996, Cognizant has worked closely with large organizations to help them build stronger, more efficient, and more agile businesses. Cognizant is ranking #358 among the elite list of Fortune 500 companies.

Cognizant has extensive experience in working with clients in the Healthcare space enabling several of the world's largest healthcare companies overcome business & IT challenges to realize competitive advantage in the market. Cognizant's Healthcare practice serves over 200 healthcare clients around the world and accounts for over 26% of Cognizant's overall revenue.

These clients include State of Illinois, Michigan, Texas, Indiana and Connecticut as well as large Health Plans, PBMs and pharmaceutical companies servicing the commercial and Medicare/Medicaid population, several Blue Cross Blue Shield plans, Providers, Care Management companies and other Healthcare firms.

Experience in Public Sector Healthcare

Cognizant' s Government healthcare practice provides domain and process thought leadership to all our government engagements in addition to driving development and use of relevant solutions and value creators. It acts as a training hub for all our associates working for government healthcare agencies. Key highlights of Government healthcare practice are:

- 1600+ associates currently working in the government healthcare space
- Experience in all facets of Government programs with commercial health plans – Medicaid, Medicare Advantage, Part D, etc.
- Experience with many state Medicaid programs through subcontracting partnerships
- Dedicated Healthcare Government Center of Excellence

Within the Public Sector Healthcare, Cognizant has gained extensive experience of implementing MMIS solutions in multiple States in partnership with fiscal agents. Cognizant has experience in working on MMIS implementation and associated projects in 8 States and PBM projects in 10 States. These are long running engagements and have allowed Cognizant to gain extensive experience in all MITA business process areas.

Highlights

- Direct State clients: Illinois, Texas, Michigan, Connecticut, Indiana
- 10+ Indirect State clients on MMIS, PBM, Eligibility, HIE, HIX areas
- Multiple Managed Medicaid engagements through our Health Plan clients
- 1600+ associates working in the govt. healthcare space
- Dedicated Government Healthcare CoE
- <u>Industry certified resources</u>: HL7, AHM, Six Sigma

Healthcare – Govt. Offerings		
Core State Healthcare & Welfare Programs	**Care Co-ordination & Access**	**Regulatory Compliance, Reporting & Analytics**
Solutions/Services for administering core State functions – managing the Medicaid and pharmacy benefit programs, determining eligibility and providing benefit options for State residents eligible for various govt. benefit programs (Medicaid, CHIP, WIC, SNAP, TANF, etc.)	Solution /Service offerings for improving access to care, reducing cost of care and better co-ordination of care amongst various govt. programs and across care delivery organizations through a patient centric-view	Solution/Service offerings (including business rules extraction & analysis) for compliance with government regulations and related reporting & analytics
Medicaid Management Information Systems (MMIS) support	Health Insurance Exchange (HIX)	Regulatory Compliance (ICD-10, Healthcare Reform, MITA 3.0)
Pharmacy Benefit Management Solution support	Integrated Case Management	Medicaid Data Warehousing & Reporting
Integrated Eligibility Solution	Health Information Exchange (HIE), EMR, ACO	Fraud & Abuse Analytics

Figure 2.2 - Cognizant's Experience in Public Sector Healthcare

Healthcare Testing

Cognizant has been a pioneer in aligning its independent testing services with industry specialization. This alignment helps to leverage domain expertise and provide domain-aligned Testing, a key aspect of independent software Testing.

Cognizant is highly committed to leveraging its proven Testing methodologies, Center of Excellences (CoEs) and experienced hands-on resources to ensure a successful execution of the engagement. The results will be demonstrated through a range of metrics reflecting high quality delivery at a very attractive price point.

Cognizant is well equipped to address Nebraska's needs in joining the First Data Team by leveraging its world-class dedicated Testing practice, Healthcare domain knowledge and various Testing CoEs (Automation, Mainframe, SOA, DWBI, Performance, etc.).

With rich experience in healthcare testing, Cognizant has developed testing tools and accelerators for healthcare clients that will improve the efficacy of testing. Keeping up to pace with evolving solutions in the testing arena and providing industry leading solution is acknowledged as one of the key differentiators for Cognizant.

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3. Corporate Overview

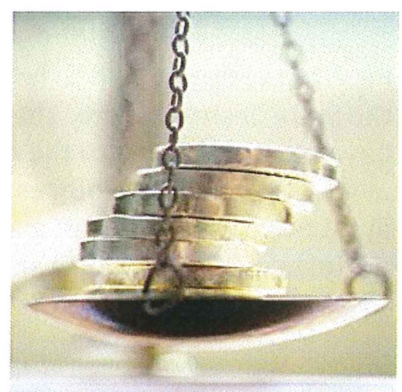
3.1 Bidder Identification and Information

First Data Government Solutions, LP is a subsidiary of First Data Corporation. Following are the addresses for the Corporation, as well as for the Government Solutions office.

First Data Corporate Headquarters	First Data Government Solutions Office
First Data Corporation 5565 Glenridge Connector NE Suite 1600 Atlanta, GA30342	First Data Government Solutions, LP 11311 Cornell Park Drive Suite 300 Cincinnati, Ohio 45242

- First Data was incorporated in the State of Delaware in 1971, and is registered to do business in 45 U.S. states.
- First Data Government Solutions, LP has also done business as govONE Solutions and GovConnect.
- Federal Employer Identification Number: 58-2582959

3.2 Financial Statements



First Data Government Solutions, LP is the government facing business component of First Data Corporation, a Fortune 500 company ranked #1 in Financial Data Services. As the global leader in transaction processing and services for financial institutions, retailers, and government organizations, Nebraska can be rest assured that in addition to being a well-rounded and highly qualified company, First Data is also a financially stable organization. In 2007, First Data was acquired by Kohlberg Kravis Roberts & Co. ("KKR") in a highly leveraged buy-out. First Data has substantial available liquidity to fund all its operations and to service interest on all of its debt resulting from that buy-out. The company had $1.6 billion in unrestricted liquidity—$143 million in cash available for corporate use plus $1.5 billion under the revolving credit facility (March 31, 2013). The company has strong financial backing, solid revenue growth and substantial available liquidity to fund all its operations. The company continues to be confident in its business model, well-balanced revenue base and market-leading position.

We have provided a copy of our most recent financial records as Attachment 1 to this response.

Additionally, First Data has no expected or pending litigation that may materially affect the viability or stability of the organization.

3.3 Change of Ownership

No change of ownership or control of the company is anticipated during the twelve (12) months following the proposal due date.

3.4 Office Location

First Data's consulting staff is located throughout the country on-site with the clients that we serve. In addition to the corporate headquarters identified in Section 3.1, First Data Government Solutions has office locations at the following addresses:

First Data Major Office Locations
11311 Cornell Park Drive, Suite 300 Cincinnati, OH 45242
8875 Washington Boulevard Roseville, CA 95678
6200 S Quebec Street Greenwood Village, CO 80111
7305 Pacific St. Omaha, NE 68114

First Data has planned to have all project personnel easily accessible by the State office. If the State desires to have the team collocated with other Medicaid staff we are prepared to have our staff report to the desired work location. If the State prefers to have the team available in the State offices during specified periods and work remotely we can accommodate this desire as well. First Data's office location that will be responsible for performance pursuant to an award of a contract with the State of Nebraska will be their Cincinnati office. First Data's office is located at the following address:

First Data Office Location
11311 Cornell Park Drive, Suite 300 Cincinnati, OH 45242, (513) 489-9599

3.5 Relationships with the State

First Data Government Solutions, LP has had no contracts with the State of Nebraska in the past five years. Likewise, Cognizant has had no contracts with the State of Nebraska in the past five years.

3.6 Bidder's Employee Relations to State

The employees assigned to this project have not been employed by the State of Nebraska in the last 12 months.

3.7 Contract Performance

- **Terminations for Default**

  First Data Government Solutions, LP, to the best of our knowledge, has not had any terminations for default in the last five years.

- **Terminations for Convenience or Other Reason**

  First Data Government Solutions, LP, to the best of our knowledge, declares the following terminations for convenience, non-performance, non-allocation of funds, or any other reason, in the last five years.

  IN FSSA ES and HIX Planning

  First Data has not been terminated due to breach or other nonperformance issues. An agreement between First Data and the State of Indiana Family and Social Services Administration (FSSA) was terminated due to convenience. The circumstances behind that termination are addressed below.

  Indiana FSSA contracted with First Data to conduct planning and procurement support for the state's health insurance exchange and integrated eligibility system replacement projects. In support of the two projects, First Data completed system planning, requirements development, alternatives analyses, and developed RFP's for each of the new systems. Upon completion of the health insurance exchange tasks, the agency decided not to move ahead with the remaining exchange tasks (Level 2 Grant Application, IAPD, and Proposal Evaluation Plan) while awaiting a decision from the governor's office regarding the direction of the exchange in the state. Upon completion of the integrated eligibility system tasks, the state terminated the contract for convenience in order to complete the remaining tasks (IAPD development, proposal evaluation planning, and procurement support) in-house with state staff. Prior to contract termination, the state accepted all First Data deliverables.

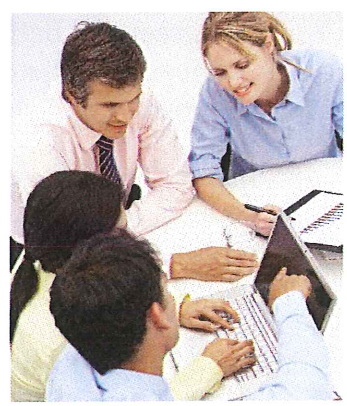
IN MMIS Planning

In February 2010, First Data Government Solutions, LP was given a letter from the Indiana Family and Social Services Administration (FSSA) notifying us of non-compliance regarding the timeliness of a specific deliverable we were developing – the Implementation Advanced Planning Document (IAPD) for the Indiana MMIS Planning and Procurement Project. The deliverable was subsequently completed and accepted by the State and approved by the Federal oversight agency. The client point of contact is no longer with FSSA however he would be available to discuss this matter. His contact information is provided below:

Randy Miller
Former Director of Health IT Integration
(317) 800-0334
randyamiller0929@gmail.com

3.8 Summary of Bidder's Corporate Experience

As described in the Executive Summary of this proposal, First Data has been performing independent verification & validation services for government information systems projects, such as the Nebraska Eligibility & Enrollment Solution, for more than 20 years. Independent government system consulting is our core business, and has always been a high priority within the company. As a result, we have extensive experience providing these services for high-profile projects around the country and offer a unique combination of government program experience coupled with many years of technology expertise to help government organizations meet the demand for lower costs and more efficient and effective government service. Our team brings vast experience and knowledge to help manage complex technology projects, including:



- Eligibility Systems (Medicaid, TANF, SNAP, Child Care, and other assistance programs)
- Medicaid Management Information Systems (MMIS)
- Unemployment Insurance Systems
- Child Support Systems

Our team's experience and expertise for this project includes:

- Expertise in QA/IV&V, system planning, analysis, procurement support, project management, feasibility studies, planning, and procurement for large scale government information system projects

- Hands-on experience with many government programs, including Medicaid, CHIP, and other health care programs
- Deep knowledge of and experience with government health care systems, including eligibility systems and MMIS
- Functional and technical expertise in methodologies, tools, best practices and lessons learned on large government IT projects
- Proven ability to successfully manage large and diverse stakeholder groups on high-profile government projects
- Hands-on experience with the Nebraska Medicaid program and systems. First Data has provided planning and procurement services to the State for replacement of its MMIS
- A dedicated team of professional consultants with specialized skills and subject matter expertise related to government projects, including certified project managers, subject matter experts, business analysts, and procurement specialists

The chart below outlines our extensive government consulting project experience. It lists First Data projects involving health and human services programs, such as Medicaid, CHIP, TANF, SNAP, Child Care, and Child Support. We have only included projects from the Professional Services business unit of First Data Government Solutions, LP, due to the diversity of services provided by the other business units (e.g. IVR/web solutions, tax filing systems, payment processing for IRS) and the large volume of such projects.

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Alabama – Medicaid Program Review	10/08-3/09			✓					✓				
Alaska – EIS Alternatives Planning	4/11-9/11	✓	✓	✓				✓		✓	✓		
Arizona - Department of Economic Security Redesign Project	4/00-11/00	✓	✓	✓	✓			✓	✓	✓			

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Arkansas – Department of Insurance Health Benefit Exchange Planning	06/11-Present			✓				✓		✓	✓		
Arkansas – Department of Human Services Eligibility System	5/13 - Present	✓	✓	✓	✓								✓
Arkansas – Department of Human Services IT Roadmap Manager	12/09-06/11	✓	✓	✓	✓			✓		✓			
Arkansas - IT Roadmap Needs Assessment	06/10-11/10	✓	✓	✓	✓		✓	✓		✓			
California - C-IV Statewide Automated Welfare System	08/97–Present	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
California - CalWORKs Information Network (CalWIN)	07/95–Present	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
California - CalWORKs Information Network (CalWIN) Re-procurement Planning	08/10-Present	✓	✓	✓	✓		✓			✓	✓		
California - Interim Statewide Automated Welfare System Project (ISAWS)	5/00–06/10	✓	✓	✓	✓		✓	✓		✓		✓	
California - ISAWS Migration Planning	7/06–6/08	✓	✓	✓	✓		✓	✓		✓	✓		
California - ISAWS Migration Development and Implementation	10/07–08/10	✓	✓	✓	✓		✓			✓		✓	✓
California - Los Angeles Eligibility Automated Determination Evaluating and Reporting (LEADER)	11/92–10/06	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
California – Riverside County IT IV&V and Call Center	9/11-11/12						✓						✓
California – Health Benefit Exchange (CalHEERS) Procurement Assistance	10/11-Present			✓						✓	✓	✓	

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
and Project Management Oversight													
California - Los Angeles County Social Services Call Center Assessment	2/07-2/08	✓	✓	✓	✓		✓	✓		✓			
California - Los Angeles County Food Stamp Business Process Improvement	7/01-6/02		✓					✓				✓	
California - Los Angeles County EBT Cost Benefit Analysis	5/00-8/01		✓					✓					
California – Los Angeles County EBT Readiness Project Management	11/08-11/09		✓									✓	
California - Sonoma County CalWIN Implementation Support	7/01-11/05	✓	✓	✓	✓		✓		✓			✓	
California - Santa Cruz County CalWIN Implementation Support	8/01 – 8/03 & 5/05–8/05	✓	✓	✓	✓		✓		✓			✓	
California – Alameda County IT Strategic Plan	09/99-1/00						✓	✓					
California – Los Angeles County Office of the Assessor BPR Project	1/04-7/04						✓		✓	✓			
California – Stanislaus County Contact Center Technology Department	2/12-3/12	✓	✓	✓								✓	
Colorado – Health Benefit Exchange IV&V	11/12-Present			✓								✓	✓
Colorado - Benefits Management System	4/96-1/01	✓	✓	✓	✓			✓	✓	✓	✓		
Colorado - Department of Regulatory Agencies BPR Project	1/01-7/01						✓		✓				
Colorado - Department of Human Services Financial Management System	2/98-2/00						✓	✓	✓	✓	✓		

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Connecticut – Department of Labor UI Modernization Planning/BPR	1/07–5/08						✓	✓	✓				
Connecticut – Department of Social Services Modernization	9/08–Present	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓
Connecticut – Health Insurance Exchange IV&V	4/13–Present			✓									✓
District of Columbia – Water and Sewer Authority Financial/Payroll System	1/99-5/99						✓				✓	✓	
Florida – ACCESS System Replacement Planning	2/12-4/12	✓	✓	✓				✓		✓			
Florida - Legislature Technology Review Workgroup (TRW) MMIS	9/01-9/02			✓								✓	
Florida - Children's Medical Services Network Business Analysis	7/07–03/08			✓					✓				
Florida - Dade County One Stop Technology Assessment	5/99-7/99						✓	✓		✓			
Florida – Unemployment Compensation Modernization Feasibility	9/07-1/08						✓	✓		✓			
Florida – Southwest Florida Water Management District Document Management Workflow System	1/03-08/05						✓			✓	✓	✓	
Florida – Electronic Health Records (EHR) Incentive Program	8/11-Present			✓				✓					
Georgia - Food Stamps Accuracy Improvement Project	6/99-6/01		✓					✓	✓				
Georgia - Safe Futures Child Welfare	4/03-12/04						✓		✓			✓	

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Georgia - Childcare and Parent Services (CAPS) BPR	3/02-11/02				✓				✓	✓			
Georgia – MARTA Y2K BPR	10/98-2/00						✓		✓				
Georgia – MARTA Y2K Assessment	7/99-6/00						✓					✓	✓
Illinois – Health Insurance Exchange (HIX) Design Management	11/12-Present			✓								✓	
Indiana - Client Eligibility System (ICES)	8/90-7/99	✓	✓	✓			✓	✓		✓	✓	✓	
Indiana – FSSA Business Process Improvement (BPI)	10/95-5/96 7/97-9/00	✓	✓	✓			✓		✓				
Indiana - Child Support Enforcement Tracking System (ISETS)	4/90-9/07					✓		✓	✓	✓	✓	✓	
Indiana – Eligibility Modernization Program	5/07-Present	✓	✓	✓								✓	✓
Indiana – MMIS Operational Verification and Validation (OV&V)	11/09-Present			✓								✓	✓
Indiana– MMIS Planning and Procurement	7/09-4/11			✓				✓		✓	✓		
Indiana – Division of Disability, Aging & Rehabilitation Services (DDARS)	9/98-12/98						✓		✓				
Indiana – State Teachers Retirement Fund (TRFIS)	12/97-10/01						✓					✓	✓
Indiana – Eligibility System Replacement Planning	4/11-3/12	✓	✓	✓				✓	✓	✓	✓		
Indiana – Health Insurance Exchange Planning	4/11-3/12			✓				✓		✓	✓		

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Indiana – Eligibility Determination Services System (IEDSS)	12/12 -Present	✓	✓	✓									✓
Louisiana – One DCFS Modernization	12/09-Present	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Louisiana – MMIS IV&V (sub to PCG)	2/12-3/13			✓									✓
Maine- Medicaid Claims Management System	4/01 – 9/04 & 8/06-1/07			✓					✓	✓	✓	✓	
Maine- Integrated Public Health Information System (IPHIS)	8/03 – 8/07			✓			✓	✓		✓	✓	✓	
Massachusetts- MMIS Procurement Support	10/03-2/04			✓							✓		
Massachusetts - Child Support Enforcement System Testing	8/00-1/04					✓						✓	
Massachusetts -Department of Health Y2K Audit	10/98-10/99						✓					✓	
Massachusetts - Department of Mental Health Strategic Planning	10/98-1/99						✓	✓					
Michigan - Child Support Enforcement System (MICSES)	1/98-3/04					✓		✓	✓	✓		✓	
Michigan - Medicaid Uniform Billing	8/00-9/04			✓								✓	
Michigan – Medicaid Program Integrity Review	8/09-10/09			✓					✓				
Michigan – eMichigan Statewide Portal	4/01-5/02						✓					✓	✓
Michigan – HIPAA 5010/ICD-10 Implementation Support	1/11-Present			✓				✓	✓			✓	
Michigan – MITA State Self-Assessment Project Management	10/11-Present			✓				✓	✓				
Minnesota - Unemployment Insurance	4/02-9/03						✓	✓	✓	✓	✓		

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
Modernization Project													
Nebraska- MMIS Replacement Project	6/04-6/06			✓				✓		✓	✓		
New Hampshire - Acuity/Mid-Level Services Alternatives Analysis	9/01-2/02			✓				✓		✓			
New Hampshire - HHS IT Strategy Planning	3/98-4/98						✓	✓					
New Hampshire - WIA Reporting System	4/00-7/00						✓					✓	
New Hampshire – Municipal Agent Automation Project (MAAP)	1/01-7/01						✓	✓	✓	✓			
New Jersey – State Police IT Strategic Plan	4/01-10/02						✓	✓	✓				
New York - Child Support Feasibility Study	2/99-6/99					✓		✓					
New York – DOL UI Systems Modernization Project	1/05-9/07						✓					✓	✓
New York - OTDA Functional Roadmap	10/09-2/13	✓	✓	✓	✓		✓	✓	✓	✓			
North Dakota - MMIS Replacement	9/07-09/09			✓									✓
Ohio - CRIS-E Eligibility System Assessment	5/05-12/05	✓	✓	✓	✓			✓	✓				
Ohio – MMIS Replacement Business Transformation	7/07-6/10			✓					✓				
Oklahoma – MOSAIC Program Manager	10/08-10/09	✓	✓	✓	✓	✓	✓	✓					
South Carolina - HIPAA Assessment	2/02-8/02			✓				✓	✓				
South Carolina - Child Support Enforcement System	7/94-6/96					✓						✓	

Project	Timeframe	Program						Services Provided					
		TANF/Cash Assistance	SNAP (formally Food Stamps)	Health Care/Medicaid	Child Care	Child Support	Other	Strategic Planning/ Feasibility Studies	Business Process Analysis/ Reengineering	Requirements Development	Procurement Support	Quality Assurance	IV&V
South Dakota – Technical Assistance Planning Medicaid/CHIP Eligibility and Enrollment	11/12-Present			✓				✓		✓	✓		
Tennessee – TCSES Modernization	2/11-9/11					✓				✓			
Texas - Integrated Eligibility Operations & Enrollment	10/05– 11/08	✓	✓	✓								✓	
Texas - Compass21MMIS Implementation	10/00-12/02			✓								✓	✓
Texas - Department of Human Services (DHS) Y2K Millennium Project	5/97-12/00			✓							✓	✓	
Texas - Medicaid Fiscal Agent Transition QA	6/03-6/04			✓				✓		✓	✓	✓	
Texas – Office of Attorney General Financial Process Redesign	2/00 – 8/02					✓			✓				
Vermont – HIT Payment Reform Workgroup	7/09-8/09			✓				✓					
Virginia - Department of Social Services BPR	3/05-2/06	✓	✓	✓	✓		✓		✓	✓			
Washington - Automated Client Eligibility System (ACES)	7/93-6/00	✓	✓	✓						✓			

Table 3.1 – First Data's Health and Human Services Professional Services Project Experience

The following sample project summaries provide additional details on three of the projects listed above. They include a combination of projects involving government health care eligibility systems and Medicaid claims processing systems, and they represent a sample of First Data's experience in successfully performing services comparable to those required for the EES Project. As required by the RFP, we have limited our response to three project summaries, but additional project experience information is available upon request.

First Data's Project Experience

<table>
<tr><th colspan="5">California Welfare Client Data System (WCDS) Consortium</th></tr>
<tr><th colspan="5">CalWORKs Information Network (CalWIN) Consulting Services for Quality Assurance and Independent Verification and Validation</th></tr>
<tr><td>Project Overview</td><td colspan="4">The WCDS Consortium is the largest of the three California consortia, managing 38% of the State's caseload, and consists of following eighteen California counties: Alameda, Contra Costa, Fresno, Orange, Placer, Sacramento, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Tulare, Ventura, and Yolo.
In 2000 the Consortium began to develop, and implement the California Statewide Automated Welfare System (SAWS) known as CalWIN. CalWIN is a client-based, integrated system that determines client eligibility and employability, calculates and issues benefits, exchanges information with several other State systems, and provides management support for Medicaid, TANF, SNAP, Foster Care, and General Assistance programs. The CalWIN Project supports approximately 2 million public clients and has a total cost (including hosting, maintenance, and operations) of more than $900 million.
The planning phase was completed in February 2000. The first County went live on CalWIN in January 2005.</td></tr>
<tr><td>Status</td><td colspan="4">Prime Contractor</td></tr>
<tr><td>Contract Dates</td><td colspan="4">March 2000 - Present</td></tr>
<tr><td>Original Contract End Date</td><td>December 31, 2010</td><td>Original Budget</td><td colspan="2">$39.6MM</td></tr>
<tr><td>Actual/Planned Contract End Date</td><td>December 31, 2014</td><td>Actual/Planned Budget</td><td colspan="2">$19,649,829</td></tr>
<tr><td>Summary of Services</td><td>• Quality Assurance</td><td colspan="3">• IV&V</td></tr>
<tr><td>Project Description</td><td colspan="4">Quality Assurance - First Data provided QA services throughout the design, development, testing and deployment of the CalWIN System. Specifically, First Data tasks included the following:
• Provided clarification on requirements definition and process descriptions
• Provided analysis of the impact of policy interpretations or changes on existing requirements
• Conducted formal review of deliverables produced by the development/implementation contractor. The level of involvement varied based upon the scope and complexity of each deliverable to be reviewed, but generally included the following:
✓ Input to and assessment of Deliverable Expectations Document (DED) development
✓ Provided in-depth deliverable reviews to address quality, DED standards, and the ability to trace requirements and compliance
✓ Provided comprehensive and specific comments resulting from draft, interim and final deliverable reviews and structural walkthroughs, including, but not limited to: a summary of all outstanding issues and recommendations regarding the acceptability of deliverables and development of detailed formal review reports
✓ Participation in general and detailed design sessions and related weekly status meetings
✓ Participation in planning meetings for site preparation and</td></tr>
</table>

California Welfare Client Data System (WCDS) Consortium

CalWORKs Information Network (CalWIN) Consulting Services for Quality Assurance and Independent Verification and Validation

installation, testing, training, conversion, pilot and implementation

- Provided independent assessment and assistance for risk and issue management, including identification, assessment, tracking, and resolution.

IV&V – First Data performed extensive independent assessment and testing tasks to validate software development products prior to release. The First Data assessment approach was based on the framework of internationally accepted standards organizations such as the IEEE and specifically the IEEE 1012-2004, which is the standard for Software IV&V. This included the following:

- Performance testing and analysis
- Benchmark testing
- User Acceptance Testing (UAT)
- Regression testing
- System availability assessment
- Requirements assessment and validation
- Software change validation
- Software distribution assessment and validation
- Data conversion assessment and validation
- Application and system security reviews
- Batch processing and scheduling reviews
- Capacity planning assessment
- Operational procedure reviews
- Help desk planning and procedures

Fiscal Management - First Data provided fiscal services for the Consortium by tracking and managing the project budget and funding requests. Activities included:

- Tracking and reporting all funding allocations received and expended by the Consortium
- Tracking actual versus budgeted amounts from County monthly claims
- Tracking receipt, payment and reimbursement of invoices
- Assisting Counties in budgeting and claiming their project expenses
- Working cooperatively with funding source stakeholders, vendors, project management, and County staff
- Consolidate and prepare the IAPDU project budget and status information for submission to the State and Federal stakeholders
- Participate in all meetings relating to fiscal management

Maintenance and Operations Support – First Data continues to provide QA and IV&V support during the M&O phase. This includes:

- Assisting the Consortium with analysis relating to application modifications and enhancements. Review and analyze the change request impact analyses to determine the viability of the scope, level of effort, resources, schedule, cost, and impact on the project's existing work plan.
- Assisting the Consortium with the change request analysis and the impact on the contract and participate as a member of the Change Control Board that will be responsible for assessing the impact of each proposed change. As a member of the team, First Data is responsible for:

California Welfare Client Data System (WCDS) Consortium	
CalWORKs Information Network (CalWIN) Consulting Services for Quality Assurance and Independent Verification and Validation	
	✓ Identify and/or validate the tasks ✓ Identify and/or validate work products and milestones ✓ Estimate and/or validate the level of effort and resources required to complete the tasks ✓ Estimate and/or validate the schedule based on level of effort and resources ✓ Analyze the impact of the proposed change on the existing Work Plan ✓ Analyze the technical aspects of the change on architecture, performance, etc. ✓ Participate in analysis and design sessions, JADs, etc. as needed ✓ Assist with changes relating to Cost of Living Allowance (COLA) modifications preparation and testing • Performing independent testing to provide an independent verification of key portions of the software to determine that requirements (functional and technical) have been satisfied, and that the system functions as intended • Developing UAT Test Plans, in collaboration with WCDS Project Team, for change releases including the activities of witnessing system tests, development of scripts for testing, and the execution of independent tests • Reviewing training materials, release notes and highlights associated with a software release to ensure accuracy and quality of materials including identification of deficiencies and recommendations for improvement • Reviewing implemented Change Requests to verify implementation of approved changes. A monthly change management report will be provided indicating the status of past and present implemented changes being verified.

Client Contact	Name	Hali Reyes
	Position	WCDS Director Operations
	Address	950 Iron Point Rd, Suite 110 Folsom, CA 95630
	Phone	(916) 608-3357
	Fax	(916) 608-3345
	Email	Hali.reyes@calwin.org

California Consortium IV (C-IV)	
California C-IV System Planning, Procurement and QA/IV&V Services	
Project Overview	The California counties of Merced, Riverside, San Bernardino and Stanislaus formed a consortium to plan, procure, develop and implement one of the Statewide Automated Welfare Systems (SAWS), now known as the C-IV System, to support public assistance and employment services programs, including Medicaid, TANF, Food Stamps, Foster Care, and related Child Care. This four-county Consortium served a caseload of 347,000 and 6,000 staff in 100 locations. In 2006, the original C-IV Consortium and the Interim Statewide Automated

California Consortium IV (C-IV)			
California C-IV System Planning, Procurement and QA/IV&V Services			
	Welfare System (ISAWS) Consortium joined together to modify and implement the C-IV System in the 35 ISAWS counties. The current C-IV System now supports a caseload of 943,000 and serves 13,050 core users, plus 14,000 additional users in 200+ locations serving 2.9 million customers. The C-IV System processes over 5 million transactions per day, handles 200 interfaces and issues $240 million in monthly benefits. The original C-IV system was successfully implemented in 2004, and the ISAWS Migration implementation was successfully completed in 2010.		
Status	Prime Contractor		
Contract Dates	August 1997 - Present		
Original Completion Date	C-IV System Implementation (02/01) C-IV Migration (08/10)	**Original Budget**	$51.5MM
Actual/Planned Completion Date	C-IV System Implementation (02/01) C-IV Migration (08/10)	**Actual/Planned Budget**	$68.8MM
Summary of Services	• As-Is Process Analysis • To-Be Process Development • Gap Analysis • Cost Benefit Analysis	• IAPD Development • RFP Development • Quality Assurance/IV&V	
Project Description	The C-IV Consortium initially contracted with First Data to conduct a Feasibility Study, lead a Business Process Reengineering (BPR) effort, develop an Implementation Advance Planning Document (IAPD), develop a Solicitation of Proposals (SOP) document, provide procurement support, assist in contract negotiations, and help prepare the Consortium for the development phase. The Planning Phase included the following key components: **Business Process Reengineering (BPR)** • Conducted "As-Is" analyses business processes in each county to document existing business practices and local office process flows. Common processes were identified and all duplicative processes were removed to produce a consolidated "as is" view of the existing business model. • Developed a high-level "To-Be" business model through a series of intensive analysis sessions, followed by construction and validation of the more detailed open, flexible, and outcome-based "To-Be" Business Model. • Completed an assessment of the gap between the "As-Is" and the "To-Be" Business Model. The new C-IV Business Model was then the basis for successfully implementing Welfare Reform requirements and for designing a comprehensive, integrated automated system to support the Consortium well into the future. **RFP Development** • Prepared the Solicitation of Proposals (SOP) to secure a development/implementation and maintenance contractor. The resulting SOP described the Consortium's business and technical requirements based on the reengineered business model, and major tasks and deliverables required of the vendor during development, implementation, and operations. • Worked with the Consortium, State, and Federal stakeholders to formulate procurement and contracting strategies designed to emphasize the		

California Consortium IV (C-IV)	
California C-IV System Planning, Procurement and QA/IV&V Services	
	Consortium's business needs, promote competition, and provide a best-value systems solution. **Procurement Support** • Responded to vendor questions during the procurement phase • Developed and implemented the proposal evaluation methodology, prepared a Proposal Evaluation Guide and all related materials • Conducted evaluation training for Consortium staff; supported all proposal evaluation activities (including preparation of the Vendor Selection Report) • Assisted in contract negotiations with the selected development/implementation vendor. **IAPD Development** • Prepared an Implementation Advance Planning Document (IAPD) based on the negotiated development and maintenance contract. The IAPD includes the project plan; budget, cost benefit analysis and cost allocation plan for system development and operations phases. The IAPD is the formal mechanism used for project justification and funding approval by State and Federal oversight agencies. • Prepared Alternatives Analysis focusing on the four California SAWS systems to validate C-IV's direction • Provided ongoing management and analysis support during the State and Federal approval processes. As of March 2001, First Data has been providing Quality Assurance (QA) and Independent Verification and Validation (IV&V) services beginning with the development and implementation phase and continuing through the current maintenance and operations phase. **IV&V Services during the Development and Implementation Phase** • Conducted formal review of deliverables produced by the development/implementation contractor, Accenture, in accordance with the Institute of Electrical and Electronic Engineers (IEEE) Standard 1012-1998 for Software Verification and Validation. Examples of the various C-IV deliverable types included the following: ✓ Project management related deliverables such as the PCD, Work Plan, and Issue Assessment ✓ Functional and technical requirements validation documents that provided the basis for the C-IV design ✓ Detailed program specifications that provided technical direction to programmers and advised the need to be maintained in order to be current with the subsequent code ✓ Coded programs, procedures, scripts, and applets that need to adhere to program specifications in an efficient and maintainable manner ✓ Test plans, scripts, and results that need to confirm the design and its requirements, while test discrepancies are effectively cured, successfully re-tested and returned to the proper environment ✓ Training plans and products that reflect the needs of the users and optimal operation of the system ✓ Conversion plans for 34 existing county systems and data conversion software that must effectively transfer and close cases from existing

California Consortium IV (C-IV)	
California C-IV System Planning, Procurement and QA/IV&V Services	
	systems to the new system without introducing duplicative or conflicting data • Conducted requirements tracking via a Requirements Traceability Matrix (RTM) • Conducted software verification code reviews • Validated software products by conducting independent system testing in accordance with IEEE Standard 1012-1998, software integrity level 4. This included the following types of testing: ✓ Decision tree testing of key eligibility determination and benefit calculations ✓ "White box" testing of MEDS and the financial interfaces. White box testing builds upon the knowledge of the internal workings of the application to test key or critical possible combinations of data that will exercise each line of code within the program ✓ Testing key converted cases ✓ Performance testing to independently determine if the C-IV System meets all performance requirements. This included evaluating normal and peak processing conditions. ✓ Regression testing to verify that any changes made to previously examined software products were adequately re-tested • Provided User Acceptance Test support, including developing the UAT Plan, conducting training of Consortium testers, defining test scenarios, monitoring the testing, and assisting with test execution • Provided ongoing project management assistance, including: ✓ Work plan assessment ✓ Risk and issue management ✓ Budget management ✓ Contract compliance monitoring ✓ Status reporting **QA and Independent Testing Services during the Maintenance and Operations Phase** • Provide ongoing project management assistance to the Consortium in areas such as the following: ✓ Work plan assessment ✓ Issue identification and resolution ✓ Risk management ✓ Scope management ✓ Quality management ✓ Budget management ✓ Implementation Advance Planning Document Updates (IAPDUs) ✓ Contract administration and compliance monitoring of the prime vendor's agreement ✓ Formal analysis of System Change Requests (SCRs), change orders, and contract amendments • Conduct formal monthly assessment of the prime vendor's adherence to 13 defined Service Level Agreements (SLAs) regarding all aspects of C-IV System performance and support. • Perform independent testing of the approved SCRs, which, grouped together, comprise the monthly System releases, to ensure each SCR meets stated requirements and to provide a basis for the recommendation to

California Consortium IV (C-IV)	
California C-IV System Planning, Procurement and QA/IV&V Services	
	proceed with the implementation of each release. Additionally, both automated and manual regression testing are conducted for each monthly release. Independent testing is currently being performed in accordance with IEEE Standard 1012-2004, software integrity level 4. **ISAWS Migration to C-IV Planning and Procurement (July 2006 – June 2008)** First Data also served as the Planning Vendor to support the 35 ISAWS Counties in planning for the transition to the C-IV Consortium Joint Powers Authority governance structure and system. The original C-IV System needed to be modified to meet the needs of the ISAWS Counties and subsequently replace the legacy system. In this role, First Data assisted the ISAWS Consortium in the planning efforts for this $250M modification by performing the following activities: • **Requirements Development -** Analyzed existing requirements and developed new application development and implementation requirements • RFP Development and Contracting Support ✓ Assisted in the negotiation of a significant Change Order with the existing contractor, Accenture, for the C-IV System modifications needed to support the migrating counties, including interfaces, county-specific programs, forms and reports ✓ Developed the Request for Proposal (RFP) for Implementation goods and services ✓ Developed proposal evaluation guides and training materials for the Implementation procurement ✓ Conducted evaluation training for the county evaluation teams ✓ Prepared the Vendor Selection Report for the Implementation procurement ✓ Assisted in Implementation contract negotiations • **IAPD Development -** Prepared the Implementation Advance Planning Document (IAPD) and required updates • **Governance Support -** Assisted in governance planning and support associated with the 35 ISAWS Counties joining the C-IV Joint Powers Authority (JPA) • Prepared the Migration Implementation Readiness Plan to help the 35 ISAWS Counties begin to plan for the implementation phase • Prepared the Project Closure Report

Client Contact	Name	John Boule
	Position	C-IV Project Director
	Address	11290 Pyrites Ways, Suite 150 Rancho Cordova, CA 95670
	Phone	(916) 851-3226
	Fax	(916) 638-4367
	Email	boulej@c-iv.org

<table>
<tr><th colspan="5">Indiana Family and Social Services Administration</th></tr>
<tr><th colspan="5">Indiana Eligibility Determination Services System (IEDSS) IV&V</th></tr>
<tr><td>Project Overview</td><td colspan="4">The Family & Social Services Administration (FSSA) is a health care and social service financing agency that delivers a variety of services to its citizens in need. There are over one million Hoosiers that receive services from FSSA. This represents about 1/6th of the State's population. The agency has initiated a project to modify and then replace its eligibility system in two phases:
1. Phase 1 involves implementation of a business rules engine and modification of the legacy system to support Medicaid MAGI eligibility determination and other ACA requirements by October 2013
2. Phase 2 includes replacement of the legacy system, incorporation of full functionality, and achieving federal certification by December 2015
The new IEDSS will be a custom, web-based portal solution that is accessible by external applicants, social service agencies, caseworkers and other stakeholders, integrated with approved support tools to support State and county staff, processing, and communication to the various related State and federal systems. The Federal and State programs in the scope of the IEDSS solution include:
• Cash Assistance
  ✓ Temporary Assistance for Needy Families (TANF)
  ✓ Refugee Cash Assistance (RCA)
• Healthcare Assistance
  ✓ Medicaid
  ✓ Children's Health Insurance Program (CHIP)
  ✓ Hoosier Healthwise
  ✓ Healthy Indiana Plan (HIP)
  ✓ Presumptive Eligibility for Pregnant Women
• Supplemental Assistance Programs
  ✓ Residential Care Assistance Program (RCAP)
  ✓ Supplemental Assistance for Personal Needs payments (SAPN)
• Indiana Manpower and Comprehensive Training (IMPACT)
• Supplemental Nutrition Assistance Program (SNAP)
First Data is the prime contractor on this project, and Logic House is a subcontractor.</td></tr>
<tr><td>Status</td><td colspan="4">Prime Contractor</td></tr>
<tr><td>Contract Dates</td><td colspan="4">December 2012 – Present</td></tr>
<tr><td>Original Completion Date</td><td>12/31/2015</td><td>Original Budget</td><td colspan="2">$4.64MM</td></tr>
<tr><td>Actual/Planned Completion Date</td><td>12/31/2015</td><td>Actual/Planned Budget</td><td colspan="2">$4.64MM</td></tr>
<tr><td>Summary of Services</td><td>• IV&V
• UAT Support</td><td colspan="3">• IV&V
• UAT Support</td></tr>
<tr><td>Project Description</td><td colspan="4">First Data is providing IV&V services during the design, development and implementation of the IEDSS project. This includes:

Project Planning
• Verify that DDI Contractor Project Management plans are in place and maintained under an appropriate level of control
• Validate that the DDI Contractor Project Management plans address requirements traceability, escalation procedures, risk analysis, issue management which follow appropriate standards and are aligned with</td></tr>
</table>

Indiana Family and Social Services Administration	
Indiana Eligibility Determination Services System (IEDSS) IV&V	
	RFP requirements • Verify that appropriate system environments are in place and are maintained in accordance with the appropriate RFP technical foundation requirements, as updated through requirements validation and design phases of the project • Verify that the DDI Contractor's Detailed Project Work Plan addresses each phase of the System Development Life Cycle (SDLC) • Verify the DDI Contractor's Work Breakdown Structure (WBS) facilitates verifying and controlling project scope • Verify that decisions are documented, archived, and manageable for future reference • Verify status reporting mechanism is in place which presents various levels of detail appropriate for the various Agency and federal management tiers, including the Project Management Office, DFR, OMPP, FSSA Executives, FNS, and CMS **Requirements Validation** • Verify that the processes and procedures for managing requirements are in place and appropriate • Verify that requirements can be traced through design, code, configuration and test • Validate that requirements of the system satisfy State and Federal regulations, including but not limited to CMS MITA 3.0 requirements • Verify that all business and technical requirements have been allocated to the appropriate DDI Contractor sub-system or business area **System Design Verification** • Verify that the DDI Contractor's design and analysis process is in place and used to develop the design • Verify data interfaces and integration with the overall system design • Verify that business and technical requirements can be traced forward to system and business area design elements • Verify that required processes and tools are in place in accordance with the appropriate RFP business and technical requirements, as updated through requirements validation and design phases of the project • Verify that all DDI Contractor design products are under configuration control • Verify DDI Contractor design standards, methodology and tools used to develop the design are in place and appropriate for the tasks at hand • Validate the project policies and procedures for ensuring that the system is secure meets the State's IT security requirements, and ensure that the privacy of client data is maintained through these policies and procedures • Verify the DDI Contractor's project security plan and risk analysis processes comply with the State's IT security requirements • Verify that the DDI Contractor's processes and equipment are in place to back up client and project data and files and archive them safely at appropriate intervals • Verify that the agency hosting the IEDSS system (Indiana Office of Technology - IOT) is implementing IT security processes as required, and

Indiana Family and Social Services Administration	
Indiana Eligibility Determination Services System (IEDSS) IV&V	
	that there are no deficiencies in IOT's security processes for the IEDSS where Federal (e.g. HIPAA) and State laws might impose security requirements **Construction and Testing** • Verify that the Master Test Plan meets IEDSS requirements, is appropriate for the IEDSS project, and is being used by the DDI Contractor to actively guide the DDI Contractor's approach to testing throughout the life cycle of the project • Verify the software artifacts, system documentation, test data, and the test plan confirms a robust and complete migration capability • Validate that the results of the test are providing solutions as expected • Verify adherence to Application Architecture Standards as outlined in the RFP • Verify the contractor is monitoring activities during the Construction and Unit Testing task using technical reviews and audits • Verify the contractor's prepared comprehensive set of test scenarios, with applicable test cases and expected test results to test the migration, and conversion of all data and files **Data Conversion Verification** • Verify that DDI Contractor has demonstrated that all data required to support processing is available, accurate, and ready for operations **Integration and System Testing** • Validate the plans, requirements, environment, tools, and procedures used for unit, integration and system testing of system modules • **User Acceptance Testing** • Provide the knowledge and staff to plan, execute and assess the results of user acceptance tests including: • Planning the acceptance test strategy and process • Developing use cases • Creating test data • Executing user acceptance tests [Optional service to be performed if requested by the State] • Tracking actual test results to expected results • Monitoring software defect correction • Iterative execution of appropriate tests and regression testing, as necessary • Reporting on test results from appropriate test cycles • Validate that the system design and system functionality agree with the Stakeholder expectations as expressed at the conclusion of Requirements Validation and Design approval • Validate that the operational environment delivers its services in accordance with the agreed upon requirements, design and applicable key performance measures • Validate that the business functions are supported by the system in accordance with the agreed upon requirements, design and testing documentation

<table>
<tr><th colspan="3">Indiana Family and Social Services Administration</th></tr>
<tr><th colspan="3">Indiana Eligibility Determination Services System (IEDSS) IV&V</th></tr>
<tr><td colspan="2"></td><td>Verify the functional area checklist for Operational Readiness has been applied and go/no-go criteria have been met
Pilot and Implementation Validation
Validate the DDI Contractor has demonstrated and verified physical security, data security, and fire and disaster prevention and recovery procedures
Federal Review Support
Verify the DDI Contractor is utilizing all appropriate federal guidelines for Medicaid technology and systems projects, including but not limited to, the Enhanced Funding Requirements: Seven Conditions and Standards Medicaid IT Supplement (MITS-11-01-v1.0) throughout the DDI lifecycle
Develop Federal Review Plan in coordination with the State and the DDI Contractor to outline the processes and procedures that will be used to manage system review activities
Define requirements for all federal review guidelines during and after system implementation
Verify the system solution meets criteria for federal compliance by reviewing and providing a written assessment of all gate review and compliance materials produced by the DDI Contractor in advance of federal gate reviews and post-implementation review activities
Verify documentation for federal gate reviews and system compliance activities, including a Compliance Validation Report validating that all federal requirements have been met and documented</td></tr>
<tr><td rowspan="6">Client Contact</td><td>Name</td><td>Joe Montgomery</td></tr>
<tr><td>Position</td><td>Director of Systems and Business Operations</td></tr>
<tr><td>Address</td><td>402 W. Washington St., Room W392 Indianapolis, IN 46207</td></tr>
<tr><td>Phone</td><td>(317) 233-0719</td></tr>
<tr><td>Fax</td><td>(317) 234-0566</td></tr>
<tr><td>Email</td><td>Jeffrey.Montgomery@fssa.in.gov</td></tr>
</table>

Cognizant's Project Experience

<table>
<tr><th colspan="4">Blue Shield of CA</th></tr>
<tr><th colspan="4">Facets Implementation for Blue Shield of CA</th></tr>
<tr><td>Project Overview</td><td colspan="3">BSC is a leading Blue Shield health plan in U.S serving over 3.2 million health plan members, with a network of 59,000 Physician in the U.S.</td></tr>
<tr><td>Prime or Sub</td><td colspan="3">Prime</td></tr>
<tr><td>Contract Dates</td><td colspan="3">Multiple contracts since 2008</td></tr>
<tr><td>Original Completion Date</td><td>QA Testing
12/31/2012</td><td>Original Budget</td><td>$60MM</td></tr>
<tr><td>Actual/Planned</td><td>06/30/2013</td><td>Actual/Planned</td><td>$70MM</td></tr>
</table>

Blue Shield of CA			
Facets Implementation for Blue Shield of CA			
Completion Date		**Budget**	
Summary of Services	• Facets Functional Testing – Interfaces & Extensions /Letters & Reports • Configuration Testing • EDI Testing • Mobile Testing	• Conversion Testing • DW Testing • Facets vs. Legacy Core Business Comparison Testing • Automation Testing	
Project Description	It is a legacy modernization program to Improve customer services to their customers and to stay market focused which involves: • Bringing new products to market and enrolling members, to processing claims and managing Client's network of providers. • Migrating the enterprise payer systems from legacy to TriZetto's Facets platform which impacts areas like Interfaces, Reports & Letters, Extensions & Services, Output Management and Channel services for FACETS. EDI, Portals, EDW, marts, etc.		
Client Contact	Name	Mike Thomas	
	Position	Sr. Director – QA	
	Address	Blue Shield Of California, El Dorado Hills, CA-95762	
	Phone	(916)350-6111	
	Email	mike.thomas@blueshieldca.com	

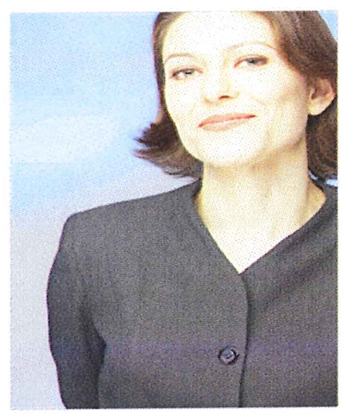
WellPoint			
UAT for a WellPoint			
Project Overview	WellPoint is a leading BCBS health plan in U.S.		
Prime or Sub	Prime		
Contract Dates	Multiple contracts since 2008		
Original Completion Date	09/30/2012	**Original Budget**	$40MM
Actual/Planned Completion Date	09/30/2012	**Actual/Planned Budget**	$40MM
Summary of Services	• Implemented unique BA-QA (Business Analyst/QA Analyst) model • UAT processes streamlining • Product validation suite automation • Developed tools/utilities for higher productivity & efficiencies • Developed One stop portal to showcase releases and projects summary	• UAT for below domain areas: ✓ Sales and Marketing ✓ Underwriting ✓ Enrollment & Billing ✓ Rating ✓ Administration ✓ Membership ✓ Claims ✓ Broker Management ✓ Medical & Network Mgmt. ✓ Benefits	

WellPoint			
UAT for a WellPoint			
	• Created E-Learning courses for manual training effort saving and support rapid ramp up/ ramp down		
Project Description	Cognizant has been a strategic UAT partner supporting multiple Business Units (Individual, Small/Large group and State Sponsored Business) since 2008. Customer was looking for Cognizant's support in addressing the below challenges: • Multiple platforms/backend systems • Absence of release level planning • Effort duplication - Repeatability and minimal Reusability • No focus towards Regression, Test Data identification & creation		
Client Contact	Name	Dana Harris	
	Position	Senior Manager – Technology	
	Address	2015 Staples Mill Rd, Richmond VA 23230	
	Phone	(540)223-8529	
	Email	Dana.Harris@anthem.com	

HealthNet			
UAT for HealthNet			
Project Overview	HealthNet is engaged with Cognizant for UAT services for its Claims and membership areas.		
Prime or Sub	Prime		
Contract Dates	Multiple contracts since 2008		
Original Completion Date	11/15/2012	**Original Budget**	$25 million
Actual/Planned Completion Date	11/15/2012	**Actual/Planned Budget**	$25 million
Summary of Services	• Validated below key functionalities: ✓ Claims adjudication for LOBs HMO, IND, POS, PPO and CSP ✓ Day 2 & Day 3 Claim letters validation ✓ COB plans based on Primary and Secondary payer setups ✓ Auto adjudication ✓ Medical Claims • Pre-Code and Post-Code Shake out Testing • End-to-End UAT Testing	• Domain areas focused for UAT Service: ✓ Membership ✓ Enrollment & Billing ✓ ID cards and enrollment kit ✓ Eligibility ✓ ID Cards ✓ Claims ✓ Clinical ✓ COB plans ✓ Medical enrollments ✓ Medical Claims	

HealthNet		
UAT for HealthNet		
	• Test process streamlining • Offshore team based out of Manila operating during customer's working hours (10 pm to 7 am)	
Project Description	Client is engaged with Cognizant to address the below UAT challenges • Ability to work during customer working hours and participating in all business meetings • No focus towards Regression • Test Data identification & creation	
Client Contact	Name	Jaimee Hemphill
	Position	Vice President – IT Solutions
	Address	21281 Burbank Blvd Los Angeles, CA 91367
	Phone	(818)676-7005
	Email	Jaimee.e.hemphill@healthnet.com

3.9 Summary of Bidder's Proposed Personnel/Management Approach



Beyond methodologies, processes and tools, it is the people on the team who determine success on any project. For the EES Project, First Data brings a proven approach and methods and an experienced team that has delivered genuine value and practical results. As a long time provider of IV&V services in many states, First Data will deliver a seasoned team with the following attributes:

- Proven knowledge of ACA guidelines and Medicaid/ CHIP policies
- Proven project management and IV&V methodologies combining the right mix of processes, techniques, guidelines, and tools
- Proven ability to ensure the management, business and technical requirements are successfully incorporated into the developing system
- Proven ability to establish and maintain productive working relationships with DDI Contractors
- Proven ability to track project progress in accordance with approved plans
- Proven skill and experience managing and administering large, complex vendor contracts, including compliance assessments and analysis of Change Orders and amendments

First Data will meet all project commitments by providing a team of highly experienced professionals dedicated to this project. The First Data Team will validate that deliverables and project results meet the goals, objectives, and requirements as intended, and provide advice to the Department and individual team members through the duration of the project. The following key characteristics are foundational elements of our staffing plan:

> **b>yond our experience...**
>
> *First Data has proposed seasoned experts with a combination of experience in MMIS systems, IV&V services, and Nebraska State government.*

- ***Executive Oversight*** in the form of a Project Director to monitor customer satisfaction and provide connectivity from the project to the rest of First Data's government practice

- ***Full-time commitment*** of IV&V Project Manager, Sr. IV&V Consultant and Quality Assurance Lead.

- ***Focused utilization*** of technical and business experts so that the State has the benefit of focused IV&V services in the most cost effective manner.

The figure on the following page depicts the organization of the First Data Team. The remainder of this section describes how we put our foundational elements into practice.

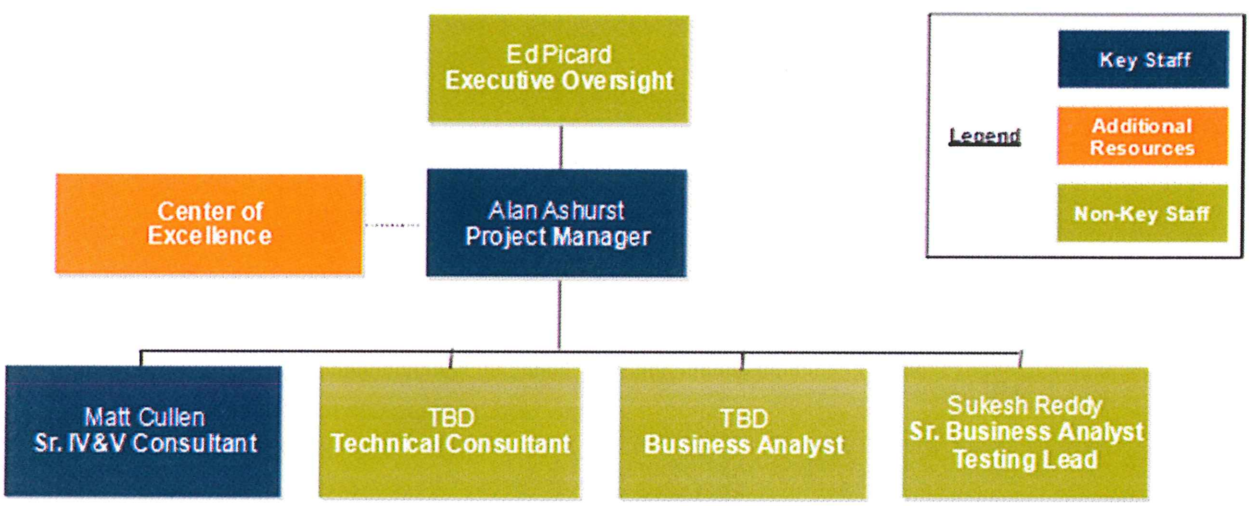


Figure 3.1 – First Data Project Organization Chart

First Data understands the role of the IV&V Contractor is to provide an independent assessment of project deliverables to verify adherence to requirements, provide insight into risks and opportunities within the project, and validate that the system is ready for operations and certification. There is a clear distinction between this role and the role of a PMO. We have structured our team and staffing approach to complement the PMO and not duplicate its efforts. While there are periods of time in which project needs dictate more full time resources, we have not approached this engagement with the expectation that all staff will be full time. Continuity is important however, therefore we strongly believe in the full time presence of the Project Manager and Business Lead. The remainder of the staff are utilized based on their role and the deliverables/project activities that require verification and validation. Attachment 7 presents a staff loading plan showing the hours by month for each resource. This provides the Department a clear understanding of our approach to the utilization of resources in the most efficient manner while maintaining the integrity of the effort required to ensure success.

The Project Manager is key to the success of any project. Leadership and dedication are cornerstones to successful project managers. Mr. Alan Ashurst is proposed as the First Data IV&V Project Manager for the EES Project because of his demonstrated leadership in multiple states with varied clients trying to tackle complex challenges.

Under the leadership of Mr. Ashurst, the First Data Team consists of Key Staff members described below and supplemental analysts and consultants. Resumes for Key Staff are provided in the pages below. First Data is committed to staffing this project with the named individuals listed and ready to take all reasonable actions to ensure they are available. If unforeseen circumstances arise, First Data will replace the individuals with staff members possessing the same skill sets and experience or better.

Resource	Role	Location of Work	Responsibilities
Alan Ashurst	Project Manager – **Key Staff**	Up to 100% on-site	Managing day-to-day activities of the QA/ IV&V team and maintaining the project schedule. Leading Monthly Management and Briefing reports, risk/issue management, and critical incident reporting activities. Develop and maintain overall IV&V Project Management Plan. Lead verification/validation of project's product and processes and contribute to Deliverable Review Reports.
Matt Cullen	IV&V Project Specialist – **Key Staff**	Up to100% site	Lead assessment of EES Deliverable Reviews. Lead assessment of functional deliverables (e.g., requirements validation, design reviews). Lead verification of requirements traceability. Assist the State with preparation for CMS gate reviews.
TBD	Technical Consultant	Up to 100% on-site	Validate technical architecture is consistent with state/federal requirements, including CMS-7 and MITA 3.0. Identify technical risks. Contribute to EES Technical Review Report, Data conversion activities and EES Deliverable Reviews.
Sukesh Reddy	Sr. Business Analyst / Testing Lead	Up to 100% on-site	Lead assessment of testing plans, processes and results. Lead the development of test cases. Contribute to EES Deliverable Reviews.
TBD	Business Analyst	Up to 100% on-site	Support assessment of functional work products that support the business process. Support validation of requirements. Contribute to Unit Testing and Conversion Error Reporting.

Key Personnel

Alan Ashurst

Project Manager

Relevant Experience

First Data Government Solutions, LP **August 2013-Present**

Senior Government Business Consultant, Connecticut Department of Social Services (DSS) Modernization Planning and Procurement

Mr. Ashurst is an integral member of First Data's team advising the State on resource capacity planning, process and technology improvements related to Human Services eligibility system modernization. This project includes a technical assessment as well as a Cost Benefit Analysis (CBA) to provide both technical standards for the modernization effort and cost justification for the project objectives.

First Data Government Solutions, LP **June 2013 –August 2013**

Senior Government Business Consultant, South Dakota Eligibility Planning

Mr. Ashurst provided expert analysis on First Data's team to aid the State in planning for an eligibility and enrollment system replacement. South Dakota requested this analysis to modernize their legacy eligibility system, improve the delivery of services with innovative best practices and state-of-the-art technologies, and to implement federal and state compliancy standards while leveraging enhanced Federal Financial Participation match dollars.

HP Enterprise Services **October 2010-January 2012**

Product Manager, Various Projects

Mr. Ashurst defined the vision for public Health Benefits eligibility products to align with US health care reform as specified by the Patient Protection and Affordable Care Act (PPACA). He was responsible for product planning and execution from inception through the product lifecycle, including gathering and prioritizing product and customer requirements, defining the product vision, and working closely with Product Development, Sales, and Delivery units to ensure revenue and customer satisfaction goals are met. His specific duties included the following.

- Manages the healthcare eligibility product lifecycle from inception through strategic planning to tactical activities as a product manager in an Agile/Scrum development environment.
- Created business cases and financial models to support the development of healthcare eligibility product, addressing a $330M five year market opportunity.
- Established customer persona and market profiles for eligibility and health insurance exchange.
- Specified market requirements for current and future eligibility products by conducting market analysis supported by on-going visits to customers and prospects.

- Ensured consistency between sales plans, pipeline, and staff planning; assisted with responses to procurement opportunities.
- Provides tactical support to sales training, collateral development, and product performance,

State of Colorado **August 2008-September 2010**

Claims Systems Section Manager, Department of Health Care Policy & Financing
The Department of Health Care Policy and Financing administers the Medicaid and Child Health Plan Plus programs as well as a variety of other programs for Colorado's low-income families, the elderly and persons with disabilities. Mr. Ashursts' specific duties included the following:

- Provided the operational interface between State policy/program staff and the fiscal agent who manages the Medicaid Management Information System (MMIS).
- Worked with program/policy staff to obtain knowledge of program policy/rules, communicate those requirements to the Fiscal Agent and assure that quality criteria were met by the MMIS vendor.
- Provided system support and expertise, assisted in research/analysis, problem-resolution, troubleshooting of MMIS related issues.
- Monitored production reports, claim volume, and payments for 'unusual activity'.
- Worked with program/policy staff to understand the policy/business needs related to MMIS claims and provider payments.
- Worked with Fiscal Agent staff to design, test, and implement system enhancements to support Department Policy/new legislation, including implementation of Colorado's Accountable Care initiative.

State of Colorado **June 2004- July 2008**

Deputy Division Director, Office of Information Technology
The Office oversees technology initiatives at the state level, recommending strategies and maximizing efficiencies of service delivery in a cost-effective manner through the application of enterprise technology solutions. Mr. Ashurst's specific duties included the following:

- Progressive management and leadership responsibility to provide strategic planning, enterprise application development and support, computing infrastructure and network management, process improvement implementation via ITIL, and data warehouse creation.
- Managed the delivery, support, and modernization of Statewide application services, consisting of 104 applications described in a portfolio management model.
- Implemented a service management framework to improve the quality and measure the cost of IT infrastructure services. Created a project management office to manage service delivery and support initiatives.
- Managed the support and deployment of the Multi-Use Network (MNT), including procurement of MPLS technology and management of vendor relationships.

- Managed the support and deployment of Digital Trunked Radio (Motorola Astro 25) State first responder wireless communications network.
- Managed 168 employees through three management levels delivering application, hosting, telecommunications, and data center services.
- Created a management system to encourage collaboration and innovation between vendors, State agencies, and political subdivisions to provide common constituent services and deliver effective information technology solutions.

Sun Microsystems, INC. **July 2000- May 2004**

Business Technologist/Project Managers, Various Projects

Mr. Ashurst managed and led business and technical analysts to create solutions to enterprise wide challenges in service delivery and related functional areas. Skills used in these projects included Six Sigma, Data and process modeling, project management, requirements elicitation, and quality assurance.

Global Commerce **April 1999- June 2000**

Database Engineering Manager, Various Projects

Mr. Ashurst Managed, mentored, and led database engineers and analysts to support the data needs of the corporation's products and customers. Skills used: J2EE, project & people management, Informatica, data warehouse design, data modeling, team leadership, JAD facilitation, Oracle 8I, MS SQL Server, and ErWine.

PS Technology **February 1998- March 1999**

Team Lead, Various Projects

Mr. Ashurst led teams in the creation of new applications as the primary database technology resource at the company.

Norfolk Southern Corporation **January 1991-January 1998**

Project Manager, Connecticut Department of Labor (DOL) Internet Unemployment Insurance (UI) Claims System

Mr. Ashurst established, managed, and directed the creation of an enterprise data warehouse, allowing for detailed analysis of operational data resulting in more efficient and economical transportation operations.

The Coca-Cola Company **October 1985- December 1991**

Project Manager, Massachusetts, Executive Office of Administration and Finance (EOAF), Commonwealth's Managing for Results Initiative (MRI)

Mr. Ashurst designed and developed operational decision support and manufacturing applications for the company.

Education

Degree

- Bachelor of Science, Business Administration (Management), Regis University, Denver, 2004, Magna Cum Laude

Certifications

- ITIL Foundation
- Leadership Development Program Graduation, Center for Creative Leadership
- Six Sigma Green Belt
- Project Management Professional Qualified, exam not yet taken

References

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Company: State of Colorado
Contact Name: Sandra Salus
Address: 1570 Grant St., Denver, CO 80203
Phone Number: (303)866-3513
Email Address: sandra.salus@state.co.us

Matthew Cullen

IV&V Project Specialist

Relevant Experience

First Data Government Solutions, LP January 2012-Present

IV&V DDI Lead, State of Louisiana Medicaid Management Information System (MMIS) IV&V Project

Mr. Cullen serves as DDI Lead and reviews business and technical requirements developed by the Louisiana DHH in the transfer of the existing CMS-certified MMIS system from the State of Washington. He also participates in requirement confirmation sessions, detail system design sessions, reviews session documents and identifies risks to the successful completion of the transfer effort. Mr. Cullen is also responsible for reviewing vendor-developed detailed system design documents, focusing on regulatory compliance, Affordable Care Act, and system conformance to expectations set for in the state's MITA Self-Assessment.

First Data Government Solutions, LP October 2011–January 2012

Health Benefits Exchange Subject Matter Expert, State of Arkansas Health Benefit Exchange (HBE) Planning Project

Mr. Cullen was responsible for development and confirmation of the business requirements necessary for the development of the Arkansas Health Benefits Exchange. He facilitated sessions within the agency to develop the business processes necessary for the Exchange operations. As part of his responsibilities, he also conducted research in areas impacting plan certification as well as providing content for grant applications.

First Data Government Solutions, LP January 2010-September 2010

Requirements Validation Project Lead, State of Indiana Medicaid Management Information System (MMIS) Planning and Procurement

Mr. Cullen was responsible for development/oversight of the business and technical requirements for the MMIS replacement RFP. As part of his responsibilities, he established the processes and materials used to complete the requirement validation process. Building quality assurance measures into the RFP was part of his charge. In addition, Mr. Cullen was responsible for database development, as well as updating/enhancing the database to support all of the requirement development activities.

First Data Government Solutions, LP September 2009-January 2010

Organization Assessment/Gap Analysis Team, State of Ohio Medicaid Management Information System (MMIS) Replacement Business Transformation

Mr. Cullen was part of the First Data Team responsible for the development of the organization assessment and gap analysis document. As part of his responsibilities, he facilitated information-gathering sessions, participated in business process confirmation review sessions and developed a survey tool used for interviewing other states regarding their past MMIS implementation efforts. Based on these sessions, he created a risk-management database.

First Data Government Solutions, LP September 2007- September 2009

Independent Verification and Validation Project Lead, State of North Dakota Medicaid Management Information System (MMIS) Replacement

Mr. Cullen served as the project's Validation Lead, responsible for developing the validation test strategy development, test scenario development, and user acceptance testing oversight. He also served as a subject matter expert in the following areas; MMIS, HIPAA, and MITA. In this capacity he participated in JAD sessions, facilitated meeting to refine state business requirements, and assisted in the development of data conversion processes. Mr. Cullen prepared several work products detailing the vendor's non-compliance to HIPAA requirements, in terms of accepting and transmitting the ANSI X12 837, 835 276 and 277 transactions, direct data entry, retention and privacy. The State asked that he lead the effort to ensure the new system was capable of accepting and responding to the ANSI X12 278 transactions used to communicate service authorization information. He also produced a work product outlining the upcoming efforts necessary to comply with the migration to the 5010 transactions and ICD-10 code sets. Mr. Cullen reviewed system integration test documentation and test result findings.

Accenture July 2003 - June 2007

Independent Contractor, Station 1, Inc., State of Texas Medicaid Management Information System (MMIS)

Mr. Cullen provided project management for the re-design and implementation of a new encounter data collection system. Mr. Cullen was responsible for key stakeholders meeting facilitation, requirement definitions and timeline development. He wrote key sections of the APD. Risk identification and mitigation was a key part of his responsibility. He was a regular presenter at internal and external stakeholder functions (Managed Care Organizations, Medical Associations and Managed Care Medical Directors), apprising the groups of efforts and accomplishments to date. The system went operational on September 1, 2007. Mr. Cullen remained onsite for 12 months post implementation, resolving issues, completing documentation and implementation guides and assisted in the development of a data warehouse for encounter data

Maximus September 2002 – April 2003

Contract Analyst, HIPAA Compliance Project

Mr. Cullen served as a contract analyst with Maximus. The State of Tennessee contracted with Maximus for an evaluation of the Department of Public Health and the Division of Mental Retardation Services' ability to comply with the administrative simplification aspect of the HIPAA legislation. His efforts consisted of interviews and evaluation of multiple business entities including the central offices, seven programs, nine regional administration offices six clinic facilities and three on-site evaluations of residential developmental centers. Once the interviews and evaluations were completed, he collaborated in the transaction mapping, evaluation, gap and recommendations documents

First Data Government Solutions, LP (formally GovConnect December 2001 – June 2002

Project Manager, Medicaid Management Information System, State of Maine

Mr. Cullen served as a contract project manager for GovConnect. The state's Bureau of Medical Services replaced the MMIS as well as the recipient eligibility system. In order to retire the existing mainframe system, business function documentation was required. The outgoing system performed numerous business functions not satisfied by either new system. The project consisted of the development of information collection processes, stakeholder interviews, development of requirements documentation, and preparing content for the advanced planning document

Fox Systems **August 2001 - December 2001**

Project Manager, HIPAA Compliance Projects, State of Maine

Mr. Cullen served as a business analyst for Fox Systems. The project's intent was to determine areas within the state's Medicaid and Medicaid-related programs impacted by the Administrative Simplification sections of the HIPAA legislation. He was charged with interviewing stakeholders, developing and maintaining the project plan, documenting business processes, transaction mapping and collaborating in the final recommendation document.

EDS **August 1996 – August 2001**

Senior Business Analyst/Project Manager, Various Projects

Mr. Cullen served as the project manager, responsible for the design and development of multiple encounter data collection systems. He was also responsible for the timeline development, planning session facilitation, defining requirements, one-on-one HMO interviews, and serving as the key speaker at technical meeting. A significant component of his non-technical responsibilities included functioning as a liaison between the 14 HMOs serving the various populations and the state agencies charged with oversight. In this capacity, he was responsible for developing submission training materials training identifying quality indicators used to evaluate the completeness and timeliness of data submissions and working with the HMOs regarding their non-encounter submissions. In all cases, the projects were completed on time and within budget parameters.

Unisys Corporation **March 1994 – August 1996**

Business Analyst/Project Manager, Various Projects

Mr. Cullen served as a business analyst, working with managed care entities that served the state's Medicaid population. He oversaw the development of a data collection programs that provided data for Federal reporting, program monitoring and HEDIS reporting. In addition, he developed data collection and reporting systems for SCHIP, BadgerCare. In this capacity, he met regularly with managed care organizations to address issues related to data quality, technical specifications and data transmission. He was also part of a transition team charged with moving these collection systems out of the Unisys technical environment to EDS, the incumbent fiscal agent.

Medical Management Inc. **January 1993 – March 1994**

Managed Care Plan Administrator / Various Projects

Mr. Cullen's responsibilities included profit and loss, the negotiation of capitation rates with plan providers, and the design of a prior authorization information system. Prior to assuming the responsibilities of plan administrator, he managed a project that designed and built 5 primary care facilities for Prudential Insurance in the Chicago area.

Education

Degree

- Master of Science, Health Services Management, Concordia University
- Speech, National College of Education

References

Company: Accenture/Texas Medicaid & Healthcare Partnerships
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Company: Texas Health & Human Services Commission
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Address12357-B Riata Trace Parkway Austin, TX 78727
Phone Number: (512) 506-7300
Email Address:
Billy.milwee@hhsc.state.tx.us

Company: SysTest Labs **Contact Name**: Don Moore
Address: 216 16th Street Suite 700 Denver CO. 80202
Phone Number: ((225) 978-3381
Email Address:
dmoore@ststest.com

3.10 Subcontractors

Our proposal employs industry experts in the various disciplines that are critical to the success of determining the requirements for the EES Project. We have selected Cognizant as our subcontractor and identified staffs that have proven they are the best in their particular field. The First Data/Cognizant Team will abide by all quality standards applicable per the requirements of this RFP.

3.10.1 Name, address & telephone numbers

World Headquarters
Cognizant Technology Solutions
500 Centre Point Blvd.
Teaneck, NJ 07666
Phone: +1 201.801.0233
Fax: +1 201.801.0243
Toll-free: +1 888.937.3277

3.10.2 Subcontractor Tasks

The Sr. Business Analyst/Testing Lead will be supplied by Cognizant. This position is responsible for assessing test plans, evaluating processes and reporting results. They will lead the development of test cases and contribute considerably to the deliverable reviews.

3.10.3 Percentage of performance hours intended for each subcontract

The estimated percentage of project performance hours for each subcontractor does not include any ad hoc actuarial hours obtained by the Department outside of the required deliverables of the RFP.

3.10.4 Total percentage of subcontractor(s) performance hours

Cognizant is supplying the Quality Assurance Lead on the project. This position is one of five positions that make up the First Data Team. Therefore, Cognizant is supplying approximately 20% of the manpower dedicated to this project.

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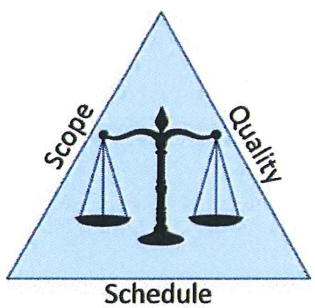
4. Technical Approach

The vision for interoperable and responsive technology to support programmatic changes in tight implementation timeframes requires a partner with expertise, experience, insight, and a commitment to working hand-in-hand with DHHS to deliver the EES Project successfully. Nebraska needs a partner that understands the Medicaid program, both broadly and deeply. It requires a partner that understands the complex technology environment across today's health and human services agencies. It requires a partner with a proven record of accomplishment in helping health and human services agencies design and implement large systems successfully. It requires a partner who is well versed in Medicaid eligibility, and comes to the project equipped with tools to expedite the delivery of IV&V services. Most importantly, it requires a partner that shares the Department's vision for the EES Project and one that is committed to making it happen. The First Data Team is that partner.

States Gain Immediate Value from First Data's Understanding of their Project Needs



Like agencies in many other states, Nebraska Department of Health and Human Services finds themselves in an extremely difficult position. The Department must implement the new required capabilities, including Modified Adjusted Gross Income (MAGI) eligibility determination to meet ACA guidelines. This puts states in the position of managing a project that may require flexibility with regard to scope, but no flexibility with respect to schedule. Typically, quality is what suffers and the State cannot afford to let that happen. The Department needs a highly skilled, experienced team such as the First Data Team to keep scope, schedule, and quality in balance. The First Data Team does not just have a theoretical understanding of the challenges facing the EES Project; we have a practical understanding of those challenges, rooted in more than 22 years of experience helping states design and implement large, extremely complex healthcare and human services systems. Our clients have expressed the immediate value that our team brings in those crucial initial months of the project. We know the warning signs to look for and can bring order to the chaos of dynamic change.

As an IV&V vendor, we recognize this dynamic environment must be reflected in our methodology and approach, so that the Department does not sacrifice quality in order to achieve the aggressive schedule. We accomplish this by working proactively with the State in a team environment to help ensure a high quality product is produced without bottlenecks. By integrating IV&V processes throughout the life cycle, rather than reviewing the results after completion of deliverables, the Department can save time and effort through less rework. We also focus on identifying risks early and establishing contingency plans so that when problems do arise, the project can continue moving forward. In this approach, we measure our success as an IV&V vendor not by the number of deficiencies we identify but by the success of the projects we support. Thus, we view our role as an important partner to the overall success of the EES Project.

Maximizing the Benefit of Federal Funding Through the Leverage and Reuse Of IT Assets Across Health and Human Services Programs - In the last few years, federal funding opportunities tied to the ACA and requirements for modernization efforts have evolved, with a pronounced emphasis on the ability to leverage and reuse IT assets across health and human services programs, supported by time-limited enhanced federal funding. These circumstances provide both a challenge and an opportunity for states as they look for ways to leverage functional and technological components across systems and establish a higher degree of interoperability across the health and human services enterprise. As a result, the historical silo approach to systems is being replaced with an enterprise view that maximizes the use and benefit of federal funding and implements a more modular approach.

First Data clearly understands this focus and has developed a Health and Human Services Business Architecture (HHSBA) tool that we've used with clients to establish a common framework for documenting the core business functions of a state's systems and to help identify common business functions across programs or agencies. The HHSBA can assist states with identification of potential candidates for reuse/leverage by providing a clear view of the assets the state has or has planned that could potentially provide functionality needed by another program or system. For IV&V opportunities we utilize the HHSBA to compare the project's requirements to our repository of requirements to validate the robustness of the requirements, develop use cases, develop IV&V checklists and validate that system meets the 7 Standards and Conditions, including alignment to MITA 3.0.

b>yond tools...

First Data's Health and Human Services Business Architecture (HHSBA) tool helps clients establish a common framework for determining opportunities for reuse/ interoperability.

A key component of our IV&V approach in this dynamic environment is coordination and communication. Collaboration with CMS through the gate review process and other mechanisms, such as the Collaborative Application Lifecycle Tool (CALT), is essential to ensuring federal funding and approval. The First Data Team stresses the importance of communication and "buy-in" by encouraging participation from stakeholders and confirming the results through a well-coordinated review process. We will work closely with the State to implement this team philosophy that maintains the focus on project success criteria, provides timely and open communication, and assesses and mitigates risks before they can adversely affect the project schedule or outcome.

The First Data Team also recognizes that not all IV&V projects are the same. In fact, the requirements of one project may vary greatly from the requirements of another, given the timing of the tasks, the level of true independence required, and, at times, the need to couple IV&V services with QA services/planning and operational support through subject matter experts. Given this, we have developed a methodology that provides flexibility for our clients to ensure the specific needs and requirements of each project are met.

4.1 Methodologies, Strategies, Standards & Approaches

Through our IV&V services, the First Data Team brings a knowledge base that enables us to verify that the right system is built and to validate the system is built correctly throughout project. This knowledge helps us to understand Nebraska's project-specific needs and how to review and assess the work products and deliverables that are outcomes of design, development, and implementation activities most efficiently, thus ensuring that all requirements are met. With this understanding, First Data is able to provide recommendations aimed at enhancing the overall quality and robustness of the deliverables. At critical points in time on similar projects, such as the completion of major tasks/activities, our understanding has helped us to update and examine the Requirements Traceability Matrix (RTM) to ensure there are no orphans or incomplete requirements. To accurately measure progress and adherence to timeframes, the First Data Team also analyzes work plans and schedules, and conducts Independent Testing, not only to verify requirements are met, but also to prove the system fully supports workers and residents seeking services. First Data's knowledge and understanding enables us to verify that the system adheres to the stakeholder's expectations of the EES Project design.

First Data Is Prepared to Complete the Scope of IV&V Services for the Project

With our understanding of the EES Project, First Data aligns our IV&V management methodology to the standard project phases as defined by the PMBOK and as reflected in the illustration below.

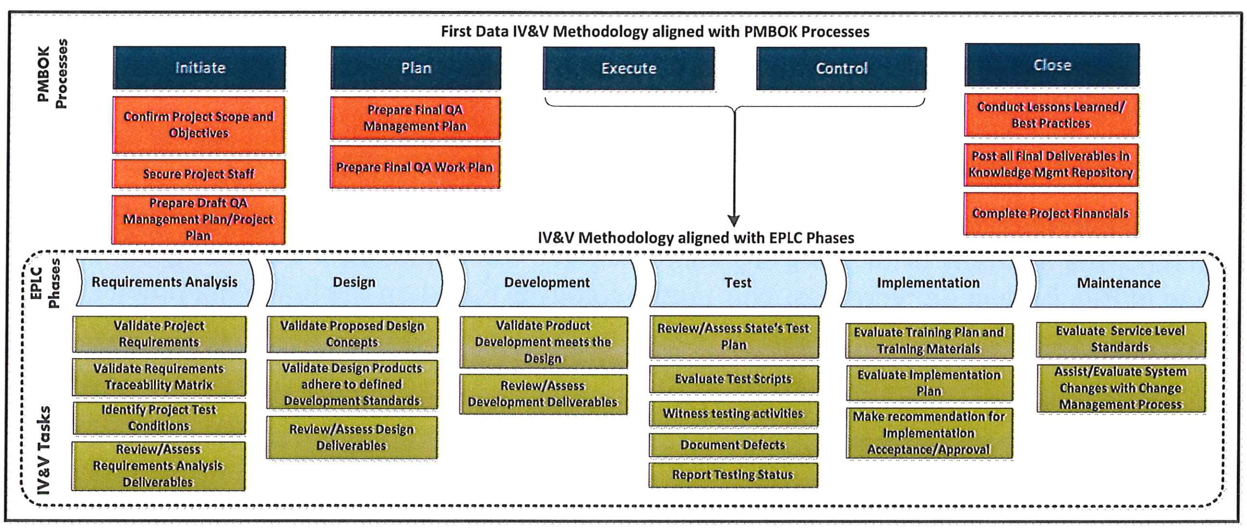


Figure 4.1.1– First Data's IV&V Methodology

Our IV&V method draws on industry standards and over 20 years of insight and experience to address each major dimension of the EES Project

To deliver our IV&V methodology, we follow a structured project management approach as follows:

- **Initiate** - in which we confirm key project and IV&V objectives, secure staff and prepare a draft IV&V Management Plan and IV&V Work Plan.

- **Plan** - in which we create and maintain a structure to accomplish the objectives and prepare the team to begin the phase or task. This includes finalization of both the IV&V Management Plan and the IV&V Work Plan.

- **Execute** - in which we coordinate the people to carry out the IV&V Management Plan and build the IV&V products/tools. In this phase, we:

  - ✓ Complete all IV&V tasks, including deliverable, progress and process reviews
  - ✓ Provide and use our IV&V tools, such as checklists and metrics
  - ✓ Prepare required IV&V deliverables, including deliverable review reports and IV&V Status Reports
  - ✓ Share our findings through defined communication processes and channels

- **Control** - in which we assure that project objectives are met by monitoring and measuring progress and recommending corrective action as necessary. We apply consistent assessment and monitoring processes throughout design, development and implementation. We track and monitor progress of our IV&V tasks and deliverables, assess the progress and performance of the EES Contractors and adherence to the overall schedule and budget.

- **Close** - in which we assist the project in verifying that all deliverables meet requirements, the products have been tested, that there are no findings that would preclude final implementation and provide a recommendation for final approval/acceptance.

First Data will Utilize Our Proven IV&V Methodologies to Meet Project Objectives

First Data applies a structured deliverable review and assessment methodology that our team has used on many prior IV&V engagements. We will apply this methodology to the review of EES Project deliverables. Our methodology is based on the following tenets:

- **Participate in the full deliverable lifecycle** – First Data works with Department staff throughout the entire deliverable development, review, and comment and approval process, through submission of a recommendation for deliverable acceptance.

- **Provide input and feedback on a flow basis** – This allows recommendations to be incorporated into subsequent versions of deliverables, which improves the quality of the final product and minimizes the time associated with final reviews.

- **Use a structured tool to document findings** – This provides a consistent and consolidated format where cosmetic and material deficiencies are documented.

- **Produce thorough Deliverable Review and Assessment Reports** – First Data reviews and assesses the readability, comprehensiveness, accuracy, level of detail, and quality of all required deliverables.

First Data's HHSBA provides added benefits to the EES Project

As the IV&V vendor, First Data will reference the HHSBA during the review, verification and validation of the DDI solution. This enables early and comprehensive reviews to identify GAPS between the current eligibility system or the State's To Be desired functionality, the Eligibility and Enrollment Solution (EES) and MITA alignment. The HHSBA tool is aligned with the Center for Medicare and Medicaid Services (CMS) Medicaid Information Technology Architecture (MITA) 3.0 but is flexible enough for enterprise wide efforts or for select programs. In addition, the framework assists States with their strategic business decisions to identify opportunities for scalability in future system enhancements.

MITA is intended to foster integrated business and IT transformation across the Medicaid enterprise to improve the administration of the Medicaid program. It is a common business and technology vision for state Medicaid organizations. At the federal and state level, Health and Human Service programs are exploring the opportunities of integrating MITA alignment at the enterprise level. To support this movement, First Data has incorporated and mapped Health and Human Service programs, requirements and business processes to assist states in identifying and documenting MITA alignment and maturity levels for multiple programs.

MITA 3.0 Business Areas include:

- Business Relationship Management
- Care Management
- Contractor Management
- Eligibility and Enrollment Management
- Financial Management
- Member Management
- Operations Management
- Performance Management
- Plan Management
- Provider Management

First Data's established business architecture as shown in Figure 4.1.2 provides a comprehensive view of HHS business operations and reflects MITA 3.0 hierarchy. As a reference point, First Data will review the business areas and business processes with designated DHHS staff to identify and validate business processes to include in the Medicaid Eligibility Business Architecture for the EES Project.

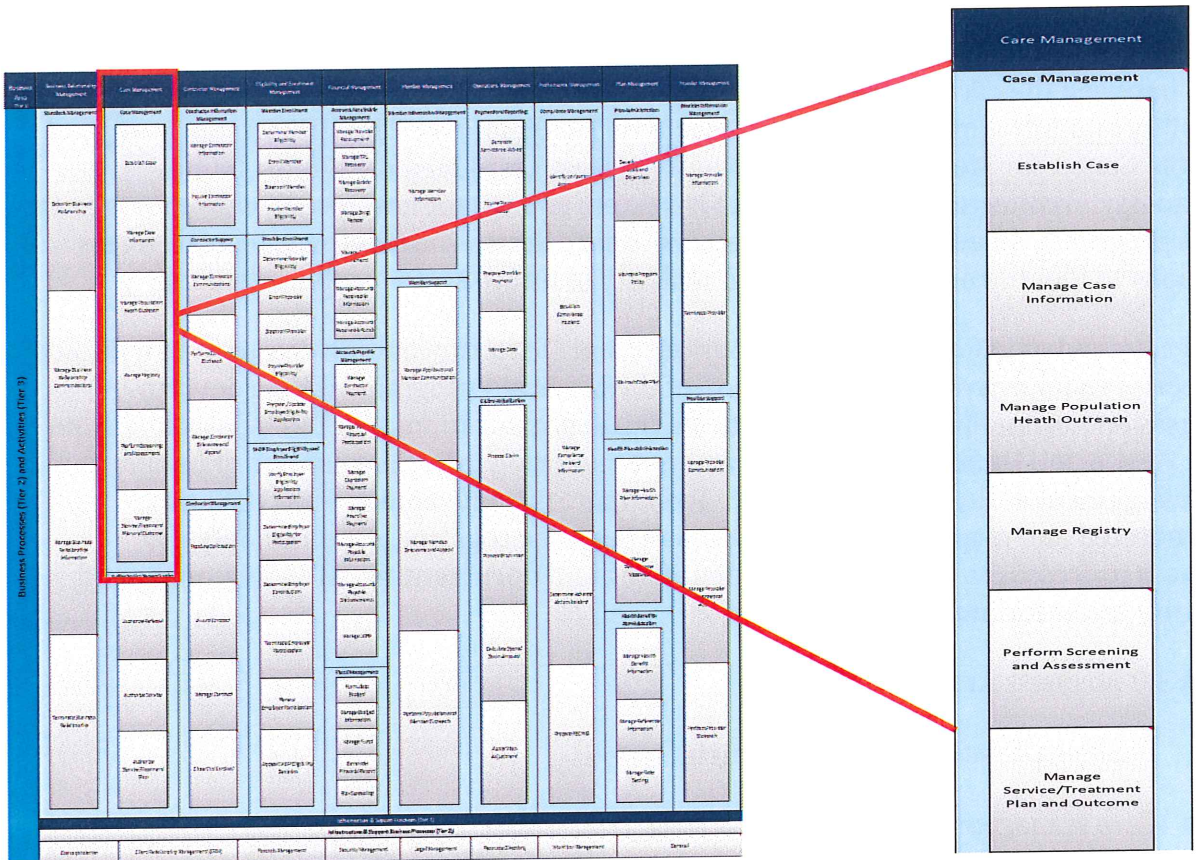


Figure 4.1.2 – First Data Health and Human Services Business Architecture

To make the HHSBA more usable at the executive level, we summarize the HHSBA in a tabular format. This format allows us to use "heat mapping" to convey important information quickly and easily. In a heat map, we use different colors to highlight attributes of business processes that are important to our analysis. For example, assume a legacy application is about to sunset, and the State must understand which Business Processes the legacy application supports. Since we have mapped each application to the Business Processes they support (as an attribute of the Business Process), we can identify those Business Processes affected by the sun setting of the legacy application. In the figure below, the Business Processes highlighted in yellow are affected by the sun setting of a hypothetical legacy application.

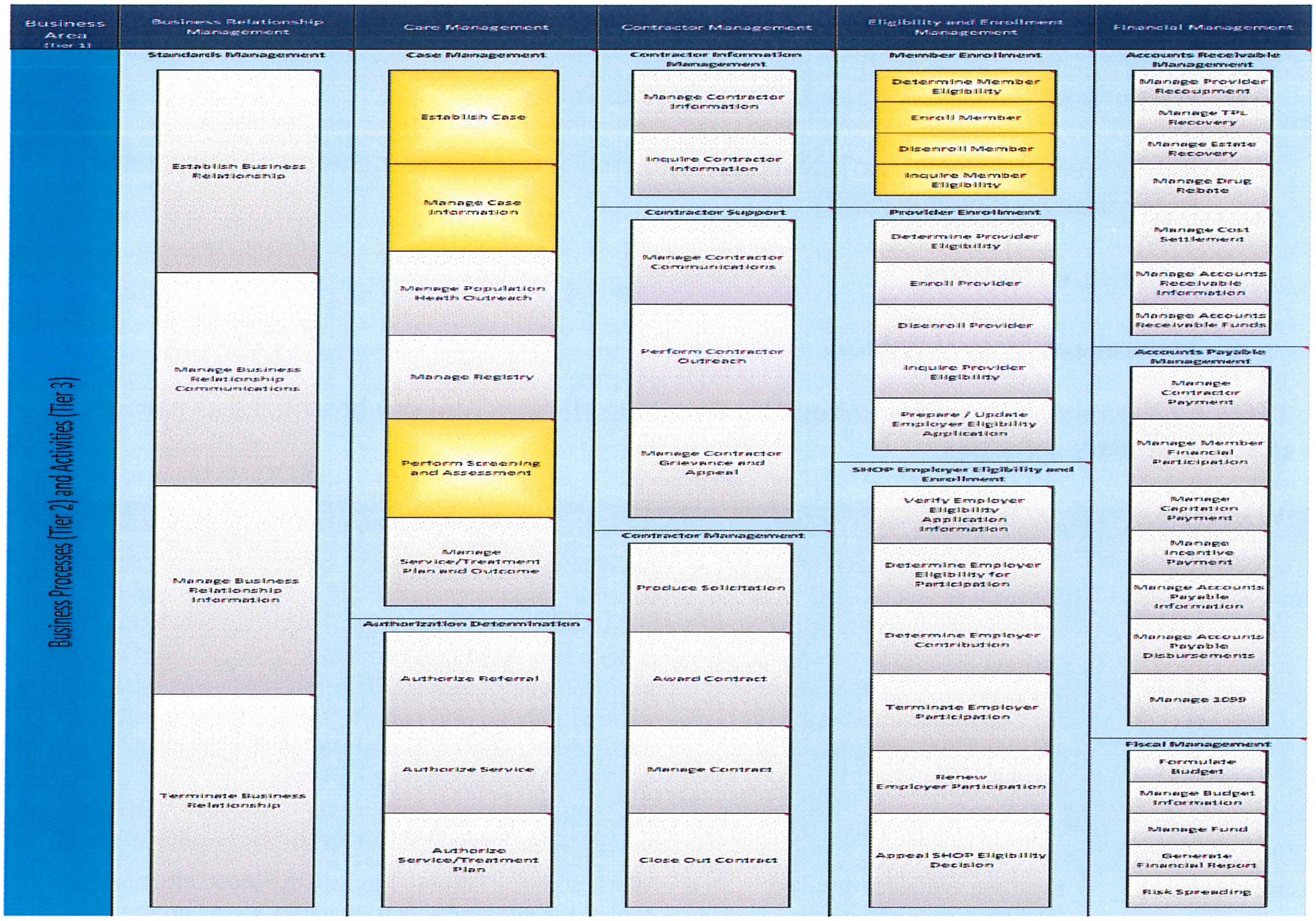


Figure 4.1.3– Example of the First Data Reference Health and Human Services Business Architecture

Heat mapping allows us to layer different types of information within the HHSBA, including information related applications, infrastructure, budget, strategic priority, or performance. This can be a very powerful tool in helping the state analyze important information.

Because our HHSBA is reference architecture, we will work with the DHHS subject matter experts to tailor and refine it to meet the specific needs of the EES Project. The First Data Technical Team can collaborate with designated DHHS Technical staff to review and analyze the system requirements for the EES Contractor and identify best practices, pros/cons and make recommendations for the EES System.

This includes but is not limited to:

- Web-based systems
- Integrated public facing Web portal
- Configurable rules based engine
- Business rules management

- Integrated data and applications associated with Health Insurance Exchange
- Master Data Management and Person Master Index
- Automated and electronic interfaces – internal and external including the proposed Enterprise Service Bus (ESB)
- Multi-tiered security
- Federal and State Standards

Table 4.1.1 provides examples of how the First Data HHSBA Tool can be utilized as part of the overall IV&V activities.

Task Item	Task Description	Approach to Verification and Validation
Requirements Analysis	Verify that an analysis of client, State and federal needs and objectives has been performed to verify that requirements of the system are well understood, well defined, and satisfy federal regulations.	• Analyze the requirements to validate that they adhere to State and Federal guidelines, regulations and conditions, meet the expectations of project and agency stakeholders and include State IT and system performance standards. This includes ensuring that various stakeholder groups have provided input to and/or participated in usability prototyping and testing of the system look and feel. • Validate the project requirements against the HHSBA to verify that there are no gaps in the requirements.
Gate Review	Evaluate artifacts required for CMS gate reviews for completeness and quality.	• Work with the State to identify the most appropriate templates and artifacts to develop, based on the artifacts available in the CMS Collaborative Application Lifecycle Tool (CALT). Because the Stage Gate Reviews remain an evolving process, we recommend adapting the most recently successful templates and artifacts as the baseline for the Project. Populate the templates as appropriate with content from the HHSBA. • Work with the State to develop a checklist for each appropriate artifact. Use the HHSBA to identify appropriate items for each checklist. • Using the HHSBA as supporting documentation during the Gate Reviews to validate the business and technical architecture needs are being met.
Process Definition and Product Standards	Verify that all major development processes are defined and that the defined and approved processes and standards are followed in development.	• Validate the EES Contractor has fully incorporated business and technical requirements in the To Be environment using the HHSBA as a baseline and support.
System Integration Test	Verify that an appropriate level of test coverage is achieved by the test process, that test results are verified, that the correct code	• Validate the Test Plans contain sufficient detail to adequately test the system. Use the HHSBA to cross reference test coverage areas.

Task Item	Task Description	Approach to Verification and Validation
	configuration has been tested, and that the tests are appropriately documented, including formal logging of errors found in testing.	
Detailed Design	Evaluate and make recommendations on existing detailed design products to verify that the design is workable, efficient, and satisfies all high level design requirements.	• Evaluate the documented design standards, methodology and tools used, and provide recommendations for improvements, if warranted. Detailed Design products, such as use cases, design specifications, page layouts, high level data/database models, report layouts, and diagrams will be evaluated to determine whether they adhere to the following: ✓ Meet process requirements ✓ Are traceable to requirements ✓ Are under configuration control ✓ Meet acceptance criteria for the design document • An additional granular level will be applied to the Detailed Design assessment to verify that the flow of requirements from the High-Level Design use cases, design specifications, and models and diagrams can be traced to the appropriate elements of the detailed design and are accurate and complete.

Figure 4.1.1 – Examples of HHSBA uses in IV&V Activities

First Data Identifies and Mitigates Potential Risks to Meet Project Schedule

First Data will attend monthly risk and issue meetings as requested and attended by Department leadership, key management, and the Department's Project Team.

The First Data Team continues to follow the progress of the risk or issue and its probability, as well as the status of any mitigation/contingency strategies that have been executed or the issue has been resolved. We provide recommendations to improve the effectiveness of the mitigation plans and discuss these at the weekly and monthly status meetings.

Throughout the entire Project, the First Data Team assists with both issue and risk management. The focus of issue management is to recognize and address problems that could negatively affect the project by removing barriers and determining solutions. As part of our ongoing issue assessment, we inform the Department if there are any open issues that could affect the actual implementation of deliverables.

Our risk management approach centers around identifying and dealing with potential threats to the overall project. On a proactive basis, the First Data Team helps the Department formulate mitigation strategies to alleviate the impact of those threats

First Data reviews each of the Department's work products and system documentation to verify that they appropriately address risk and issue management, and clearly identify an escalation path both internally within the project as well as an escalation path within their internal organizations. Specifically, the First Data Team validates that project risks and issues are identified, monitored, and managed throughout the life of the project. We verify that the following means of identifying risks and issues are actively engaged in the project:

Identifying Risks and Issues	
Project work product and system documentation descriptions and specifications	Risk is inherent in any new project, often because the product or process being created is completely new. In situations such as this, it is wise to look at the proposed product or service descriptions and specifications to determine if there are any areas that have the potential for risk.
Project Management Documents	Reviewing documents such as project work plans, budget estimates, staffing plans, assumptions and constraints, etc., may bring to light areas of risks that were not immediately apparent at the time of creation.
Subject Matter Expert interviews	Talking to subject matter experts and reviewing historical project files gives the team an indication of where risk may lie.
Analogy comparisons	Examining lessons learned from similar projects can help identify potential risk areas for the project at hand.
Brainstorming sessions	Getting key project team members together into a room and documenting thoughts, free of immediate criticism, has the potential to generate ideas. Such meetings help team members understand various perspectives and can help the team better understand the big picture, including the priorities of the project. These ideas can then be categorized and evaluated.

Table 4.1.2 – Means of Risk and Issue Identification

Once risks and issues have been identified, First Data validates that each is analyzed to determine:

- Impact to cost, schedule, scope or resources
- Critical path due date of an issue
- Probability of occurrence of a risk
- Level of control of risk
- Priority of each risk/issue

A number of methods can be used to assign a priority. The First Data Team verifies that an industry standard method is used and the resulting priority is based on impact. For risks, the probability and level of control must also be identified.

Once priorities have been established, resolution plans and mitigation plans must be put in place. We validate that each issue or risk has a documented and actionable plan(s) that addresses the following:

Issue	Risk
• Critical path impacts identified • Resolution alternatives defined, including Pros and Cons • Who needs to be involved in the resolution? • What is the escalation path for decision	• Selected mitigation strategies to be implemented • The desired outcome of the mitigation activities • When each mitigation activity commences (what is the trigger event) • How and when (frequency of) the mitigation

Issue	Risk
makers? • What is the communication plan for issues resolution? • What work products/deliverables need to be updated to reflect the resolution? • If not resolved, what is the risk to impeding project progress?	activities are tracked • Who is responsible for the mitigation activities • Who is responsible for tracking mitigation effectiveness and how is it measured • When the mitigation activities cease (by a certain date or when a specific desired effect has occurred)

Table 4.1.3– Components of Issue Resolution and Risk Mitigation Plans

The First Data Team also assesses the escalation process to validate that issues and risks are being addressed at the appropriate level in the governance structure and that they are being escalated within required timeframes.

In the following sections, First Data describes our approach to specific areas of the EES project. We further detail our methodology and approach to assessing each phase of the system development life cycle.

4.1.1 Program Management

When the elements of scope, quality, and schedule remain in balance as shown in Figure 4.1.1, projects can be managed to a successful conclusion despite expansion (change in scope) or compression (shortened schedule) in one or the other element. Given the fixed deadlines as it relates to ACA implementation, the Department must ensure that the selected IV&V vendor is able to assess and react quickly to new information from CMS and the Department's ability to adapt to these inevitable changes. Additionally, the IV&V vendor needs to be knowledgeable of the Department field environment and the staff's ability to absorb the changes to operations, so that appropriate advice can be provided to the Executive Sponsor.

To accomplish this task, First Data uses industry standards and best practices and combines them with proven methods and procedures. Our approach for effective project control is also based on the application of proven industry standard techniques and methodologies derived from three primary sources:

- **The Project Management Institute's (PMI®) Project Management Body of Knowledge (PMBOK)** - The PMI is project management's leading global professional association and, as such, it administers a recognized, rigorous, and proven project management methodology.

- **The Institute of Electrical and Electronics Engineers, Inc. (IEEE)** - The IEEE was created to help advance global engineering processes and to foster technological innovation. First Data regularly applies IEEE standards, particularly Verification and Validation (V&V) standards to our Project Management efforts.

- **The Software Engineering Institute (SEI)** – The Capability Maturity Model Integration (CMMI) provides a mechanism for assessing an organization's software development effort against industry best practices and offers a framework to enable an organization to improve its software development and management capabilities. The focus is on achieving well-defined, repeatable processes. CMMI process improvement strategies are achieved by determining current process maturity, identifying the issues most critical to quality, implementing rigorous processes and metrics, and ensuring all staff are thoroughly trained.

First Data recognizes the dependency of the IV&V review to the EES vendor's deliverable schedule. We closely track and monitor the EES vendor's Draft and Final deliverable due dates in a matrix so we can plan our review cycles. First Data will review each of the Department's deliverables to verify that they appropriately address risk and issue management, and clearly identify an escalation path both an escalation path internally within the project as well as an escalation path within their internal organizations.

In the following table we describe First Data's approach to each EES Program Management tasks.

Program Management Tasks	First Data Approach
• Delivery of an Initial Project Assessment Report that includes the initial status of each activity shown on the IV&V Management Plan for the EES project.	• Includes an IV&V dashboard that illustrates the status of key metrics for each project phase • Addresses the activities performed during the IV&V project initiation as well as the activities planned for the subsequent two months. • Identifies, to the best of our ability, any expected meetings, interviews, and documentation needed by the IV&V team during the next two months. • Documents initial list of issues and risks, as well as the project lifecycle checklists
• A review of the EES Contractor's analysis of risk areas of the implementation of the EES Component and the risk mitigation plan for those identified risks. The IV&V Contractor shall include recommendations for any deficiencies it finds during its review of the risk mitigation plans. The results and recommendation of the analysis shall be written and presented as part of the Risk Assessment Report.	• Verify and validate the Risk Management process is documented in a Risk Management Plan. • Review the risk management approach with a focus on identification, analysis of probability, impact and level of control, prioritization, assignment, mitigation planning, tracking, and monitoring. • Verify the project has well-developed technical and operational contingency plans in place to address the risk of failure of critical dependencies, such as a component or service from another Department or CMS (for example, the data services hub). • Assess compliance with the Risk Management Plan by evaluating risks identified, the mitigation plans developed, and the risk resolution process.
• Assessment of the methodology for maintaining requirements traceability throughout the transfer and development process.	• Verify that requirements are tracked in an RTM for future traceability through design, code, test and implementation. The RTM enables forward and backward traceability from Solicitation through UAT and Project completion. • Ensure both the process and traceability matrix

Program Management Tasks	First Data Approach
	will properly document the life of a requirement and provide bi-directional traceability between various associated requirements. Ensure the process and artifact(s) enables the State to find the origin of each requirement and tracks all changes made to all requirements. • Ensure all requirements are properly included and documented at the appropriate level. Identify items that do not trace, incorrectly trace, or do not sufficiently trace. Identify any missing, additional or ambiguous requirement to avoid future problems in design. Assure traceability artifacts are maintained and used as designed during all project phases. • Ensure any tracing issues, problems, or questions generated by the traceability analysis have an agreed upon resolution. If appropriate, ensure documentation (or requirement) updates are completed to prevent future issues and ensure documentation of the resolution points to or resides with the traceability analysis.
• A review all MITA documentation, guidance and rules promulgated by CMS. • A review all ACA Regulations documentation, guidance and rules promulgated by CMS. • Notification to the Department if any MITA documentation, guidance and rules, or any changes to those items, will impact the implementation of any EES Component or the work performed by any EES Contractor. • Notification to the Department if any ACA Regulation documentation, guidance and rules, or any changes to those items, will impact the implementation of any EES Component or the work performed by any EES Contractor.	• Identify all relevant regulations, guidelines, requirements or conditions, • The First Data Team will notify the EES PMO in advance of any anticipated deviations from the established schedule for any milestone or deliverable • Review all new releases and the latest updates to determine what changes should be incorporated into the EES Project. • Review MITA documentation and compare it to the release of the Medicaid Information Technology Architecture (MITA) Framework, final version 3.0. • Take into consideration the availability of new technologies such as cloud computing and new legislative requirements outlined: ✓ In the Health Information Technology for Economic and Clinical Health Act ✓ The Children's Health Insurance Program Reauthorization Act ✓ The Affordable Care Act, our final rule entitled, Medicaid Program; Federal Funding for Medicaid Eligibility Determination and Enrollment Activities (Federal Register Vol. 76, No. 75) effective April 19, 2011,
• Performance of program management services for all EES activities. These program management services shall include, at a minimum, all of the following:	
✓ Assess the progress of the	• Assess the effectiveness of the activities being

Program Management Tasks	First Data Approach
implementation of the entire EES project, and recommend improvements as necessary.	implemented, number of issues resolved, and whether adjustments are made as needed. • Capture key documentation, and ensure it's turned over to the Department. • Identify and gather all relevant documentation) • Work with the respective EES Contractors during to identify and capture documentation based on work plans and defined deliverables. • Verify and validate that all appropriate documentation and reports are identified, tracked, and stored on a consistent basis • Identify and capture lessons learned throughout the project
✓ Verify that lines of reporting and associated responsibility within the EES Contractor to ensure adequate technical and managerial oversight of the project.	• Validate Staffing Plan identifies all roles and responsibilities and that the reporting structure is defined • Review staffing-related assumptions for potential impacts to external partners and impacted Department personnel • Verify that all entities and partners understand their respective responsibilities and commitments
✓ Verify the EES Contractor and the Department are not independently duplicating effort toward the same end.	• Review current business processes for each contractor, agency, and department to document existing business practices and process flows • Identify common processes and remove all duplicative processes were to produce a consolidated current view of the existing business model
✓ Evaluate project progress, resources, budget, schedules, work flow and reporting.	• Ensure that all methodologies are comprehensive and consistent with Department requirements. • Validate the creation of a Project Management Plan (PMP) and verify that the updating and reporting processes are followed. We will assess the plan for overall quality, completeness and accuracy in accordance with PMBOK standards throughout the SDLC process. • Review project reporting processes, structures and deliverables to validate that they accurately capture status and progress of activities. • Closely monitor milestones to ensure their completion dates are planned, monitored, and met. • Ensure that all phases, activities, tasks, deliverables and milestones are clearly defined, logically organized and that Department resources are appropriately allocated to tasks. • Ensure that all deliverables reflect appropriate Department and IV&V deliverable review periods. • Ensure that appropriate views/reports are defined to reflect Gantt charts, critical path dependencies, task progress, resource allocation and usage. • Evaluate the start and end dates for each task and

Program Management Tasks	First Data Approach
	ensure that each is realistic and achievable based on the actual work effort and the allocated resources.
✓ Verify the EES Contractor has created a project management plan and that the EES Contractor is following the approved project management plan.	• Ensure that all methodologies are comprehensive and consistent with Department requirements. • Validate the creation of a Project Management Plan (PMP) and verify that the updating and reporting processes are followed. We will assess the plan for overall quality, completeness and accuracy in accordance with PMBOK standards throughout the SDLC process
✓ Evaluate the project management plans and procedures to verify that they are developed, communicated, implemented, monitored and complete	• First Data will review and analyze the EES Contractor's Project Management plans to ensure the required approaches and processes are included and that the corresponding content is complete, understandable, accurate and consistent with existing standards, and are practical. First Data will be reviewing and assessing the plans required in the EES contract
✓ Evaluate project reporting plan and actual project reports to verify project status is accurately traced using project metrics.	• Review project reporting processes, structures and deliverables to validate that they accurately capture status and progress of activities
✓ Verify milestones and completion dates contained in the EES Contractor's project management plan and contract are planned, monitored and met.	• Closely monitor milestones to ensure their completion dates are planned, monitored, and met
✓ Verify the EES Contractor has created and implemented an appropriate project issue tracking mechanism that documents issues as they arise, enables communication of issues to proper stakeholders, documents a mitigation strategy as appropriate, and tracks the issue to closure.	• Verify that the Issue Tracking and Reporting includes: ✓ Identifies issues, risks, and contingency plans associated with deliverable. ✓ Defines processes for Issue Identification, Issue Assessment, Issue Prioritization, Issue Tracking and Issue Resolution. ✓ Distinguishes issues from risks appropriately ✓ Tracks analysis and disposition of all issues ✓ Incorporates discussion of issues as regular component of project management status reports and management briefing
✓ Evaluate the EES Contractor's planned life-cycle development methodology or methodologies (e.g. waterfall, evolutionary spiral, rapid prototyping, or incremental) to see if they are appropriate for the EES component that EES Contractor is developing.	• Verify that the EES QA Team is assessing Department and NITC standards during QA Assessments. • Validate that NITC is adhering to the State defined standards during the system development. • Validate that there are no conflicts between State, Federal and industry standards that would create risk to the integrity of the development methodology.
✓ Verify that all business process reengineering recommendations are	• Assess the reengineering plan and the Project and stakeholder commitment to its execution,

Program Management Tasks	First Data Approach
strategic, have management backing, resources, skills and incentives necessary for effective change.	including whether visible executive support and adequate resources to execute the plan are in place. • Verify the re-engineering plan addresses the key dimensions of successful BPR, including a mapping of existing roles and responsibilities to new or modified roles and responsibilities, and anticipates and plans for organizational resistance to change. • Verify the effectiveness of the BPR plan and its execution through review of EES deliverables, interviews with staff involved in and/or affected by the BPR phase, and direct observation.
✓ Verify that the EES Contractor has a change management plan and that the change management plan and procedures to verify them are developed, communicated, implemented, monitored and complete	• Evaluate the Change Management Plan and procedures to verify they are comprehensive, follow industry standards and are monitored for adherence and effectiveness. Ensure the Change Management system is effectively integrated with the project's governance concept. • Review the scope change management approach to ensure it is consistent with vision of the Department. A robust scope management approach should be tightly coupled to the requirements management function and contains defined processes for modifying the Work Plan once scope changes have been approved by the change control board. • Ensure that the change management approach encompasses clear processes for identifying, documenting, reviewing and assessing the impact of the potential change on the project schedule, budget and past and future deliverables and milestones, whether there is training or other user related impacts and that formal change control board meetings are conducted with designated approvers.
✓ Verify that the EES Contractor has a communication plan and that that plan is being followed.	• Assess the comprehensiveness of the Communication Plan and that it appropriately addresses all required contractors, partners, stakeholders and sponsors.
✓ Evaluate the EES Contractor's communication plans and procedures to verify that they support communications and work product sharing between all project stakeholders and that the communication plans and strategies are effective, implemented, monitored and complete.	• Evaluate if additional communications are required or additional communication protocols need to be established and enacted. • Verify that there is timely and accurate communication of issues and progress to all project participants throughout the duration of the project.
• Manage the identification, resolution and tracking of stakeholder concerns, both internal and external.	• Propose an IV&V dashboard that manages stakeholder concerns and illustrates the status of key metrics for each project phase that meets are dashboard reporting information.

Program Management Tasks	First Data Approach
• All documentation and deliverables produced in the performance by the IV&V Contractor must be stored in a central repository to be designated by the Department.	• First Data uses Microsoft SharePoint to manage documents and collaborate on client engagements, as well as for internal purposes. We are thoroughly familiar with the features and capabilities of SharePoint. In developing the EES Project instance of SharePoint, we will follow the same general approach we use internally to implement SharePoint: ✓ Work with the appropriate stakeholders to asses and confirm the current and expected uses of the SharePoint environment ✓ Define the current and expected user roles for the SharePoint environment to define security requirements ✓ Assess the existing infrastructure to determine whether there are any constraints to implementing any SharePoint version effectively ✓ Draft a SharePoint file and folder structure to reflect the unique requirements of the EES Project. We will use the structures that have proved successful in other projects as a starting point, but will tailor that structure as needed. ✓ Evaluate SharePoint versions to determine the best fit given the Department's specific functional and security requirements ✓ Provide a written recommendation for a SharePoint implementation, prioritized by need and summarizing any meaningful tradeoffs ✓ Once the Department decides on a SharePoint version, the First Data Team will develop a SharePoint Implementation Plan to implement the selected solution.

Table 4.1.1.1 – First Data's Approach to EES Program Management Tasks

4.1.2 Deliverable Review and Acceptance

The primary purpose of deliverable assessments is not only to ensure each deliverable satisfies all applicable business and technical requirements and conforms to project quality and industry standards, but also to ensure that each deliverable moves the project one step closer to Implementation. The results of IV&V deliverable reviews will help the Department understand and measure progress in each area and correspondingly make informed decisions. The First Data deliverable review approach is also an important tool in that it will set expectations for the EES Contractor. The First Data team will consist of members that are experienced and/or certified the related technical, functional, and federal requirements for the deliverables that are being reviewed.

The First Data deliverable review and assessment methodology is a structured formal process that our team has used on many prior IV&V engagements. We will apply this methodology to the review of all EES Contractor deliverables. Our methodology is based on the following tenets:

- **Participate in the full deliverable lifecycle** – First Data will work with the EES Contractor and EES Project staff throughout the entire deliverable development, review, comment and approval process, beginning with development of a Deliverable Expectation Document (DED) and continuing through submission of a recommendation for deliverable acceptance.

- **Provide input and feedback on a flow basis** – This will allow recommendations to be incorporated into subsequent versions of deliverables, which improves the quality of the final product and minimizes the time associated with final reviews.

- **Use a structured tool to document findings** – This provides a consistent and consolidated format for both First Data and Department reviewers and includes a place for the EES Contractor to respond with justification if they do not agree with the disposition of a deficiency or corresponding recommendations.

- **Produce thorough Deliverable Review and Assessment Reports** – First Data will review and assess the readability, comprehensiveness, accuracy, level of detail and quality of all required deliverables. These reviews will be measured against the standards and requirements delineated in the approved DED.

- **Produce final Deliverable Review and Assessment Reports in a timely manner** – This will allow the EES Project time to review and incorporate IV&V findings and recommendations into the deliverable approval process.

To facilitate a thorough review of EES Contractor deliverables, particularly for more complex deliverables, the First Data Team will develop checklists tailored to the specific requirements and content of that deliverable.

As part of the EES Deliverable Review Reports, the First Data Team will address the following items for the EES Project deliverables:

- Adherence to the DED (if available)

- Congruence to the Requirements Traceability Matrix

- Comprehensive Assessment including Deficiency Trend Analysis

- Overall Completeness

- Requirements Traceability to the Specification

- Summary of Deficiencies Identified
- Detailed Deficiency Assessments for Both Material and Cosmetic Deficiencies

The remainder of this section describes how the First Data Team will approach each Deliverable Review and Acceptance tasks identified in the RFP.

Deliverable Review and Acceptance Tasks	First Data Approach
• Develop and submit a Performance Metrics Document to track project completion against milestones set by the Department using Department approved performance metrics.	First Data will create a detailed Project Performance Standards Planning Document. The Performance Standards Planning Document will provide the management framework for the methodology, measurement, metrics and templates to report the project performance. We will work with the Department to define the metrics, milestones and outcomes that the Department needs to track, measure and have the data to make informed business decisions.
• Review each deliverable and report submitted by the EES Contractor, as directed by the Department, for content, quality and timeliness.	First Data will work with the Department and the respective EES Contractor(s) to review all deliverables and reports submitted for content, quality, and timeliness, as requested. We will modify the reviews to continue to provide the most value possible over the course of the project.
• Notify the Department of any EES Contractor submitted management reports that do not contain the content required for that report, are of not sufficient quality or were not submitted in a timely manner.	First Data will notify the Department of any EES Contractor management reports that do not contain the content required for that report, are of not sufficient quality, or were not submitted in a timely manner.
• Participate in walk-through of EES Contractor deliverables as requested by the Department.	First Data will actively participate in structured walk-throughs and reviews, as appropriate.
• Assess each reviewed deliverable and recommend a corrective action plan for each deliverable that fails to achieve the standards or timelines in that EES Contractor's contract with the Department.	First Data will provide an evaluation of each reviewed deliverable and provide remediation recommendations for each deliverable that fails to achieve the standards or timelines in the EES Contractor's contract.
• The IV&V Contractor will work with the Department to define criteria for a Critical Incident which could adversely affect the outcome of the EES Project.	First Data will work with the Department to define types of critical incidents that could adversely affect the outcome of the EES Project. These can include failure Configuration Items that has not yet impacted the project schedule.
• Notify the Department immediately when the IV&V Contractor discovers any Critical Incident. Provide an EES Contractor Critical Incident Report for each Critical Incident that summarizes the incident, how it may affect the project, notes any discrepancies found by the IV&V Contractor and provides a proposed action plan to resolve the incident and mitigate its impact.	First Data will notify the Department immediately if we discover any Critical Incident during working hours on a business day, and by 9:00 am Mountain time the following business day if discovered during non-working hours. Working with the Department, First Data will create an Incident Report that will contain the details of the Critical Incident, how it may affect the project, identify any discrepancies, and provide a

Deliverable Review and Acceptance Tasks	First Data Approach
	proposed action plan to resolve the incident and mitigate its impact. Each Critical Incident Report documents the Lifecycle of a single Critical Incident.

Table 4.1.2.1 – First Data's Approach to EES Deliverable Review & Acceptance Tasks

4.1.3 Quality Assurance

The First Data Team will develop and present Management Briefing Reports on the status and progress of the EES Contractor according to the schedule. It will document current general status as well as report on results from the prior month on topics such as testing and implementation efforts. It will include risks and issues associated with specific areas and mitigation strategies.

The First Data Team has demonstrated experience in developing and delivering complex information to diverse members of the Executive, Project Management and Operational teams by focusing on strategic communications such as detailed and regular reporting, formal presentations and meetings that follow best practice standards. Our years of experience working with States on eligibility systems and the complex development issues that arise during the transition to new eligibility, enrollment and payment systems have enabled us to address the overall solution without being consumed by the individual components.

That 'big picture' perspective is especially useful when discussing issues, problems, constraints and/or opportunities as IV&V vendors because we have the ability to communicate the overall impact to the project plan instead of fixating on the minutia of the day-to-day influences. Though the First Data Team is capable of both understanding and articulating the details, the support we provide through strategic communications such as regular management briefing meetings enables input, direction and decision-making to occur in the limited time span allowed.

The First Data Team will use its experience in meeting process and facilitation, as well as communications, to increase the effectiveness of all management briefings. The First Data Team will work with DHHS to identify the appropriate sponsors and stakeholders that will attend these briefings. A pre-meeting will be held with Project Management to review materials and ensure there are no overlooked expectations during the meeting.

Each Management Briefing Report will be accompanied by a formal presentation. Briefings and presentations may include:

- The use of scheduling and meeting tools such as Microsoft Outlook, LiveMeeting and SharePoint to maximize attendance;
- Preparing agendas and meeting materials once approved by Project Management;

- Facilitating the meeting, presenting project updates for review and discussion using data reporting and Microsoft Office tools, identifying decision and action items, and assigning responsibilities;

- Providing post-meeting minutes, reports and materials as a record to guide action items, and identify and track decisions.

The First Data Team will provide verbal and written Management Briefing Reports for each period as directed in the EES IV&V RFP. Since formal presentations will be given by the First Data Team on the EES Project, we expect the Management Briefings to include discussion regarding:

- EES Contractor's status in relation to their work and implementation plans through monitoring adherence to the approved Project Implementation Plan, using a visual percent complete threshold dashboard;

- Implementation system design components risk and issue management monitored for outstanding decisions, appropriate escalation and mitigation plans with accompanying metrics;

- Implementation system security components risk and issue management monitored for outstanding decisions, appropriate escalation and mitigation plans with accompanying metrics;

- System test/re-test results, including defect resolution and issue mitigations, aligned with the master test plan through analytics defining the number of defects opened, defects closed, unresolved defects, successful test stages with associated integrity levels and recommendations in a summary and detailed format;

- Implementation risks and issues within EES component interfaces, between internal components, and/or between components and external systems, as well as planned mitigations or defect eliminations, validating agreements and communication protocols are in place with all stakeholders (e.g., test environments, production data copies, PII for test data);

- Delays or issues with system transition/conversion, as well as planned mitigations, through Project Schedule management of the EES Contractor's Conversion Plan presented in a parallel visual timeline of milestones;

- Acceptance testing results, including defect resolution and planned issue mitigations, through analytics defining the number of defects opened, defects closed, unresolved defects, successful test stages with associated integrity levels and recommendations in a summary and detailed format;

- Implementation and operation statuses of EES Components, including defect and risk mitigation recommendations, through deliverable review of Contractor's work conversion and implementation plans, master test plans, project issue tracking mechanisms, requirements traceability matrices, and/or solution design documents;

- EES Contractors' System User Training recommendations, as well as Acceptance Testing findings and recommendations relevant to the user experience;
- EES Contractors' progress and procedure recommendations for requirements management using analytics that demonstrate the number and status of requirements documented, verified/validated, accepted, deferred, and implemented;
- EES Contractors' policy and procedure recommendations with regards to client data security and privacy maintenance.

In addition to the Management Briefing Reports, the First Data Team will be available to provide formal executive management briefings to the Department Executives and DHHS oversight entities as needed, such as at key milestone points or at the start and end of system development phases. As a key part of our project communications approach, First Data will provide support to the Department by assisting with the development of reports and presentations for management and other stakeholder meetings.

First Data has included a sample of Dashboard Reporting utilized on a similar project in Indiana for which an executive audience needed overview information within a short time period to make decisions and provide sponsor direction (Figure 4.1.3.Monthly Status Dashboard Example).

Metrics	Description	Red	Yellow	Green	Jan-2013	Feb-13
Deliverable Quality Index	Measures the quality of DDI Vendor's deliverables based on number of **critical and high** priority defects found in the first review of the Deliverable					
Project Schedule		>=10	10>x>3	<=3	31	0
Project Management Plan		>=10	10>x>3	<=3	17	0
Monthly Status Report		>=10	10>x>3	<=3	2	0
Initial Risk Assessment		>=10	10>x>3	<=3	1	0
Communication Plan		>=10	10>x>3	<=3	0	0
Deliverable Defect Resolution Quality Index	Measures the quality of Deliverable fixess based on the total number of defects remaining in resubmitted Deliverable					
Project Schedule	# defects remaining in resubmitted Deliverable				4	0
	# defects found in prior reviews				39	39
	Index	>=25%	25%>x>10%	<=10%	10%	0%
Project Management Plan	# defects remaining in resubmitted Deliverable				5	0
	# defects found in prior reviews				42	42
	Index	>=25%	25%>x>10%	<=10%	12%	0%
Monthly Status Report	# defects remaining in resubmitted Deliverable				3	0
	# defects found in prior reviews				14	4
	Index	>=25%	25%>x>10%	<=10%	21%	0%
Initial Risk Assessment	# defects remaining in resubmitted Deliverable				1	0
	# defects found in prior reviews				6	6
	Index	>=25%	25%>x>10%	<=10%	17%	0%
Communication Plan	# defects remaining in resubmitted Deliverable				0	0
	# defects found in prior reviews				1	1
	Index	>=25%	25%>x>10%	<=10%	0%	0%

Figure 4.1.3.1 - Monthly Status Dashboard Example

This is an example used on the Indiana Eligibility Determination Services System (IEDSS)

4.1.4 Contract Compliance

The First Data Team will assist the Department in assessing whether the EES Contractor is in compliance with all contract terms and conditions. The First Data Team understands all aspects of managing such agreements, from work product/deliverable review and approval processes to invoicing to tracking equipment/software purchases and associated license and maintenance agreements.

As part of the First Data Team standard contract compliance assessment process, the First Data Team will review the contract management approach for the EES Contractor to determine if all financial information and cost schedules are detailed appropriately and accurately.

Contract Compliance Tasks	First Data Approach
• As part of developing and submitting the Estimating and Schedule Review Recommendation Report evaluate and make recommendations on the estimating and scheduling process of the EES Project to ensure that the project budget and EES	• Ensure that all phases, activities, tasks, deliverables and milestones are clearly defined, logically organized and that EES Contractor's resources are appropriately allocated to tasks. • Ensure that all deliverables reflect appropriate Department and IV&V deliverable review periods

resources are adequate for the work break-down structure and schedule.	• Ensure that appropriate views/reports are defined to reflect Gantt charts, critical path dependencies, task progress, resource allocation, and usage. • Evaluate the start and end dates for each task and ensure that each is realistic and achievable based on the actual work effort and the allocated resources. • Review the WBS to ensure that each work product, deliverable, and/or milestone is logically associated with correct WBS element. Cross reference the WBS elements with the project work plan. Document findings and provide recommendations as soon as they are identified. • Examine historical data to determine if the project/agency has been able to accurately estimate the time, labor and cost of software development efforts. First Data will provide feedback regarding changes to the scope of work if we find it to be miss-scoped
• Review EES schedules to verify that adequate time and resources are assigned for planning, development, review, testing and rework.	First Data will evaluate the start and end dates for each task and ensure that each is realistic and achievable based on the actual work effort and the allocated resources. Additionally, First Data will use our experience on prior projects as an additional validation factor to determine the probability that the EES Contractor can complete the work within the defined timeframes. If the schedule appears unrealistic, First Data will recommend alternate timeframes.
• Perform ongoing assessments of EES Contractor staffing, which include key and non-key personnel, to ensure adequate staffing for the EES Contractor to comply with their contract and maintain service levels defined throughout the EES contract.	• First Data will review the Project Management Plan to ensure adequate explanation of how the EES Contractor will manage their own staff, including how personnel and performance issues will be addressed. First Data also expects the plan to address staff orientation, and transitions as staff assignments are completed as well as unexpected staff departures.
• Examine the job assignments, skills, training and experience of the EES Contractor personnel involved in program development to verify that they are adequate for the development task.	• Verify the project personnel have clearly defined roles and responsibilities, assignments and the skills and experience to execute those assignments effectively. Where ever First Data finds deficiencies, we will recommend training, reassignment or other actions as needed. • Verify the EES Contractor has effective procedures for replacing project personnel, including documented on-boarding processes that allow a new team member to be fully productive as quickly as possible. • Monitor EES Contractor staff turnover, should we identify a risk due to high turnover, suggest remedial action. • Identify if there are any skill sets that are highly

	specialized and present a risk to the Department if they are not available.
• Verify that the EES Contractor's organizational structure supports training, process definition, independent Quality Assurance, Configuration Management, product evaluation, and any other functions critical for the project's success.	• The First Data Team will gauge the level of adherence and suggest process improvements that could streamline and enhance the overall effectiveness of EES Project operations. In addition, we will conduct organizational and governance structure assessments on a regular basis to determine how effectively the EES Project and Partners are supported, with particular emphasis on communication, coordination and reporting.
• Monitor the performance of the EES Contractor to ensure that EES Contractor is in compliance with its contract with the Department and that the solution that EES Contractor is developing meets all requirements of its contract with the Department. This shall include, but is not limited to, monitoring all of the following: ✓ EES Contractor work plans. ✓ EES Contractor implementation plans. ✓ General Solution design for each EES Component. ✓ Detailed Solution design for each EES Component. ✓ General Solution design for each EES Component. ✓ Detailed Solution design for each EES Component. ✓ Solution security for each EES Component. ✓ Solution testing for each EES Component. ✓ EES Contractor transition from the Department's existing NE Eligibility and Enrollment System. ✓ Acceptance Testing for each EES Component.	• First Data will monitor the work of the EES Contractor for compliance through the development and implementation of the EES Project. Thereafter, IV&V services will continue on to maintenance and operations. The monitoring will include but not limited to work plans, implementation plans, general/detailed solution design, solution security/testing for each EES Component, transition from current NE Eligibility system to a newer system.
• The IV&V Contractor shall evaluate the EES Contractor's progress and procedures for managing requirements. This shall include at minimum all of the following:	First Data will evaluate EES Contractor's progress by monitoring the following:
✓ Verify that system requirements are well-defined, understood and documented.	• First Data Team will ensure that the requirements follow the SMART (specific, measurable, achievable, traceable, and testable) rules.
✓ Verify that software requirements can be traced through design, code and test phases to verify that the system performs as intended and contains no unnecessary software elements.	• Verify that requirements are tracked in an RTM for future traceability through design, code, test and implementation. The RTM enables forward and backward traceability through UAT and Project completion.

	• Ensure both the process and traceability matrix will properly document the life of a requirement and provide bi-directional traceability between various associated requirements. Ensure the process and artifact(s) enables the EES Contractor to find the origin of each requirement and track all changes made to all requirements. • Ensure all requirements are properly included and documented at the appropriate level. Identify items that do not trace, incorrectly trace, or do not sufficiently trace. Identify any missing, additional or ambiguous requirement to avoid future problems in design. Assure traceability artifacts are maintained and used as designed during all project phases. • Ensure any tracing issues, problems, or questions generated by the traceability analysis have an agreed upon resolution. If appropriate, ensure documentation (or requirement) updates are completed to prevent future issues and ensure documentation of the resolution points to or resides with the traceability analysis.
✓ Verify that requirements are under formal configuration control.	• First Data will evaluate the manner in which the EES Contractor addresses configuration management and software revision control in the design and implementation of the new system. We will assess the EES Contractor's configuration management plan to verify it describes what items will be placed under configuration management control and how those items will be managed throughout the SDLC, including software code promotion and documentation version control for all environments, including development, training, system test, user acceptance test, and production. • We will confirm the configuration management plan addresses: • A list of all functional and physical items (configuration items) included in the scope of configuration management, which includes hardware, software and design • A method and procedure for controlling changes to configuration items • A change status reporting method for configuration items • A reference for the common terminology for configuration management • A method for ensuring that control will be maintained over design, development, production, installation and support configuration items • A method for ensuring inspections to demonstrate acceptability of material and

	services will be performed • Evidence of a disciplined integrated systems development approach • We will also periodically audit the configuration management process to verify the EES Contractor is following the configuration management in practice.
✓ Evaluate on the EES Contractor's policies and procedures for ensuring that each EES Component is secure and that the privacy of Client data is maintained. This shall include all of the following: ▪ Evaluate the restrictions on system and data access. ▪ Evaluate the system security plan to ensure it meets Department standards.	• Assess the approach and tools mentioned in the design and development deliverables that include network security, security of data, access or physical security, and the security of the application software. • Review of the Site Preparation Plan, includes checking the results of detail modeling to operations facilities to ensure the proposed network design contains adequate bandwidth for transmission to meet specifications. • Monitor that the Vendor is using mock data or data that is scrambled whenever possible during testing, training and conversion validation. • Review these work products and ensure they adequately address security requirements for the Equipment, Software, Network and Facility. • In order to determine what areas within the EES Project would be likely targets of potential threats, we will analyze the conceptual technical architecture and business requirements with a focus on the known security threat landscape to identify risks for each of the functional and architectural areas identified.
✓ Verify that EES processes and equipment are in place to back up client and project data files and archive them safely at appropriate levels.	Verify the EES Contractor's Backup and Recovery strategy addresses the following areas: ✓ Data backup hardware ✓ Software configuration ✓ Technician training ✓ Data identified for back-up ✓ Data backup schedules ✓ Security measures ✓ Data backup media requirements ✓ Approved off-site storage facilities ✓ Restoration plans ✓ Restoration schedules ✓ Emergency procurement plans • Verify that metrics for minimum acceptable condition (coerciveness, retention, rewrites, and optical longevity) of storage media before committing backup data to storage are created. • Validate the EES Contractor will test data backup and restoration procedures, hardware and software applications to ensure compliance with current Nebraska Information Technology Commission Standards. • Validate the plans have a schedule to exercise the

	plans once a year to ensure technicians are proficient with data backup and restoration of failed systems. The restoration exercise must consider risk and not interfere with current operations. • Validation backup data is sufficiently encrypted before leaving the physical security control of the agency.
✓ The IV&V Contractor shall verify that the EES Contractor has performed an adequate requirements analysis for that EES Contractor's deliverables. This shall include a verification of all of the following: ▪ An analysis of client, State, and Federal needs and objectives has been performed to verify that requirements of the system are well understood, well defined and satisfy federal regulations. ▪ All stakeholders have been consulted to the desired functionality of the system, and that users have been involved in prototyping of the user interface.	• It is important that the EES Contractor maintain the security and confidentiality of relevant client information, regardless of where the application is actually housed. To verify NITC meets the IT security processes required by the Department, First Data will: ✓ Analyze the requirements to validate that they adhere to State and Federal guidelines, regulations and conditions, meet the expectations of project and agency stakeholders and include the State and system performance standards. This includes ensuring that various stakeholder groups have provided input to and/or participated in usability prototyping and testing of the system look and feel. ✓ Validate the project requirements against First Data's proprietary Health and Human Services Business Architecture (HHSBA) to verify that there are no gaps in the requirements. ✓ Validate that stakeholder input has been appropriately addressed during the documentation of requirements. ✓ Verify that stakeholders have signed off on the requirements validating that they understand the scope of the requirements.
✓ All stakeholders have bought-in to all changes with impact project objectives, cost and schedule.	• Validate that all stakeholders have reviewed the system requirements and signed off on the system design to eliminate future changes which impact project objectives, cost, or schedule.
✓ EES Performance requirements satisfy user needs.	• Validate system performance requirements exist (e.g. timing, response time and throughout) and satisfy user needs. We provide recommendations regarding Service Level Objectives (SLO).
✓ User's maintenance requirements for the system are completely specified	• Validate that the maintenance requirements for system are completed followed by the EES Contractor per specification provided by the Department in the RFP.
• The IV&V Contractor shall verify that the EES Contractor has described all system interfaces for each EES Component exactly, by medium and by function, including input/output control codes, data format, polarity, range, units and frequency. The	• To verify data interfaces and integration with the overall system design, we verify that all system interfaces are exactly described, by medium and by function, including input/output control codes, data format, units, and frequency. • Verify that approved interface documents are

IV&V Contractor shall also verify that all approved interface documents are available and that appropriate relationships are in place with all agencies and organizations supporting the interfaces.	available and that appropriate relationships (e.g. interface working groups) are in place with all agencies and organizations supporting the interfaces.
• The IV&V Contractor shall verify that there is a well-defined plan for transferring data from the legacy system to the new EES.	• Review the conversion approach used and take into account any unique characteristics for each EES Component. • Thoroughly review the EES Component Conversion Plans to validate the conversion methodology and verify that it addresses all necessary requirements. • Ensure the plans clearly define the legacy sources for conversion and the systems with which the new system must interface. • Ensure each plan includes the evaluation criteria and methodology to identify the data elements that will be included in the data dictionary. • Validate that the overall conversion approach and timeliness are clearly demonstrated. • Verify that processes for data cleansing and discrepant data clean-up are outlined • Evaluate the conversion fallout thresholds to determine if they are manageable. • Review assumptions for potential impact, particularly for any assumptions that might increase the manual conversion effort required by State staff. • Ensure that the Data Conversion Plan covers all aspects of the conversion plan and processes including methodology for automated and manual conversion, schedule, requirements, roles and responsibilities, list of all data elements and source files, conversion rules for default values and data mapping, processes for identifying duplicate or redundant information, conversion testing and dry runs, success criteria, monitoring and reporting. • Verify that processes for data cleansing and discrepant data clean-up are outlined. • Evaluate the conversion fallout thresholds to determine if they are manageable.

Table 4.1.4.1 – First Data's Approach to EES Contract Compliance Tasks

4.1.5 EES Software Development

The First Data Team has significant experience in the area of confirming systems are designed to meet the business and technical requirements. System design is a very important phase of the project. This is where users first begin to see their requirements and business rules translated into design documentation. The First Data Team understands this translation is complex and requires a great deal of detail. We will provide an in-depth review of the design documents to ensure they meet the Departments' needs.

The First Data Team will evaluate and make recommendations on design products to verify that the design is workable, efficient, and satisfies all design requirements. The design products will also be evaluated for adherence to the program design methodology and standards for each of the three phases. The design and analysis process used to develop the design will be evaluated and recommendations for improvements identified.

The First Data Team will evaluate both the High-Level Design and Detail System Design documents for the EES Project. The Detailed Design should flow from the High-Level Design concepts. The Detailed Design provides a more technical framework within which the application programmers and analysts will perform detailed modification and perform development activities. Standards, design efficiencies, methodologies, and controls will all be evaluated. An additional granular level will be applied to the Detailed Design assessment to verify that the flow of requirements from the High-Level Design use cases, design specifications, and models and diagrams can be traced to the appropriate elements of the Detailed Design and are accurate and complete. The First Data Team will verify that all design products follow the control standards and are formally approved prior to the initiation of the actual coding.

The First Data Team takes its role in effective communication very seriously and appreciates the complexities involved in understanding and following system technical requirements. As your IV&V partner in the EES Project, the First Data Team will provide the technical expertise and assistance to the Department's stakeholders regarding all aspects of the technical design and architecture of the proposed systems including, but not limited to, data interfaces, data management, graphical user interface design improvements/ enhancements, analysis of operational issues, and other support as needed.

The First Data Team will attend selected design sessions and will review and assess the outputs from each session against an established set of acceptance criteria. We will also assess whether the requirements mapping documentation is in place and complete. The design plan will be evaluated to verify whether the proposed solution is feasible, efficient, and completely satisfies the Department requirements. Design work products will be evaluated for efficiency, proper flow and adherence to standards.

In the following table we describe First Data's approach to each EES Software Development tasks.

4.1.5.1 Design & Analysis Review Report

The IV&V Contractor shall evaluate both the high level and detailed design of any custom software developed or used by the EES Contractor for any EES component. The Design and Analysis Review Report shall include at minimum all of the following:

EES Software Development Tasks	First Data Approach
• Evaluate all high-level design products to verify the design is workable, efficient, and satisfies all system and system interface	First Data will verify the proposed high-level design solution is feasible, efficient, and completely satisfies all requirements. We will evaluate designs for

requirements.	usability, efficiency and logic. We will verify that the high-level designs trace back to requirements. We will evaluate use cases, design specifications and models and diagrams to ensure that they satisfy all system and system interface requirements. We will review assumptions for potential impact.
• Evaluate all detail design products to verify that the design is workable, efficient, and satisfies all high level design requirements	First Data will verify the proposed detail design products are workable, efficient, and satisfy the high-level design requirements. We will evaluate the detail designs for usability, efficiency and logic. We will verify that the detail designs trace back to the system requirements. An additional granular level will be applied to the Detailed Design assessment to verify that the flow of requirements from the High-Level Design use cases, design specifications, and models and diagrams can be traced to the appropriate elements of the detailed design and are accurate and complete.
• Evaluate the design products for adherence to the project design methodology and standards.	First Data will verify that the design products adhere to the project design methodology and standards. We will also verify that the design products are in accordance with Nebraska Information Technology Commission Standards. We will review and assess assumptions and their potential impact.
• Evaluate the design and analysis process used to develop the design and make recommendations for improvements	First Data will evaluate the EES Vendor's documented design standards, methodology and tools used, and provide recommendations for improvements, if warranted. We will verify that they are in accordance with Nebraska Information Technology Commission Standards, if appropriate.
• Evaluate design standards, methodology and CASE tools used.	First Data will evaluate the design standards, methodology and CASE tools used against industry standards and Nebraska, Information Technology Commission IT Standards for best practice design and development processes. As part of this evaluation, the First Data Team will conduct an independent assessment of the development software. We will update the relevant IV&V Checklists to document our findings. The First Data Team will leverage our in-depth experience and lessons learned from our past projects and provide a list of recommendations to mitigate the gaps identified during our review.
• Verify that design requirements can be traced back to system requirements.	First Data will verify that the design requirements can be traced back to system requirements through the Requirements Traceability Matrix. We will periodically test randomly selected requirements to confirm traceability throughout the SDLC.
• Verify that all design products are under configuration control and formally approved before detailed design begins.	First Data will verify that configuration management processes are in place to: ✓ List all functional and physical items (configuration items) included in the scope of configuration management, which includes hardware, software and design.

	✓ Control changes to configuration items. ✓ Report change status for configuration items. ✓ Ensure that control will be maintained over design, development, production, installation and support configuration items. First Data will verify that all design products follow the control standards and are formally approved prior to the initiation of detailed design.
• Verify that all design products are under configuration control and formally approved before coding begins.	First Data will verify that configuration management processes are in place to: ✓ List all functional and physical items (configuration items) included in the scope of configuration management, which includes hardware, software and design. ✓ Control changes to configuration items. ✓ Report change status for configuration items. ✓ Ensure that control will be maintained over design, development, production, installation and support configuration items. First Data will verify that all design products follow the control standards and are formally approved prior to the initiation of the coding.
• The IV&V Contractor shall evaluate the plans, requirements, environment, tools, and procedures used for unit testing system modules as well as the level of test automation, interactive testing, and interactive debugging available in the test environment	First Data will evaluate the plans, requirements, environment, tools, and procedures used for unit testing system modules through deliverable review and documenting findings in project assessments or bi-weekly status reports. We will verify the software meets intended purpose, has appropriate detail and all necessary elements. We will verify the traceability to and from design documentation. We will verify architectural design compliance (structure, external I/O, sequencing and control, etc.). We will verify supportability and maintainability of the system. We will evaluate the level of test automation, interactive testing and interactive debugging available in the test environment.
• The IV&V Contractor shall review all unit testing to ensure that an appropriate level of test coverage was achieved by the test process, that test results were verified, that the correct code configuration was tested, and that the tests were appropriately documented. The IV&V Contractor shall develop and submit a Unit Testing Review Report documenting the results of all unit testing reviews and evaluations	First Data will confirm the planned test processes provide an appropriate level of test coverage, that test results are verified, that the correct code configuration has been tested through deliverable review and documenting findings in the Unit Testing Report.

Table 4.1.5.1 – First Data's Approach to EES Software Development Tasks

4.1.6 System Testing

The effectiveness of a software test effort is measured by the amount of test coverage that can be achieved, allowing for time and budget constraints. Full test coverage implies that software test execution forces the system through all designed normal functionality, exercises all interfaces, forces all known error and exception conditions, executes at an acceptable performance level and generates all forms of output. To determine to what degree test coverage can be achieved requires a means to establish the basis for testing. First Data relies on a requirements traceability matrix that tracks scope requirements to applicable design specifications. These are, in turn, traced to test requirements, test cases, and test scripts. This process of traceability provides insight and assurance that requirements are being met (gap analysis), tested and validated during the testing processes.

First Data assesses the EES Contractor's master test plan for the EES Project software component to ensure the functionality of the software is utilized to the maximum extent applicable. We also review and assess the EES Contractor's test plan to ensure it accounts for:

- Verifying software meets intended purpose, has appropriate detail and all necessary elements;
- Requirements traceability to and from design documentation;
- Verifying architectural design compliance (structure, external I/O, sequencing and control, etc.);
- Verifying supportability and maintainability of the system.

First Data begins our assessment of the EES Contractor's test methodology with the approach for planning, preparing for, executing, and reporting on all test phases as documented in their Master Test Plan. We analyze the Master Test Plan to ensure the following key components are appropriately addressed:

- Test goals and objectives;
- Test requirements, including data set (conversion/new) and environment set up;
- The overall testing methodology to be employed including approaches and entry/exit criteria for: unit, integration, system, converted data, regression, user acceptance and performance tests;
- Detailed descriptions of the testing activities including processes for script development, execution and results analysis;

- Description of the roles and responsibilities for the Test Team and the State resources planned to support the effort;
- Procedures for test setup and/or initialization
  - ✓ Maintenance of application infrastructure
  - ✓ Update necessary security profiles
  - ✓ Specifying the components for each test, which may include:
    - End-to-end test scripts, mapping scripts to requirements
    - Documenting expected results
    - Documenting test pass/fail criteria
    - Documenting defects, defect metrics and retest efforts
    - Recommendation of promotion for completed tests;
- Description of the test environment(s) and tools to be used in automated testing;
- Provision for the maintenance of the script tracking database and linking scripts to defects;
- Change control of requirement modifications (additions, deletions, or modifications)
- Test progress and results reporting.

In preparation for test execution, First Data ensures the test environments replicate all production components and not a restricted subset. First Data reviews the appropriateness of the tools selected by the Department and EES Contractor and verifies that processes are in place to support testing, specifically with respect to:

- Configuration and installation of the environment hardware and software
- Hardware and software availability and performance
- Application code builds
- Batch processing
- Environment and test data recovery
- Timely correction of defects
- Migration of new code to the test environment

- Database management
- Designating specific staff to provide the support required to keep the test environment fully functioning

First Data works with the EES Contractor to monitor their test efforts for System Testing. Test witnessing involves monitoring the fidelity of test execution to the specified test procedures and witnessing the recording of test results. First Data performs test witnessing to determine if the script was executed as planned, the results satisfies the criteria established in the test script, and if the software is of sufficient quality to support the system as designed. First Data assesses the executed tests, records and documents the findings, and makes the findings available to the Department with recommendations. As with the Operating Environment, Performance Monitoring for the Development Environment includes:

- Establishing thresholds for critical nodes
- Monitoring resource utilization/performance and providing trend information
- Determining root causes of performance problems
- Determining where performance requires adjustments
- Determining optimum ways of tuning performance

In the following table we describe First Data's approach to each System Testing task.

4.1.6.1 System Test Review

The IV&V Contractor shall review all system testing performed on each EES component and submit all findings as part of the Management Briefing, Unit Testing or Critical Incident Reports. This review shall include the following:

System Testing Tasks	First Data Approach
• Assess planned testing activities, results reporting, and error correction/resolution, including an appropriate change control and configuration management process, to include all of the following: ✓ Assess test efforts and schedules are based on defined requirements priorities as well as project risk. ✓ Assess test scenarios address the testable requirements. ✓ Assess specific business cases and test verification efforts for each case has been defined. ✓ Conduct reviews of testing to ensure that critical elements of the EES are stable and	• Using IEEE Standard 829-2008 as our guideline, First Data begins our assessment of the Department's test methodology with the approach for planning, preparing for, executing, and reporting on all test phases as documented in their Master Test Plan. Through consultation with the Department, we will configure our assessment to ensure that processes are thoroughly reviewed. • Assess the Department's test plan for the EES Project software component to ensure the functionality of the software is utilized to the maximum extent applicable. • Review and assess the Department's test plan to ensure it accounts for the validation of the stability

comply with Department requirements as detailed in the Department's contract with the EES Contractor. ✓ Evaluate the plans, requirements, environment, tools, and procedures used for system testing. ✓ Evaluate the level of automation and the availability of the system test environment.	of critical elements of each EES Component. • Conduct detailed assessment of the Master Test Plan to validate that it provides sufficient instructions/guidelines on various testing components to be conducted through the life of the project using the approved SDLC Methodology for the project. The First Data Team will verify that the Master Test Plan includes: ✓ The overall testing methodology to be employed including approaches for: unit, integration, system, converted data, regression, user acceptance and performance tests; ✓ A Requirements Traceability Matrix mapped to system design; ✓ Detailed descriptions of the testing activities including processes for script development, execution and results analysis; ✓ Description of the roles and responsibilities for the Test Team; ✓ Documentation of test procedures to be used by the Test Team; ✓ Description of the test environment and tools to be used in automated testing; ✓ Provision for the maintenance of the script tracking database and linking scripts to defects. • Validate that all integration infrastructure and system component and modules are identified, roles and responsibilities are clearly defined and accepted for the EES Project owners of each component or module, schedules and processes for integration and related testing are feasible, reporting structure and frequency are defined and metrics and assumptions are clearly delineated. • Review assumptions for potential impacts across the Department, Project Plan, or stakeholders. • Ensure that all stakeholders understand their respective responsibilities and commitments. • Validate that appropriate level of automation is maintained with minimal reliance on manual processes/manual testing. • Verify architectural design compliance (structure, external I/O, sequencing and control, etc.). • Verify supportability and maintainability of the system.
• Verify that an appropriate level of test coverage is achieved by the test process, that test results are verified, that the correct code configuration has been tested, and that the tests are appropriately documented, including formal logging of errors found in testing.	• Validate the Test Plans contain the process for defect reporting, the definition of fields required for each defect, the metrics required from the defect reports and trends, and the resolution and regression testing process. • Ensure the test environments replicate all production components and not a restricted

	subset. • Review the appropriateness of the tools selected by the Department and EES Contractor and evaluate the configuration to ensure test execution and defect tracking include appropriate stakeholders to avoid risk of under-reporting of testing bug fixes and resolution of defects outside of the tracked process.
• Verify that the individuals conducting the test have an appropriate level of independence from those completing the development.	• Ensure that the test organization performing the System and Acceptance Testing maintains a sufficient level of independence from the design developers. • Validate there is a specific level of independence maintained from the development vendor but that the development organization provides support and clarification when needed to help facilitate the testing process.
• Verify that a sufficient number and type of case scenarios are used to ensure comprehensive but manageable testing and those tests are run in a realistic, real-time environment. • Verify that test scripts are complete, with step-by-step procedures, required pre-existing events or triggers and expected results.	• Evaluate the test methods, approaches, test environments, test cases, scripts, defect reporting, and resolution processes to verify mechanisms are in place to ensure the system and software requirements, use cases, and design elements allocated to software are satisfied by execution of component, system, and acceptance tests.

Table 4.1.6.1 – First Data's Approach to System Testing Tasks

4.1.7 Data Management

The First Data Team understands the complexity of data conversion when extracting mission-critical eligibility programs from an integrated system and then developing a standalone system that will need to interface with the prior system. We also understand that in today's environment there are almost no applications that are complete silos that do not integrate with any other system. Typical Health and Human Services systems interface with tens if not hundreds of interface partners. Planning for data conversion must begin with project initiation in order to adequately plan and/or mitigate for the following challenges:

- Additional data tables, fields, and elements may be added to the system with inadequate documentation;
- Data fields may contain entries in a variety of formats;
- Data fields may not be used with consistency, and interface changes in the redesigned system may cause user confusion or process failure;
- All system history may not be converted to the new system;

- Concurrent development of other new Health and Human Services applications that will require interfacing;
- Federal requirements for data standards that do not match between systems.

Aware of these common pitfalls, the First Data Team engages in multiple activities associated with this task including the following:

- Thoroughly review the Conversion Plan to validate the conversion methodology and verify that it addresses all necessary requirements;
- Attend selected data conversion meetings with the State;
- Review draft deliverables and provide feedback and comments to the Department and EES Contractor;
- Review final deliverables to document and confirm that they are complete, comprehensive and accurate based on requirements and project standards.

To facilitate a thorough review of the Conversion Plan, the First Data Team develops checklists tailored to conversion-specific standards and requirements. These checklists are used as tools to evaluate the draft and final Conversion Plans for consistency, clarity and comprehensiveness. Standard IV&V review of the Conversion Plan will produce two types of assessments through a Data Conversion Process Review Report and several Data Conversion Error Reports.

The Data Conversion Process Review Report will document the assessment and process recommendations, and at a minimum, include:

- Validating that the conversion roles and responsibilities for the EES Project are clearly outlined and that all EES Project assumptions are thoroughly documented;
- Ensuring the evaluation criteria and methodology identify the data elements that will be included in the data dictionary/data translation matrix;
- Validating that the overall conversion approach and timeliness are clearly demonstrated, with assumptions and constraints clearly delineated;
- Ensuring the plan clearly defines the legacy sources for conversion and the systems with which the new system must interface, including the communication methods;
- Reviewing the core interface testing results with converted data elements and providing metrics on which to base acceptance;
- Ensuring the plan allows for adequate interface testing with Department partners and associated systems, including staffing to support conversion interface testing;

- Reviewing the Conversion testing plans, schedule and trial results providing recommendations and mitigation strategies;
- Reviewing pre and post conversion data related reports and templates, including non-converted data and error rates from fall out, to ensure adequate metrics are reflected on which to base a "Go" or "No-Go" decision;
- Verifying that processes for pre-conversion data cleansing and post-conversion discrepant data clean-up are outlined and reduce or eliminate error opportunities;
- Assessment of any contingency planning or implementation delays on the conversion schedule and hardware/software performance, including trial conversion runs.

The periodic Data Conversion Error Reports will incorporate the following, at a minimum:

- Key elements on which to measure acceptable conversion rates of source data;
- Key element thresholds that provide a minimum acceptance level for converted data per component/system;
- Conversion error rates measured in actuals and percentages;
- Assessment and recommendations for conversion manageability based on error rate thresholds of trial runs.

The First Data Team's IV&V assessment methodology includes review of the integration testing approach and the conversion approach used, and takes into account any unique characteristics of both the ancestor and descendant system designs. Recommendations are formally submitted in writing and are included in the IV&V Periodic Reviews.

In the table below we describe First Data's approach to IV&V Data Management.

4.1.7.1 Data Conversion Process Review

The IV&V Contractor shall evaluate the EES Contractors' proposed plans, procedures and software for data conversion and submit a Data Conversion Process Review Report. This evaluation shall include, at a minimum, all of the following:

Data Management Tasks	First Data Approach
• Verify that procedures are in place and are being followed to review the completed data for completeness and accuracy and to perform data clean-up as required.	• Ensure that the Data Conversion Plan covers all aspects of the transition including methodology for automated and manual conversion, schedule, requirements, protection of sensitive data, roles and responsibilities, list of all data elements and source files, conversion rules for default values and data mapping, processes for identifying

	duplicate or redundant information, conversion testing and dry runs, success criteria, monitoring and reporting. • Verify that processes for pre-conversion data cleansing and post-conversion discrepant data clean-up are outlined, and the tools used to assist those events. • Evaluate the conversion fallout thresholds to determine if they are manageable.
• As part of developing the Data Conversion Error Report, determine conversion error rates and if the error rates are manageable	• Verify that processes for pre-conversion data cleansing and post-conversion discrepant data clean-up are outlined. • Develop with the stakeholders, key performance indicators and metrics to define the conversion acceptance thresholds for each component. • Evaluate the conversion fallout thresholds to determine if they are acceptable and manageable. • Validate results from mock conversions, using production data when possible.
• Make recommendations on the conversion process to make it more efficient and on maintain the integrity of data during the conversion.	• Ensure that the Data Conversion Plan covers all aspects of the transition from legacy to source, including methodology for automated and manual conversion, schedule, requirements, roles and responsibilities, protection of sensitive data, list of all data elements and source files, conversion rules for default values and data mapping, processes for identifying duplicate or redundant information, conversion testing and dry runs, success criteria, monitoring and reporting. • Validate conversion results using conversion reports to ensure converted data doesn't lose integrity when loaded into the descendent system.
• The IV&V Contractor shall evaluate all EES Contractor database designs and system processes/workflows to determine if they meet system requirements contained in the EES Contractor's contract with the Department. This shall include an evaluation of all of the following: o The design for maintainability, scalability, refresh-ability, concurrence, normalization and any other factors affecting performance and data integrity. o The process for administering the database, including backup, recovery, performance analysis and control of data item creation.	• Evaluate the Conversion database designs to verify they meet the State system requirements. • Validate the conversion database design for maintainability, scalability, refresh ability, concurrence, normalization and other factors affecting performance and data integrity. • Evaluate the results of system test for the conversion database. • Monitor performance metrics during mock conversions to accurately reflect conversion time frames, individual and wave deployment, system rollback and recovery periods to determine acceptance levels. • Review conversion reports to identify trends in Extract Transform and Load (ETL) processes. • Evaluate the Project's process for administering the database, including backup, recovery, performance analysis and control of data item creation. • Validate the conversion system is maintained in

	accordance with Department and Project standards.

Table 4.1.7.1 – First Data's Approach to EES Data Management Tasks

4.1.8 Business Requirements

4.1.8.1 Manage the IV&V Services

The detailed IV&V Project Management Plan provides the quality management framework for the project and documents the First Data Team's approach to providing IV&V services management. The First Data Team will work collaboratively with key stakeholders and the Department to develop and customize an IV&V Management Plan that integrates with, and meets the needs of, the EES Project. We understand the value of this Plan comes from the implementation and adherence to the approved Plan. This is not a deliverable that "sits on the shelf"; it is the guide for the entire First Data IV&V Team with some key components for the Department to use and apply. The First Data Team is committed to delivering an IV&V Project Management Plan that is practical, useful, applied consistently in the management of the IV&V effort, and coordinated with other EES Project Plans. We describe the contents of the IV&V Management Plan in Section 4.7 Project Management Plan of this proposal, and we have included a draft Sample IV&V Management Plan as Attachment 3.

4.1.8.2 Perform IV&V Services

Through our IV&V services, the First Data Team will verify the right system is built and will validate the system is built correctly throughout each System Development Life Cycle (SDLC) phase. Given the aggressive timelines for the EES Project, our Team's initial focus is on analyzing work plans and schedules to establish a baseline and then monitor frequently to accurately measure progress and adherence to timeframes. Our monitoring extends to reviewing defined EES Project team processes and procedures on a periodic basis. First Data will gauge the level of adherence and suggest process improvements that could streamline and enhance the overall effectiveness of project resources. This includes assessing the Project's governance structure to determine how effectively the EES Project and Partners are supported, with particular emphasis on communication, coordination, and reporting.

Another core component of our IV&V services is verifying that the EES Project adheres to the Department and its stakeholder's expectations of the design. We will review and assess the work products and deliverables that are outcomes of EES activities to ensure requirements are met. First Data has developed a Health and Human Services Business Architecture (HHSBA) tool that is MITA 3.0 aligned to support requirement reviews and validation. As part of those reviews, we will also provide recommendations to enhance the overall quality and robustness of the deliverables.

The remainder of this section provides additional details regarding our IV&V services as they relate to project monitoring and verification and validation reviews.

4.1.8.2.1 Project Monitoring

Review and Validate Work Plans and Schedules

As part of our initial and ongoing project monitoring tasks, First Data will review and validate all project work plans and schedules including the relationship between task and resources assigned. During these reviews, we will determine whether:

- Activities and tasks are appropriate for the objectives of the task and activity, respectively
- Timeframes are reasonable
- Start and end dates coincide with the appropriate implementation or release dates
- Resources are appropriately assigned to tasks:
- Current resources are not over obligated
- Ensure that the Estimate to Complete (ETC) and resource allocation hours consider percent of usage and end date. These should correlate. If a phase has too many tasks that cause large negative variances, the overall budget for the phase could be negatively impacted.
- Resources that are no longer with the team are not assigned hours for tasks, and hours for completed tasks have been reassigned to incomplete tasks
- Assess whether information reported in status meetings or in correspondence and reports are consistent with the actual contents of the EES Project Work Plan.

As part of our ongoing assessments, the First Data Team will collect and report the following key metrics from the EES Contractor Work Plan that could impact the project schedule:

- Number of tasks on the critical path that have started on time
- Number of tasks on the critical path that did not start on time
- Number of tasks on the critical path that have completed on time
- Number of tasks on the critical path that were not completed on time
- For tasks on the critical path that did not start or complete on time, number of days past the scheduled start or completion date
- Actual level of effort (work hours) compared to planned level of effort for tasks

- Actual resources/positions (key and non-key personnel) assigned to tasks compared to planned resources
- Any new tasks or changes in tasks that could affect the critical path
- Changes in key activity or task start dates or finish dates

MS Project provides a number of informative standard reports as well as the ability to create custom reports. In addition to using these reporting features, our Team has also found it helpful to export the Work Plan to an Excel spreadsheet so various sorts and comparisons can be easily performed. These include:

- Compare status of tasks with start and end dates:
    - ✓ If the start date for a task has passed, the task status should show as "Started" and actual hours should be charged towards the task
    - ✓ If the end date for a task has passed, the task status should show as "Completed" and the ETC should equal 0 hours
    - ✓ Tasks with future start dates should reflect a status of "Not Started" and no actual hours should be charged to the task
    - ✓ If the status of a milestone or activity is deemed "Completed," then all associated tasks and subtasks should also be "Completed" and all ETCs should equal 0 hours

Once the initial EES Work Plan is established and approved as the baseline, the reviews of the monthly Work Plan updates will focus on the changes made since the prior version. As part of the monthly updates, the First Data Team will review the EES Contractor Work Plan Change Log, which compares the current version against the baseline version. This comparison reflects the key changes between the versions and reasons for the changes. Based upon First Data's experience, recommendations will be made to mitigate risk or add additional contingencies.

Monitor all Project Milestones and Costs

Project scope and schedule require continual monitoring to ensure project tasks and milestones are on track to successful completion. Accurate and comprehensive status reporting is the key to communicating and managing projects of all sizes and complexities. Status Reports and Status Meetings are where progress towards project task completion is documented and tracked to determine whether the project is on schedule, has appropriate staffing, is producing quality work products, or is at risk of not meeting its stated goals. Appropriate monitoring and communication provide an effective early warning system.

As part of monitoring and measuring progress of a project effort, the First Data Team will review all Status Reports from the EES Contractor's management teams to validate they include a summary of work activities and major accomplishments achieved during the reporting period in addition to any problems or issues that require management attention. Any executive-level status reports should include an ongoing project scorecard, or dashboard, with key metrics to be jointly determined by project sponsors along with the Department. These indicators will advise if there are potential problems with scope, resources, budget or schedule and can measure the feasibility of hitting a project milestone or deliverable. The First Data Team will provide recommendations for solutions and required follow-up actions. They also will notify the EES Project PMO in advance of any anticipated deviations from the established schedule for any milestone or deliverable. The First Data Team will review the Status Report to validate it contains summary data relative to the tasks performed as well as contain the following related information:

- **Risks/Issues** – Are risks and issues clear enough to identify measurable actions that lead to mitigation and resolution? Are the correct decision makers engaged and informed of the issues? Is the tracking mechanism appropriate?

- **Open Action Items** – Have action items remained open for a length of time that impedes the schedule? Are owners clearly identified and accountable for completing the action?

- **Identification of overdue activities** – Has the critical path been compromised? What barriers prevented the activity from being completed? Have those barriers been removed? What downstream activities are impacted by the overdue activity?

- **Deliverable review status and findings** – What is the severity of the discrepancies discovered in deliverable reviews? How effective will the Vendor be in resolving findings in a timely manner? Is significant rework required that will impact future deliverables progress?

In addition to status reports, status meetings provide an excellent communication forum for discussing the progress of the project. The First Data Team will validate that project status meetings are appropriately scheduled with project sponsors, stakeholders and any other state or federal partners as required. We will verify that status meetings cover the following items:

- Overall and phase-specific project status

- High priority risks and issues identified

- Tasks in the Project Work Plan that are behind schedule

- Status of project deliverables

A summary of the project work plan should be reviewed at each meeting and updated on a regular basis to ensure currency and accuracy, as well as tracking and timely reporting of task progress.

Cost is a prime concern of management to make sure the project is accomplished within budgetary constraints and to properly account for the funds expended. First Data Team will work with the Department to define the required level of cost tracking and accounting for the EES Project. Cost containment is part of the quality management process. Budget management processes and the tracking of actual costs compared to planned costs and understanding the reasons for variances are all contributors to overall quality management.

The process for validating cost estimates associated with change to scope is primarily dependent on the level of effort, resources, and schedule. First Data will use all of that information taken together to analyze the costs associated with any Change Order. The First Data Team will also determine whether the hourly rate structure used for resources and for the tasks are appropriate. The Agreements should establish predefined rate structures for each role on the project. The First Data Team will confirm that the resources are assigned the appropriate role to accomplish the work. First Data will also review prior Change Orders for actual historical experience related to roles and hourly rates. This information will serve as an additional point of reference in validating that the appropriate rates are charged for similar tasks accomplished by like staff. If cost information is missing or incomplete, First Data will document requests for additional detail as appropriate.

Perform Ongoing Assessments of Project Staffing Levels

Human resource management is an important aspect of the EES Project and involves understanding the work to be performed and the parameters of performance. One of the most critical success factors for any project is the team selected and assembled to work on the project. The Department and First Data will work together to confirm the approach to staffing for the key tasks in the EES Project. The IV&V function will assess the project to ensure that the staffing plan matches the project plan, planned staffing levels are being followed, and the right skills and talents are in place. Typically we assess risk points such as:

- Whether a structured process has been used to determine the level of effort or size of each task
- Whether the estimate has been built using the lowest level of detail as the basis (bottom-up estimate)
- The appropriateness of the resource or position category (Manager, Analyst, Programmer, etc.) assigned to the tasks/subtasks
- The reasonableness of the level of effort associated with each task and subtask and the resources assigned to the task. In determining reasonableness, First Data will assess whether the estimate can be verified using factors and criteria such as whether resources are over or under allocated in terms of utilization and timeframes, degree of difficulty, and dependencies with other tasks. First Data will

also evaluate the activities to determine whether they adhere to defined state standards and policies.

- Dependencies on specific numbers and types of Nebraska or Stakeholder resources to accomplish certain tasks within required timeframes

If there is not enough information regarding the level of effort and associated resources, the First Data Team will identify and request additional detail as appropriate.

Provide Risk Assessment Reports

The First Data Team will verify and validate that the risk management process is adequately documented in a Risk Management Plan and supported by the proposed tools. First Data will review the risk management approach with a focus on identification, analysis of probability, impact, level of control, prioritization, assignment, mitigation/resolution planning, tracking, and monitoring. We will assess compliance with the Risk Management Plan and tools by evaluating risks identified and mitigation plans.

The goal of the IV&V Assessments is to assist the Department in working with CMS to make informed decisions on the progress of the project, planning what mitigation activities need to occur if identified, and assess the expectations of the Department and CMS to ensure the outcomes of the project are in alignment. To support this assessment, First Data will use the HHSBA and other tools to validate the DDI vendor have fully incorporated business and technical requirements in the To Be environment. We provide detailed IV&V Assessment reports that identify the deliverables associated with the milestone meet the requirements and/or that any gaps that are identified are documented. We will provide the Department with objective and tangible evidence in determining whether the project is on target for meeting its objectives.

The First Data Team will review each of the EES Contractor deliverables to verify that they appropriately address risk and issue management, and clearly identify an escalation path both an escalation path internally within the project as well as an escalation path within their internal organizations. Specifically, our Team will validate that project risks and issues are identified, monitored, and managed throughout the life of the project. We will verify that the following means of identifying risks and issues are actively utilized in the project:

Identifying Risks and Issues	
• Project deliverable descriptions and specifications	Risk is inherent in any new project, often because the product or process being created is completely new. In situations such as this, it is wise to look at the proposed product or service descriptions and specifications to determine if there are any areas that have the potential for risk.
• Project Documents	Reviewing documents such as project work plans, budget estimates, staffing plans, assumptions and constraints, etc., may bring to light areas of risks that were not immediately apparent at the time of creation.
• Subject Matter Expert interviews	Talking to subject matter experts and reviewing historical project files will give the team an indication of where risk may lie.

• Analogy comparisons	Examining lessons learned from similar projects can help identify potential risk areas for the project at hand.
• Brainstorming sessions	Getting key project team members together into a room and documenting thoughts, free of immediate criticism, has the potential to generate ideas. Such meetings help team members understand various perspectives and can help the team better understand the big picture, including the priorities of the project. These ideas can then be categorized and evaluated.

Table 4.1.8.1 – Means of Risk and Issue Identification

To identify risks and issues proactively, we draw on project deliverables, interviews with project staff, and our extensive experience helping states implement large-scale human services systems effectively.

Once risks and issues have been identified, the First Data Team will validate that each is analyzed to determine:

- Impact to cost, schedule, scope or resources
- Critical path due date of an issue
- Probability of occurrence of a risk
- Level of control of risk
- Priority of each risk/issue

Although the Department may use one of several methods to assign a priority to risks and issues, First Data will verify it is using an industry standard method that assesses priority based in part on impact (for both risks and issues), and probability and level of control (for risks only). Once you have established priorities, you must put resolution plans and mitigation plans in place. We will validate that each issue or risk has a documented and actionable plan(s) that addresses the following:

Issue	Risk
• Are critical path impacts identified? • Are resolution alternatives defined, including pro's and con's? • Who needs to be involved in the resolution? • What is the escalation path for decision makers? • What is the communication plan for issues resolution? • What work products/deliverables need to be updated to reflect the resolution? • If not resolved, what is the impact to impeding project progress?	• Selected mitigation strategies to be implemented • The desired outcome of the mitigation activities • When will each mitigation activity commence (what is the trigger event)? • How and when (frequency of) the mitigation activities will be tracked? • Who is responsible for the mitigation activities? • Who is responsible for tracking mitigation effectiveness and how is it measured? • When will the mitigation activities cease (by a certain date or when a specific desired effect has occurred)?

Table 4.1.8.2 – Components of Issue Resolution and Risk Mitigation Plans

We use a structured approach to verifying issue and risk resolution plans are comprehensive and appropriate to the risk or issue.

The First Data Team will also assess the escalation process to validate issues and risks are being addressed at the appropriate level in the governance structure, and they are being escalated within required timeframes. We will also verify the EES Contractor holds formal monthly risk and issue meetings, attended by the EES Project Manager and other key management from the Department as appropriate.

The First Data Team will continue to follow the progress of the risk or issue and its probability, as well as the status of any mitigation/contingency strategies that have been executed or the issue has been resolved. We will provide recommendations to improve the effectiveness of the mitigation plans and discuss these at the weekly and monthly status meetings.

Monitor ACA Project Management Office Practices, Processes and Deliverables.

A core component of our IV&V services includes reviewing defined the Department's ACA Project Management Office, EES PMO and team processes and procedures on a periodic basis. The First Data Team will gauge the level of adherence and suggest process improvements that could streamline and enhance the overall effectiveness of the EES Project operations. In addition, we will conduct organizational and governance structure assessments on a regular basis to determine how effectively the EES Project and Partners are supported, with particular emphasis on communication, coordination and reporting.

The First Data Team understands that it is imperative for the Department to ensure its project management methodologies are sound, accurate, and comprehensive. Effective administration will ultimately result in the completion of the project within the defined schedule and budget and will fully achieve the project's stated strategic objectives of improving service to clients while realizing operational efficiencies.

The First Data Team has performed project management deliverable review tasks on many large, mission-critical health and human services projects, including large welfare eligibility projects. As a result, we understands what it takes to accomplish these critical reviews and has established methodologies and tools that help facilitate this process. The First Data Team will review and analyze the EES Contractor's Project Management plans to ensure the following approaches and processes are included and that the corresponding content is complete, understandable, accurate, consistent with existing standards, and practical. The First Data Team will be reviewing and assessing the plans required in the EES contract, such as:

- **Approach to Integration Plan –** The First Data Team will validate that all integration infrastructure and system component and modules are identified, roles and responsibilities are clearly defined and accepted for the EES Contractor component, schedules and processes for integration and related testing are feasible, reporting structure and frequency are defined and metrics and assumptions are clearly delineated. We will review assumptions for potential impacts across the EES Contractor, interface partners and impacted state systems. We will verify that all entities and partners understand their respective responsibilities and commitments.

- **Approach to maintaining Schedule (Time)** - The First Data Team will evaluate and make recommendations on the estimating and scheduling process of the project to ensure that the project budget and resources are adequate for the work breakdown structure and schedule. We will review the baseline to the actual durations to determine the accuracy of the baseline estimates. We will recommend a re-assessment of the scope of work if required. First Data will examine historical data to determine if the project/agency has been able to estimate accurately the time, labor and cost of software development efforts. We will provide feedback regarding changes to the scope of work if we deem it to be mis-scoped.
- **Approach to communication, both internal and external to the Project, including communication with providers** - The First Data Team will assess the comprehensiveness of each Communication Plan, and verify it appropriately addresses all required contractors, partners, stakeholders and sponsors. We will evaluate whether additional communications are required or additional communication protocols need to be established and enacted by First Data and will verify that there is timely and accurate communication of issues and progress to all project participants throughout the duration of the project.
- **Approach to risk mitigation** – The First Data Team will verify and validate the Risk Management process is documented in a Risk Management Plan. First Data will review the risk management approach with a focus on identification, analysis of probability, impact and level of control, prioritization, assignment, mitigation planning, tracking, and monitoring. We will assess compliance with the Risk Management plan by evaluating risks identified, the mitigation plans developed and the risk resolution process
- **Approach to issue identification, tracking and resolution** – Similar in nature to the risk management process, the issue management approach will be assessed with a focus on identification, analysis, prioritization, assignment, critical path due date, resolution, tracking, and monitoring.
- **Approach to scope/change management** – The First Data Team will evaluate the change management plans and procedures to verify they are comprehensive, follow industry standards and are monitored for progress and effectiveness. We will review the scope change management approach to ensure it is consistent with the contractual agreement and that it addresses changes that are within the project's control as well as changes outside the project's control. A robust scope management approach should be tightly coupled to the requirements management function and contains defined processes for modifying the Work Plan once scope changes have been finalized through a Change Order.
- **Approach to maintaining Budget (Cost)** - Cost is a prime concern of management to make sure the project is accomplished within budgetary constraints and to account for the funds expended properly. First Data clearly understands the Department's expectations with regard to tight contract controls and strict adherence to contract terms and conditions. First Data will review the cost management approach to determine if all financial tracking elements are

documented in detail. The cost schedule in the EES contract is a fundamental component of the cost management function. We will also review all performance measurements to make sure they are consistent with the Service Level Agreements and that associated withhold or penalties can be readily assessed if needed.

- **Approach to human resources** – The First Data Team will review the Project Management plan to ensure adequate explanation of how the EES Contractor will manage their own staff, including how personnel and performance issues will be addressed. First Data also expects the plan to address staff orientation, and transitions as staff assignments are completed as well as unexpected staff departures.
- **Approach to overall quality management** – The First Data Team recognizes and understands that high-quality deliverables, work products, and services are of utmost importance to Department key stakeholders and the EES PMO. First Data will periodically review the quality management processes and procedures to recommend best practices, refinements, and improvements throughout the project lifecycle.

First Data has both prepared and reviewed multiple project management documents over the course of our 20+ years supporting government clients. The results of IV&V Project Control task will help the Department understand and measure performance in each area and correspondingly make informed decisions. The First Data Project Control approach is also an important tool in that it will set expectations for the EES Contractor.

4.1.8.2.2 Verification and Validation of Deliverables

First Data has provided QA/IV&V services for over 30 government projects. Our clients can confirm that we "go beyond the deliverable" in these projects, taking a proactive approach, providing real value and serving as trusted advisors. Our teams have played an instrumental role in helping deliver these projects on time and within budget. The First Data Team has helped our clients define options and solutions to deal with adversity, including significant budget cuts and major policy changes. We apply those ideas, strategies and lessons learned to proactively plan for the next set of challenges.

As part of our IV&V practice, we have developed and refined approaches, plans, tools, and templates to provide IV&V services that are comprehensive, consistent, and repeatable. These IV&V methods and techniques have been successfully applied to similar projects in challenging environments. We will leverage and customize these plans, processes and tools for the EES Project. Our Deliverable Review methodology includes the following tasks and activities:

- Review EES Contractor's deliverable outline and complete a Deficiency Log. Validate that acceptance criteria are defined within the outline.
- Actively participate in EES deliverable development meetings and workgroup sessions

- Actively participate in structured walkthroughs and reviews of EES Contractor deliverables.

- Review EES Contractor draft deliverables as sections are completed and provide feedback and comments to the EES Project entities and EES Contractor Contractors.

- Review EES Contractor Final Deliverables to document the completeness, comprehensiveness and accuracy of the deliverable based on requirements and project standards.

- Develop an Assessment Deliverable Acceptance Document (DED) to outline the framework of the Deliverable Assessment Report and define what each section of the deliverable will contain.

- Develop Draft Deliverable Assessment Report, which documents the acceptance criteria, IV&V findings, material and cosmetic deficiencies and recommendation for acceptance, and submit to EES Project entities for review and comment.

- Incorporate changes (as needed) into Final Deliverable Assessment Report, including confirming recommendation for acceptance.

To facilitate a thorough review of the EES Contractor deliverables, the First Data Team develops checklists tailored to the specific disciplines of each deliverable and the industry standards and requirements. These checklists are used as a tool to evaluate the Draft and Final Deliverables for consistency, clarity and comprehensiveness.

For other deliverables, the First Data Team will assess key components to validate key requirements were met. This focused attention is necessary because our full Deliverable Assessment and Review process does not start upon formal delivery of the EES Contractor deliverables. Feedback is provided as each key section is completed and sent to First Data for a cursory review. A key component of our methodology is proactive involvement of staff throughout the development effort. It is anticipated that the result of our participation results in many of the recommended changes or modifications being incorporated into the end work product prior to any formalized review. This will result in the early identification and remediation of deficiencies ultimately resulting in a better quality deliverable being submitted to the EE Project entities. Additionally, First Data recognizes the importance of identifying any issue as early as possible as it is both less costly to the EES Contractor and the Department, but also will be less likely to affect the project timeline. Our approach was developed with this basic philosophy in mind and includes the following:

- **Adherence to outline standards** - The First Data Team uses the deliverable standards defined in the deliverable outlines as the evaluation criteria to ensure that the EES Contractor's deliverable was developed consistently in content and structure with the expectations and acceptance criteria. Variances from the outline standards are documented in the deficiency log and submitted to the Contractor and EES Project entities.

- **Requirements Analysis** - The First Data Team conducts requirements traceability analysis to be sure that all appropriate requirements have been identified for the deliverable and that all documented requirements are met. This analysis includes a review for readability, logical organization, completeness, accuracy, level of detail and quality.

- **Recommendations** - If appropriate, the First Data Team uses the assessment results from review of the draft deliverables in developing a recommendation regarding the overall quality of the draft deliverables so that corrective action could be taken before additional time and resources were expended in the final development phase of the deliverable.

- **Review of Vendor Final Deliverable** - As part of the final review process, the First Data Team first validates that all identified material deficiencies from the draft review were satisfactorily addressed. As with the draft review, our Team again analyzes the final deliverable content to verify it meets requirements and documented material and cosmetic deficiencies, and provided recommendations for correction or improvement have been remedied.

Regardless of a full or partial IV&V review, First Data will track all EES Project deliverables and the corresponding IV&V deliverable review reports in a single deliverable tracking tool. This tool facilitates awareness of the overall schedule and provides a clear understanding for the State project team of their review commitments. The deliverable tracking tool reflects the review timeframes for each of the EES Project Contractor deliverables so we can ensure the IV&V Assessments have been provided to the Department with ample time to review and assess any IV&V recommendations that may have an impact on State deliverable acceptance.

The specific items we document include the following:

EES Contractor Deliverables	First Data IV&V Deliverables
• Deliverable ID Number • Draft DED Due Date • Final DED Due Date • EES Project Entities DED Approval Date • Draft Deliverable Due Date • EES Project Entities Draft Deliverable Review Complete Date • Final Deliverable Due Date • EES Project Entities Final Deliverable Review Complete Date • EES Project Entities Final Approval Date	• Deliverable ID Number • Draft DED Due Date • Final DED Due Date • EES Project Entities DED Approval Date • Draft Deliverable Due Date • EES Project Entities Draft Deliverable Review Complete Date • Final Deliverable Due Date • EES Project Entities Final Deliverable Review Complete Date • EES Project Final Approval Date

Table 4.1.8.3- Deliverable Tracking Information

We track detailed information on each deliverable so the Department has a clear and current view of the progress of each deliverable.

This Deliverable Schedule and Tracking Tool records all changes to the deliverable schedules and allows adjustments to be made to all corresponding deliverables. Many times there is a domino effect for an Implementation deliverable date change, including the Draft and Final deliverable due dates, review periods and IV&V Assessment Deliverable Draft and Final due dates. It is important to evaluate each change, and how it can impact all aspects of the schedule. For instance, if a deliverable due date is changed we will validate that the standard deliverable review periods are maintained, and that any holidays are accounted for in the review periods. Another important aspect of upholding the schedule is to look for overlapping deliverables, and assessing if the change will compete with any other deliverables that are due within a similar timeframe. From our experience on large system implementations we understand the magnitude and intricacy of these deliverables and the acuity needed to carefully review them. We want to ensure that any change to a deliverable schedule is not unnecessarily compounding the workload for any EES Project Entities. Figure 4.1.8.2 provides a sample Deliverable Schedule and Tracking Tool.

Deliverable Title			
Deliverable Owner:		Internal Reviewers	
Draft and Final DED due dates			
Actual DED approval date			
DED approval date			
Draft and Final Deliverable due dates			
Actual Deliverable submittal dates			
Planned Deliverable approval date			
Actual Deliverable approval date			

Figure 4.1.8.4 - Sample Deliverable Schedule and Tracking Tool

We will modify our standard Deliverable Schedule and Tracking Tool to meet the unique requirements of the EES Project.

4.1.9 EES Technology Review

First Data has significant experience in conducting technical reviews and assessments, aimed at verifying that system environments are designed, implemented, and managed to meet foundational business and technical requirements. For the EES Project, First Data will verify that the technical approach provided by the EES Contractor is founded on MITA principles and aligns with the 7 Standards and Conditions. We will determine if it is necessary for the system to have excess capacity beyond which is required to run the eligibility system within Performance Standard requirements to support growth. First Data will verify that servers are adequately configured to support all of the requirements for capacity and in accordance with the Nebraska Information Technology Commission Standards.

For the Project's system design and development, we assess the architectural plans and management processes to verify whether the proposed solution is feasible, efficient, and completely satisfies the requirements of the system. First Data also evaluates the documented design standards, methodology, and tools used to provide recommendations for improvements, if warranted.

First Data validates that the EES Contractor's proposed plan clearly documents at a minimum the following:

- Methodology
- Schedule, including, estimated delivery date, installation date, and implementation date
- List of Equipment and Software
- Expected Equipment and Software Maintenance
- Location of Equipment
- Estimated Cost, Tax, Shipping, and Special Charges for Equipment and Software
- Approach to estimating and providing spare components
- Planned System Growth Rates/Capacity per Central Equipment
- Component, where appropriate (e.g. Servers and Databases)

Performance Monitoring for the Operating Environment should include system utilization, capacity, and statistics, such as:

- Establishing thresholds for critical nodes
- Monitoring resource utilization/performance and providing trend information
- Determining root causes of performance problems
- Determining where performance requires adjustments
- Determining optimum ways of tuning performance

The IV&V Team will consolidate our assessment of the proposed technical approach and methodology proposed for constructing the EES System. The technical reports may document interim results and status. The reports may be in a format appropriate for technical disclosure (for example, technical reports or memos). Reports will be generated for each technical task performed during the course of the IV&V program and provided monthly in the EES Deliverable Review Reports as required in EES Project Phases 4-24.

In general, the technical report will:

- List the evaluation participants and objective(s)
- Document detailed results and findings
- Detail the extent, cause, impacts, and frequency of any problems or negative trends detected
- Provide appropriate corrective action and/or preventive measure recommendations

In the following table we describe First Data's approach to each EES Technical Review task.

4.1.9.1 EES Operating Environment

The IV&V Contractor shall develop and submit a Technical Recommendations Report as part of performing the following defined EES Technology Review tasks and evaluate each EES Component for all of the following:

EES Technology Review Tasks	First Data Approach
• System hardware configurations to determine if their performance is adequate to meet proposed system requirements as defined in the EES contract.	• Review the Department's hardware configuration management plans and procedures to identify any potential issues, such as the sun setting of support for a hardware component. • Review the hardware and software acquisition plans
• Compatibility with the State's existing processing environment, if it is maintainable, and if it is easily upgradeable. This evaluation will include, but is not limited to Central Processing Units (CPUs) and other processors, memory, network connections, and bandwidth, communication controllers, telecommunications systems (Local Area Network/Wide Area Network [LAN/WAN]), terminals, printers, and storage devices.	• Verify the planned software infrastructure is consistent with the Department's architecture standards and assess planned support for key software components to identify potential risks. • Evaluate that hardware selected for the EES Project is aligned with Nebraska Information Technology Commission Standards.
• System software to determine if its capabilities are adequate to meet proposed system requirements.	• Assess the software solution capabilities and map them to the requirements • Review Nebraska Information Technology Commission Standards to understand if the State is making any fundamental changes in the direction of their system software.
• Whether the software is maintainable and easily upgradeable.	• Verify the selected software products will provide the functionality required by the EES Project • Validate that all hardware and software selected is supportable by the manufacturers. Validate that the software does not pose any potential licensing issues.
• Projected service provider support of the hardware and software.	• Verify the selected software products will provide the functionality required by the EES Project.

EES Technology Review Tasks	First Data Approach
	• Validate that all hardware and software selected is supportable by the manufacturers. • Verify that the introduction of any new software will not create a conflict with any existing hardware/software compatibility or support.
• Database products to determine if their capabilities are adequate to meet proposed system requirements	• Verify the planned database configuration will meet existing and proposed system requirements, with a particular focus on the scalability, flexibility, and performance of the database within the planned hardware configuration. • Evaluate the capacity of the existing and planned operating environment including significant spikes in system usage, in order to verify the EES Project will meet the performance expectations.
• The database's data format to determine if it is easily convertible to other formats, if it supports the addition of new data items, if it is scalable, if it is easily refreshable and if it is compatible with the State's existing hardware and software, including any on-line transaction processing environment.	• Confirm the data format is easily convertible to other formats, and can easily incorporate the addition of new data items. • Assess the current and projected vendor support for database products to identify any potential support issues, as well as the State's software acquisition plans and procedures.
• Processing capacity of the system to determine if it is adequate for current statewide needs for both batch and on-line processing.	• Evaluate the capacity of the existing and planned operating environment including significant spikes in system usage, in order to verify the EES Project will meet the performance expectations. • Evaluate the historic availability and reliability of the operating environment, using similar state systems as a benchmark if needed, to identify potential risks
• The system's capacity to support future growth.	• We will evaluate and make recommendations for growth plans, and evaluate the capacity planning program to verify its ability to support future growth.
• The Contractor shall make recommendations on changes in processing hardware, storage, network systems, operating systems, consumer off the shelf software, and software design to meet future growth and improve system performance.	• We will evaluate growth plans, and evaluate the capacity planning program to verify its ability to support future growth. • Verify any discrepancies between the system design and development documentation Nebraska Information Technology Commission Standards

Table 4.1.9.1 – First Data's Approach to Technology Review Tasks

4.1.10 Project Planning & Management

The IV&V Contractor shall ensure that staff attending meetings between the Department and the IV&V Contractor has the authority to represent and commit the IV&V Contractor regarding work planning, problem resolution and program development.

At the Department's direction, the Contractor shall make its Key Personnel and other personnel assigned to the Contract available to attend meetings as subject matter experts with stakeholders both within the State government and external or private stakeholders. The IV&V Contractor shall be present at all scheduled status meetings between the Department and EES Vendor, unless the Department provides permission otherwise.

All of the IV&V Contractor's personnel that attend any meeting with the Department or other Department stakeholders shall be physically present at the location of the meeting, unless the Department gives prior, written permission to attend by telephone or video conference. In the event that the Contractor has any personnel attend by telephone or video conference and are the only entity not at the location of the meeting, the IV&V Contractor shall be responsible for providing the conference line or virtual meeting place.

The IV&V Contractor shall respond to all telephone calls, voicemails and emails from the Department within one (1) Business Day of receipt by the IV&V Contractor.

First Data has corporate offices located at:

7305 Pacific St.
Omaha, NE 68114

The First Data Team will work from this office with easy access to the Department's location unless the Department prefers to co-locate the team within their offices. If the Department chooses to have the team work from the state offices', it is assumed the state will supply the space, desk, and telephone for the IV&V team.

First Data has thoroughly read, understands, and will fully comply with the Department's requirements.

4.1.11 Deliverables

First Data has extensive experience in performing IV&V reviews of vendor system and planning documents. First Data will work hand-in-hand with the Department throughout the entire deliverable and work product development, review, comment, and approval process. We assist our clients in defining and evaluating the format and content of deliverables and work products prior to the work commencing. During deliverable development, First Data communicates regularly with the Department regarding any interim work product reviews or test outcomes that have been observed. Once a deliverable is submitted, First Data conducts a thorough review for completeness, accuracy, clarity and adherence to the requirement. First Data then develops Deliverable Review Reports that describes IV&V activities performed as a part of the review, observations and recommendations.

Deliverable Submission

Our experience on other projects has shown that a quality deliverable review starts with quality deliverable planning. For each of the EES deliverables, we recommend that the EES Contractor submit a Deliverable Expectation Document (DED) for review and approval. By doing this, we begin the deliverable review process by clearly providing the EES Contractor the expectations for the deliverable up front. The First Data Team will then review the EES Contractor's Deliverable Expectation Document (DED) for each specified deliverable to ensure that the format and content to be included meets the project requirements and is approved by the Department.

The First Data deliverable review methodology is based on the following tenets:

- Participate in full deliverable lifecycle – First Data works with the EES Contractor and Department staff throughout the entire deliverable development, review, comment and approval process, beginning with development of the Deliverable Expectations Document (DED) and continuing through submission of a recommendation for deliverable acceptance.

- Provide input and feedback on a flow basis – This allows recommendations to be incorporated into subsequent versions of deliverables, which minimizes schedule delays from withheld input.

- Utilize the project procedures and tools to document findings – This minimizes the impact of multiple sets of comments being received by the vendor by consolidating comments that are identified by both the Department and First Data and implementing a consistent format for the transmittal of feedback.

- Produce thorough deliverable review reports – First Data performs deliverable assessments to evaluate the deliverables to ensure that they are appropriately documented. First Data reviews and assesses the comprehensiveness and accuracy of all required deliverables against industry standard practices and the DED defined standards and requirements.

- Produce final deliverable review reports in a timely manner – This allows the Department time to incorporate IV&V findings and recommendations into the deliverable approval.

First Data asks, at a minimum, the following questions:

- Have the required deliverables been developed?

- Have all administrative features of the document been defined in accordance with the DED, e.g., author, date, title, number, version, tables of contents, revision history, etc.?

- Are the deliverables complete, i.e., have all sections been finalized and what sections require additional input or are dependent on project progress?
- Do the deliverables adhere to and agree to all applicable standards and criteria defined in the DED?
- How well do the development deliverables follow the defined methodology?
- Are all activities covered and have all dependencies been identified and defined?
- Has requirements traceability analysis been completed and are all requirements documented in the DED met?
- Have procedures and criteria for acceptance of the deliverable as defined in the DED been met?

The First Data deliverable review approach defines the tasks and activities that First Data will complete when reviewing the EES Contractor deliverables. This approach consists of six major tasks:

- Complete a DED review and provide feedback
- Actively participate in deliverable development meetings and work sessions
- Actively participate in structured walk-throughs and reviews
- Review draft deliverables or sections of deliverables and provide feedback and comments to the state and Contractor teams
- Review final deliverables to document the completeness, comprehensiveness and accuracy of the deliverable based on requirements and project standards.
- Produce a deliverable review report to document the IV&V findings, material and cosmetic deficiencies, and recommendations

Each of these is discussed in the following subsections.

DED Reviews

DED reviews set the stage for our initial involvement with a particular deliverable. In this step, First Data reviews the EES Contractor DEDs to ensure we are familiar with the documented expectations for the required deliverables.

Deliverable Development Participation

The deliverable review does not start upon formal delivery of the deliverable or work product, but at the beginning of specification development. The First Data staff attend state and stakeholder meetings when requested to do so. To adequately review EES Contractor deliverables, the appropriate First Data staff may need to participate in the following types of meetings:

- Requirements validation sessions
- System design/JAD sessions
- Conversion meetings
- Implementation planning meetings
- Training planning meetings
- Training sessions

Our experience in this process on IV&V projects demonstrates that early involvement increases our understanding regarding the intent of the deliverable and allows for IV&V input during the development process, which, in turn, facilitates the deliverable review processes.

Structured Walk-Through Participation

For the more complex deliverables, the EES Contractor may be expected to conduct a structured walk-through for the Department and/or IV&V team as the deliverable is submitted for review. The purpose of this step is to orient all reviewers to the content and context of the deliverable in order to expedite the review process. Additionally, any aspects of the deliverable requiring further clarification may be discussed at this time.

Draft Reviews

As key portions of complex deliverables are completed, First Data conducts initial assessments and documents findings. The interim deliverable review assesses the validity of the approach being applied to the development of the deliverable, reviews for logical organizational structure, adherence to requirements and standards, readability, completeness and accuracy. Interim reviews enable First Data to identify potential defects in the deliverable early in the process. As a result, the state will have the opportunity to recommend or take corrective action before additional time and resources are expended in the final development phase of the deliverable. By conducting an interim review First Data helps ensure that a more accurate, complete version of the deliverable can be prepared for formal, final submission. This approach also expedites the final review and approval process.

Final Reviews

As part of the final review process, First Data analyzes the deliverable content to verify it meets the requirements and documents material and cosmetic deficiencies, as well as recommendations for correction or improvement. The deliverable standards as defined in the DED serve as the evaluation criteria to ensure that each deliverable is evaluated for readability, logical organization, completeness, accuracy and level of detail and quality. First Data will identify and document deficiencies and communicate those issues on a flow basis to the EESContractor so that corrective action may be taken as soon as possible.

Once the deficiencies and issues associated with each deliverable have been satisfactorily addressed, the deliverable will be resubmitted for re-review and approval. The re-review of the deliverables must validate that all identified material deficiencies have been corrected. The reviews will continue until the deliverable is acceptable by meeting all applicable requirements and criteria.

Deliverable Review Reports

First Data completes a Deliverable Review Report for each vendor deliverable. These reports provide the Department with documentation of the review process and the results. Specifically, the Deliverable Review Reports will document:

- A statement of the overall quality of the deliverable
- First Data activities that were undertaken for deliverable review
- Modifications to the deliverable already incorporated as a result of First Data activities
- An assessment of the deliverable's adherence to standards
- An assessment of the deliverable's adherence to the current laws, rules and guidelines set forth by CMS
- Congruence to the Requirements Traceability Matrix;
- Comprehensive and specific comments, including a discussion of identified issues, deficiencies, and suggestions for improvement
- Recommendation as to deliverable acceptability and any conditions linked to acceptance

Once deficiencies and issues associated with each deliverable have been addressed by the vendor, the deliverable will be re-submitted for the re-review and approval. First Data assists in the re-review of the deliverables to validate that all identified deficiencies have been corrected.

4.1.12 Reporting Requirements

As part of monitoring and measuring progress of the EES Project, the First Data Team will produce an IV&V Project Status Report monthly, which includes a summary of work activities and major accomplishments achieved during the reporting period in addition to any problems or issues that require management attention. The First Data Team will work with the Department to develop the expectations, format, and communication channels for the status report. The status report will include an ongoing project scorecard or dashboard with key metrics to be jointly determined with the Department. This indicator will advise if there are potential problems with scope, resources, budget or schedule or in the feasibility of achieving a project milestone or deliverable across all of the EES Components. It will also provide recommendations for solutions and required follow-up actions.

The Monthly IV&V Project Status Report will encompass a broad view of the EES Project and will also include specific summary data relative to the tasks performed during that period and recommendations. The Monthly IV&V Project Status Report will include at a minimum the following information:

> **b>yond our experience...**
>
> *First Data promises no surprises. We provide accurate and complete status reports that can be shared with executives as well as end users.*

- CMS Guidance – Assessment of any updates provided by CMS or delays or impacts to CMS Certification
- Operational Oversight – The current status of each MMIS Vendor in relation to that Vendor's work and implementation plans
- IV&V Management Plan Updates – Will include all planned tasks, tasks completed and tasks not completed and why based upon the IV&V Management Plan
- Periodic reviews of EES Components – Each EES Component will be reviewed in comparison to where they are on the SDLC to assess appropriate progress is being made.
- Updates to Risk Analysis & Mitigation Plan Review – All project risks will be reviewed to ensure a mitigation plan is in place and being worked as needed.
- Overview of Corrective Action Plans produced – All active Corrective Action Plans will be reviewed to ensure appropriate progress is being made.
- Overview MMIS Vendor Critical Incident Reports – Critical Incidents reported during the month will be included in the monthly report along with an updated status of any corrective action plan and mitigation strategies for each in addition to all unresolved Critical Incidents.
- Project Management updates – Results of evaluating project schedules, project progress against project metrics, resources, budget, work flow, project status reports, issues, risks and communications; and recommendations.

- Quality Assurance updates – Results of evaluating whether Quality Assurance plans and procedures are being followed including: appropriate level of independence is being maintained, formal reviews and sign offs are in place and standards are being followed.

- EES Operating Environment update – Results of ongoing assessments of updates associated with system hardware configurations, system software, compatibility with the State environments, database and system capacity and maintainability.

- EES Software Development updates – Results of ongoing assessments of the high level and detailed design of the software for all EES Components including: the software meets all requirements, adherence to design standards and methodologies, proper configuration management is being used and the design has been formally approved. Also those proper standards are being used for code development and unit testing.

- EES System Testing updates – Results of ongoing assessments of the status of system test efforts including: results of script reviews, execution, defect tracking and resolution metrics, requirement mapping, environment issues, acceptance criteria and procedures.

- EES Data Management updates – Results of ongoing assessments of data conversion procedures, error rates, database system requirements are being met and the design supports those requirements.

- Recommendations on risk – Each month all risks will be reviewed for status and progress along with any recommended mitigation strategies.

- Performance Standard Planning Document – Any updates to the Performance Standard Planning Document will be highlighted here.

- Updated Work Breakdown Structure – Updates to the WBS will be included in this section.

In addition, each IV&V Project Status Report will include a current status of all project issues. The Issues Log is the method by which project issues will be documented, communicated, and monitored through resolution at the summary level. This log provides a synopsis and history of issues that the project will use for decision making purposes in status meetings, status reporting and executive meetings, briefings and/or reports.

We have provided the IV&V Monthly Status Report Title Page and Table of Contents from one of our current projects; the Indiana Eligibility Determination Services System below in Figure 4.1.12.1. The full sample report is included as Attachment 5.

State of Indiana

Family and Social Services Administration, Division of Family Resources (DFR)

IV&V Services for Indiana Eligibility Determination Services System (IEDSS)

Draft Monthly IV&V Report
August 2013

Table of Contents

Figures 4.1.12.1– IN IEDSS IV&V Monthly Status Report Title Page & Table of Contents

The First Data Team will work closely with the Department to customize the data elements in the report to reflect the desired components.

4.2 Deliverables

The following table outlines the deliverables associated with the EES Projects' IV&V activities. We provide sample deliverables from current projects as Attachments 4 & 5 to provide an indication of the depth and breadth of our reports. Those deliverables with samples provided are noted in the table. We will work with the Department to define the precise structure and contents for each required deliverable to meet the EES Projects' unique needs.

Deliverable	Deliverable Description	Frequency
Initial IV&V Assessment Report *(Sample Provided)*	• Includes an IV&V dashboard that illustrates the status of key metrics for each project phase • Addresses the activities performed during the IV&V project initiation as well as the activities planned for the subsequent two months. • Identifies, to the best of our ability, any expected meetings, interviews, and documentation needed by the IV&V team during the next two months. • Documents initial list of issues and risks, as well as the project lifecycle checklists	Phase I – January 2014
IV&V Management Plan *(Sample Provided)*	• Documents the approaches for managing all aspects of the IV&V work effort and includes roles and responsibilities, issue management, risk management, communication management, scope/change request management, schedule and work plan management, resource management, deliverable management, document sharing/access, and reporting.	Phase I – January 2014
IV&V Project Status Reports *(Sample Provided)*	• Activities completed or in process • Activities scheduled for the upcoming period • Activities scheduled for completion this period that were not completed • IV&V Schedule Update • Issue & Risk Assessment	Monthly

Deliverable	Deliverable Description	Frequency
IV&V Project Schedule *(Sample Provided)*	• Work with Department to develop the draft project schedule, outlining the project tasks, roles, responsibilities and deliverable • Validate tasks and modify them as requested, to include: ✓ Validate tasks and deliverables from the RFP were included in the initial project Work Breakdown Structure (WBS) ✓ Identify any additional tasks and deliverables to add to WBS based on initial feedback from Department ✓ Identify predecessors and successors ✓ Incorporate tasks and due dates for all deliverables that require drafts and final submissions and review and approval periods • Assign resources to tasks and ensure that resources are not over allocated • Baseline approved work plan to track actual against baseline start and finish dates • Using Microsoft Project, review and update the work plan on a weekly basis to ensure currency, accuracy, and completeness as well as to facilitate timely progress and measurement tracking and reporting • Complete weekly updates to determine activities or tasks that may be at risk of budget or schedule variances and to allocate resources to address project risks, including: ✓ Summary of key impacts and changes made since prior month and risks and issues associated with changes ✓ Percent complete for each task and subtask ✓ Actual hours by task and subtask ✓ Resource adjustments as necessary ✓ Gantt charts and various views showing planned start and end dates and durations of all tasks, subtasks, and major milestones and deliverables, including timeframes for review and approval of all deliverables and work products and exceed contract commitments	Phase I – January 2014

Deliverable	Deliverable Description	Frequency
Performance Standards Planning Document	• Analyze requirements to validate they adhere to State and Federal guidelines, regulations and conditions, meet the expectations of project and agency stakeholders, and include system performance standards, to include ensuring that various stakeholder groups have provided input to and/or participated in usability prototyping and testing of the system look and feel • Confirm stakeholder approval and buy-in for requirements changes that impact schedule, scope, or cost of project • Review performance related requirements to ensure acceptable transaction, response, and processing timeframes have been defined • Assess ESS software architecture by verifying the selected software products meet required State and Federal functionality and performance by standards • Review existing benchmarking tests on similar hardware configuration to verify performance, and review performance test results to identify potential issues • Verify the planned software infrastructure is consistent with the State's architecture standards and assess planned vendor support for key software components to identify potential risks. • Provide initial and ongoing reviews of system software requirements and requirement changes as part of our IV&V Review Reports, and document/substantiate any deficiencies identified in the Initial and Monthly IV&V Review Reports, as well as debriefings to executive management	Phase II – February 2014

Deliverable	Deliverable Description	Frequency
Performance Metrics Document	• Conduct a detailed assessment of systems operations plans to verify plan is complete, identifies key performance metrics to measure performance consistent with implementation contract's service level agreements and details how data required for each metric is collected and reported • Validate State and implementation contractor is executing the systems operations plan effectively • Verify Project has established and follows appropriate procedures for systems monitoring, security, backup, and recovery, and disaster prevention and business continuity • Consider both routine and unexpected process requirements that are likely to affect the EES system reliability, specifically, our review will focus on fire and disaster prevention, business continuity and recovery in the event of a disaster • Review the back-up procedures to ensure they are appropriately documented and are enforceable to keep system fully functional and operational at all times • Conduct detailed assessment of the System Implementer's Operation Manual or System Administration Manual, validating that the manuals provide clear definitions of Roles and Responsibilities and account for sufficient staffing levels for the operations of the EES Solution and to achieve the operational SLAs • Identify any potential deficiencies in the defined roles or staff levels, and recommend corrective action to ensure smooth system operations • Provide an assessment of Systems Operations as part of the Monthly IV&V Reports and the Monthly IV&V Debrief Meeting	Phase II – February 2014
Monthly Management Briefing Report *(Sample Provided)*	• Prepare and deliver formal presentations to executives on the status of the project and IV&V findings • Staff will be notified at least 10 business days prior to the meeting being scheduled	Monthly
Risk Assessment Report *(Sample Provided)*	• Issue & Risk Assessment • Activities performed, key or critical results, findings or issues identified. • Analysis of the management of the project (State and vendor) with recommendations for improvement. • Results of user involvement assessment and buy-in • Functionality assessments. • Test plan / Test outcome assessments • Integration and alignment of PMO and system integrator processes and practices and any associated risks	Quarterly

Deliverable	Deliverable Description	Frequency
EES Estimating & Schedule Review Recommendations Report	• Analyze proposed Change Orders to the D&I Solution-based or IV&V Vendor Agreements • Review draft Change Orders with respect to scope, level of effort, resources, schedule, cost, and impact to the existing Schedule • Confer with the Vendor team during the Change Order analysis process • After initial review, meet with the appropriate Vendor representatives to request additional information or clarification • Monitor project accomplishments against the project schedule using Master Project Schedule • Schedule future and current tasks using Master Project Schedule • Evaluate the type and level of resources assigned to project tasks using Master Project Schedule • Collect and report the following information that could impact the project schedule: ✓ Number of tasks on the critical path that have started on time ✓ Number of tasks on the critical path that did not start on time ✓ Number of tasks on the critical path that have completed on time ✓ Number of tasks on the critical path that were not completed on time ✓ For tasks on the critical path that did not start or complete on time, number of days past the scheduled start or completion date ✓ Actual level of effort (work hours) compared to planned level of effort for tasks ✓ Actual resources/positions assigned to tasks compared to planned resources ✓ Any new tasks or changes in tasks that could affect the critical path ✓ Changes in task start dates or finish dates	Quarterly
EES Deliverable Review Report *(Sample Provided)*	• Adherence to the DED • Congruence to the Requirements Traceability Matrix • Comprehensive Assessment including Deficiency Trend Analysis • Overall Completeness • Requirements Traceability to the Specification • Summary of Deficiencies Identified • Detailed Deficiency Assessments for Both Material and Cosmetic Deficiencies • Recommendation for Acceptance	Monthly
Critical Incident Report	• Results from review of critical path deliverables	Monthly
EES Project Milestone & Cost Status Report	• Scorecard Metric - The results of the performance scorecard metric used for determining payments • Results of tracking project task completion against milestones Results of tracking project task completion against milestones	Bi-annually

Deliverable	Deliverable Description	Frequency
EES Design & Analysis Review Report *(Sample Provided)*	• Verify the proposed solution is feasible, efficient, and completely satisfies all requirements • Evaluate designs for usability, efficiency, and logic, to include use cases or equivalent, page layouts, report layouts, forms/notice layouts, and interface layout. • Review logical data model and assumptions for potential impact • Provide an initial review of High-Level Design as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in the Initial and Monthly IV&V Review Reports for each subsequent development sprint	Phase VIII – August 2014
Unit Testing Review Report *(Sample Provided)*	• Evaluate plans, requirements, environment, tools, and procedures used for unit testing system modules • Evaluate level of test automation, interactive testing, and interactive debugging available in the test environment • Confirm planned test processes provide an appropriate level of test coverage, that results are verified, that correct code configuration has been tested, and that tests are appropriately documented • Provide an initial Unit Test Review as part of our Initial IV&V Review, Activities, and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports	Phase IX – September 2014

Deliverable	Deliverable Description	Frequency
EES Technical Recommendations Report	• Evaluate documented design standards, methodology and tools used, and provide recommendations for improvements, if warranted. • Evaluate design products, such as use cases, design specifications, page layouts, high level data/database models, report layouts, and diagrams to determine whether they adhere to the following: ✓ Meet Deliverable Expectation Document (DED) standards ✓ Meet process requirements ✓ Are traceable to requirements ✓ Are under configuration control ✓ Meet acceptance criteria for the design document • Review both the general system design (GSD), detail system design (DSD), and both design documents, ensuring DSD flows from the GSD, and that the DSD provides a technical framework within which application programmers and analysts can perform detailed modification and development activities in these areas and others as appropriate: ✓ Reports ✓ Forms ✓ Notices ✓ Batch Programs ✓ Interfaces • Evaluate standards, design efficiency, methodologies, and control, applying an additional granular level to DSD assessment to verify that the flow of requirements from GSD use cases, design specifications, and models and diagrams can be traced to appropriate elements of the detailed design and are accurate and complete • Verify that all design products follow control standards and are formally approved prior to initiation of the actual coding • Provide an initial review of Detailed Design as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports for each subsequent development sprint	Phase XII – December 2014

Deliverable	Deliverable Description	Frequency
Data Conversion Process Review Report *(Sample Provided)*	• Review Conversion Plans to validate conversion methodology and verify that it addresses all necessary requirements • Ensure plan clearly defines legacy sources for conversion and systems with which the new system must interface • Ensure each plan includes evaluation criteria and methodology to identify data elements that will be included in data dictionary • Validate that overall conversion approach and timeliness are clearly demonstrated • Verify that processes for data cleansing and discrepant data clean-up are outlined • Evaluate conversion fallout thresholds to determine if they are manageable • Review conversion approach used and take into account any unique characteristics of both ancestor and descendant system designs • Provide an initial Data Conversion Review as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports	Phase XIII – January 2015
Data Conversion Error Report	• Conduct detailed assessment of Data Conversion Plan to validate that it provides sufficient instructions/guidelines on various data conversion components to be conducted through the life of the project, to include: ✓ The overall data conversion methodology to be employed ✓ Detailed descriptions of the data conversion activities ✓ Description of the roles and responsibilities for the Vendor and State data conversion teams ✓ Documentation of data conversion procedures to be used by the team • Evaluate the data conversion methods, approaches, error reporting, and resolution processes to verify mechanisms are in place to ensure the system and software requirements, use cases, and design elements allocated to software are satisfied • Validate the data conversion plans contain the process for error reporting, the definition of fields required for each error, the metrics required from the error reports and trends, and the resolution process • Communicate our independent assessment of the Data Conversion effort as part of the Monthly IV&V Report(s) no later than the 15th of each month and communicate the assessment results during the Monthly IV&V Debrief Meeting	Monthly (Starting Phase XIV)

4.3 Proven IV&V Methodology

First Data has worked with multiple states verifying and validating their systems are built according to the specifications. With decades of experience under our belt and a thorough understanding of industry standards,, we bring professionals that can access work products and provide recommendations aimed at enhancing the overall quality and robustness of deliverables. Our team will analyze work plans and schedules, conduct independent testing and examine the Requirements Traceability Matrix (RTM) to ensure the system adheres to all stakeholder expectations of the EES Project design.

First Data Is Prepared to Complete the Scope of IV&V Services for the Project

With our understanding of the EES Project, First Data aligns our IV&V management methodology to the standard project phases as defined by the PMBOK and as reflected in the illustration below.

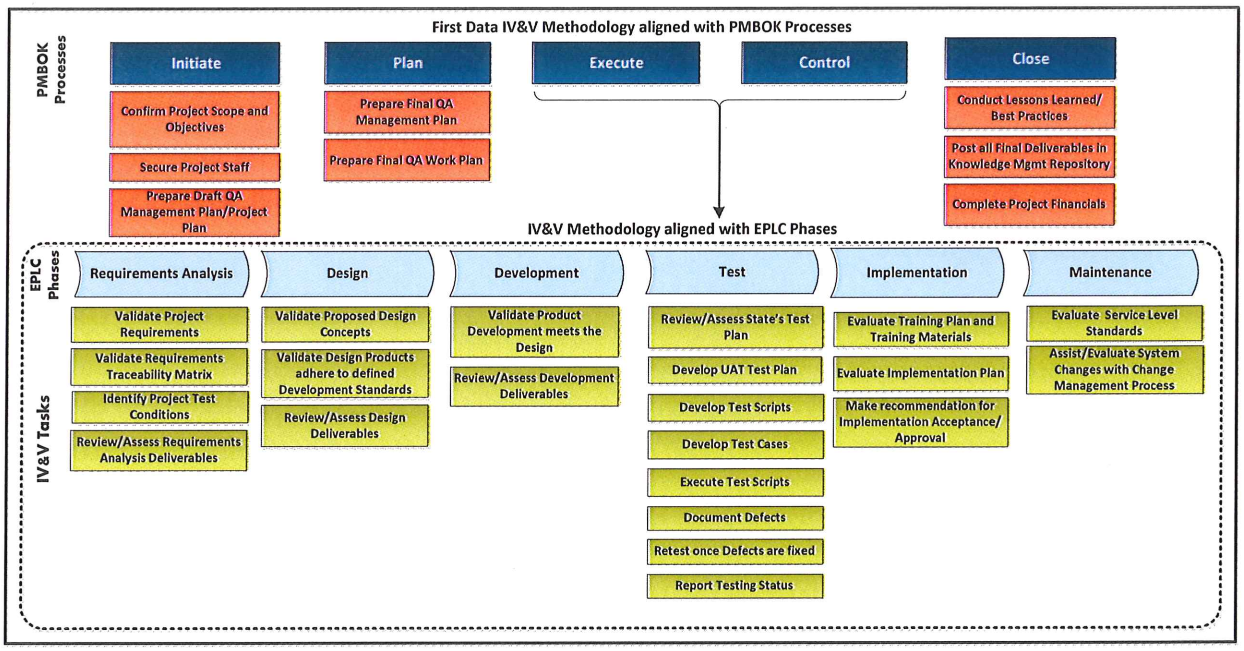


Figure 4.3.1– First Data's IV&V Methodology

Our IV&V method draws on industry standards and over 20 years of insight and experience to address each major dimension of the EES Project

First Data follows a structured IV&V project management approach as follows:

- **Initiate** - in which we confirm key project and IV&V objectives, secure staff and prepare a draft IV&V Management Plan and IV&V Work Plan.
- **Plan** - in which we create and maintain a structure to accomplish the objectives and prepare the team to begin the phase or task. This includes finalization of both the IV&V Management Plan and the IV&V Work Plan.

- **Execute** - in which we coordinate the people to carry out the IV&V Management Plan and build the IV&V products/tools. In this phase, we:

  - ✓ Complete all IV&V tasks, including deliverable, progress and process reviews
  - ✓ Provide and use our IV&V tools, such as checklists and metrics
  - ✓ Prepare required IV&V deliverables, including deliverable review reports and IV&V Status Reports
  - ✓ Share our findings through defined communication processes and channels

- **Control** - in which we assure that project objectives are met by monitoring and measuring progress and recommending corrective action as necessary. We apply consistent assessment and monitoring processes throughout design, development and implementation. We track and monitor progress of our IV&V tasks and deliverables, assess the progress and performance of the EES Contractors and adherence to the overall schedule and budget.

- **Close** - in which we assist the project in verifying that all deliverables meet requirements, the products have been tested, that there are no findings that would preclude final implementation and provide a recommendation for final approval/acceptance.

First Data will Utilize Our Proven IV&V Methodologies to Meet Project Objectives

First Data applies a structured deliverable review and assessment methodology that our team has used on many prior IV&V engagements. We will apply this methodology to the review of EES Project deliverables. Our methodology is based on the following tenets:

- **Participate in the full deliverable lifecycle** – First Data works with the Department staff throughout the entire deliverable development, review, and comment and approval process, through submission of a recommendation for deliverable acceptance.

- **Provide input and feedback on a flow basis** – This allows recommendations to be incorporated into subsequent versions of deliverables, which improves the quality of the final product and minimizes the time associated with final reviews.

- **Use a structured tool to document findings** – This provides a consistent and consolidated format where cosmetic and material deficiencies are documented.

- **Produce thorough Deliverable Review and Assessment Reports** – First Data reviews and assesses the readability, comprehensiveness, accuracy, level of detail, and quality of all required deliverables.

4.4 Proven Performance Matrices

First Data will thoroughly review the EES Vendor's plan for data collection, evaluating items such as the data to be collected and how it will be done. First Data has experience preparing plans for data collection and will draw from that experience. We understand the importance of a sound data collection methodology as conclusions will be drawn from the basic data that is collected, and liquidated damages may be assessed. We will also review all sampling methodologies and procedures to ensure that samples selected are representative and reliable. We will also assist the State in monitoring the mandated metrics for service levels, key performance indicators, critical transition milestones, and federal penalties. We will recommend tools for tracking compliance with all performance standards, and as appropriate, we will work with the EES Vendor to assist them in achieving compliance with all performance standards.

First Data's method for tracking performance standard compliance takes information and converts it in a manner that is more actionable. This is done by arranging the information into Key Performance Indicators (KPIs). KPIs are a subset of performance measures, and permit stakeholders to determine how well an organization is performing against a particular stated goal or goals. First Data describes this methodology in detail in Proposal Section 4.5, Performance Matrices Methodologies. Figure 4.4.1, below, illustrates the components of this methodology.

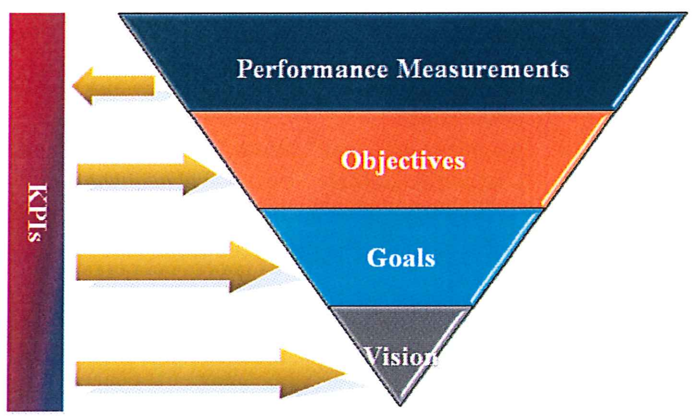


Figure 4.4.1 - The Building Blocks and Applications for KPIs

The following details how our performance measure development methodology. This has been used successfully on all First Data IV&V projects. We detail each of these projects in Proposal Section 3, Corporate Overview.

First Data Utilizes a Proven Methodology for Developing Performance Measures

First Data has extensive experience developing performance measures and using them to drive management decisions. With regard to KPIs, our task is to create the vision for the business transformation. Then we must develop an action plan to achieve the business transformation vision. Next, goals and objectives can be aligned to the vision that they intend to meet through their re-engineering efforts.

The goals and objectives may differ, depending on the area being re-engineered and the stakeholder base evaluating the effort. This is why it is important to develop a balanced scorecard that has identified measurements across business operations. Those stakeholders most invested in financial operations, for example, may compete with those most interested in customer satisfaction. Therefore, it is imperative that the agency facilitate agreement across stakeholder groups regarding the goals of the KPIs for the overall project.

Once there is a list of KPIs it will then be possible to establish a basic list of processes that must be measured and whether output or outcome measures are needed. Armed with a list of processes to be measured, DHHS can accomplish two additional tasks: collecting baseline data in the "As Is" environment, and identifying the requirements for collecting related data in the "To Be" environment.

Here are some key considerations for DHHS is defining performance measures:

Activities to Consider	Questions to ask yourself
Establishing the Business Transformation Vision	• Who should be part of the Executive Steering Committee responsible for generating the vision? • Who are the stakeholders who must be engaged to provide input into the vision? • What are the main opportunities that the organization is trying to bring to fruition? • What are the key components of the "To Be" state?
Align goals and objectives to the strategic vision	• What are the most important goals and objectives across the enterprise? • Do different organizational units have different goals that could jeopardize enterprise goals? If so, how can they be aligned? • Who will resolve conflicting goals and objectives?
Develop an Action Plan for making the vision reality.	• What activities will be part of the transformation? • Which activities will generate data? • Where and how will the data be stored?
Identify performance measures for each activity in the Action Plan	• What objective measurement will best reflect the activities that are part of the enterprise? • How can data regarding those activities be generated, collected and stored? • How will the enterprise define the performance baseline?
Align and/or combine performance measures into KPIs	• What is the best way to measure progress towards a goal? • How will performance measures be aggregated and/or aligned to create these KPIs? • Is there data available to tie to each performance measure and KPI? If not, what are the data elements that are missing and how can data for those elements be generated? • Are there appropriate KPIs tied to each goal and objective?
Report KPIs so that they are actionable	• Are the KPIs measuring what we thought they would measure and providing the actionable information we hoped would be generated? • Who needs to be apprised of the KPIs? • What is the best way to report information so that managers will

Activities to Consider	Questions to ask yourself
	make data-driven decisions? • How frequently should the KPIs be generated? Is there an optimal data generation cycle that permits course correction?
Adjust goals, objectives and Action Plan as necessary in response to KPIs	• Are we making progress toward our goals? • Is our Action Plan working the way we thought it would? • What needs to be adjusted to put the organization on a course that is more consistent with the vision?

Table 4.4.1 – Activities to consider concerning defining performance measures

Tying each KPI to related goals and objectives and establishing a wide range of performance measures to support each KPI will provide the ability to institute requirements that will allow DHHS to fully measure the outcomes of an implemented change. Generating reports with this information and disseminating it to managers to take appropriate action will give DHHS the tools needed to effectively measure their business outcomes with a more detailed view.

The identification, definition, implementation, and maintenance of performance standards and metrics to measure against those standards are essential for a project's ability to sustain quality. Performance standards must be clear and easily understood by all stakeholders, with specific roles and responsibilities defined for each standard. Next the method for collecting and analyzing data must be documented in a Performance Matrix Plan defining data to be collected and how it will be done. We understand the importance of a sound data collection methodology as conclusions will be drawn from the basic data that is collected, and liquidated damages may be assessed.

First Data's Methodology: Highly Successful in the State of Indiana

First Data has experience preparing plans for data collection as well as reviewing and assessing the plans of system integrators and outsourcing providers. First Data was hired by the State of Indiana when that state attempted to outsource service centers that processed intake and case management for their eligibility programs. First Data reviewed the output performance standards and suggested supplemental measures to enhance them. For example, we suggested that the Department would benefit from adding specific performance measures regarding complaints and appeals, fraud and abuse, and quality control functions. First Data thoroughly reviewed the outsource provider's plan for data collection including all sampling methodologies and procedures to ensure that samples selected were representative and reliable. We will also assist the State in monitoring the mandated metrics for service levels, key performance indicators, critical transition milestones, and federal penalties. This data was key in assessing the outsourcing model and the resulting changes made to the model.

4.5 Performance Matrices Methodologies

Performance matrices allow stakeholders to review quantitative and/or qualitative information to understand and evaluate organizational performance. Performance matrices can be related to any aspect of an organization's operations, but should be viewed as particularly imperative as baseline measures of an organization's "As Is" state. Data used for performance matrices can be automatically collected as part of process automation, or can be manually collected through site visits, requirements sessions, interviews, and surveys.

While the notion of collecting data seems straightforward, years of experience has led First Data to understand that there is an art to data collection, as well as a science. The science is the part that is clear: a number is a number, and a change in a number in one direction or another can be interpreted. But how data is generated, what is counted, and how it is used to provide actionable information is an art. First Data prides itself on its extensive experience with all forms of data management, including the identification of appropriate and meaningful data elements and data collection strategies, as well as its expertise in how to use it to generate actionable information.

As mentioned in Proposal Section 4.4, First Data's methodology for applying information in a manner that makes it more actionable is to arrange it into Key Performance Indicators (KPIs). KPIs are a subset of performance measures, and permit stakeholders to determine how well an organization is performing against a particular stated goal or goals. In order to identify KPIs and collect data to measure them, the organization must first articulate the goals and objectives they are trying to achieve. Goals can be categorized into operational areas, such as fiscal, learning, process and/or client service. Having these different categories allows an organization to generate a "Balanced Scorecard" view of the organization. However, there should also be enterprise-wide goals that aggregate performance measures and become KPIs that provide actionable information regarding organizational process toward goals.

Once the organization has identified their goals and objectives they can determine which of the performance measures that can be generated are directly related to achieving them. Figure 4.5.1 below, illustrates this concept.

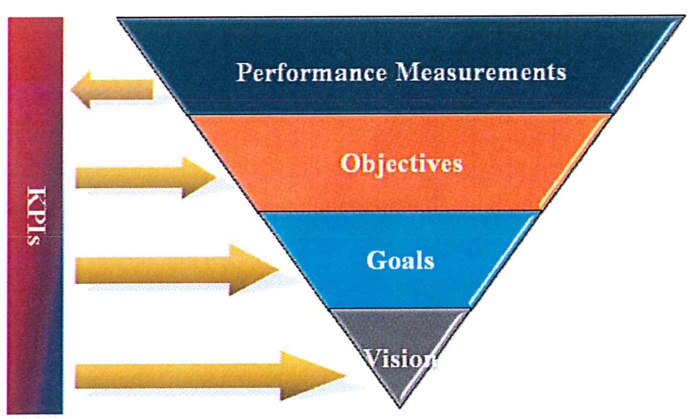


Figure 4.5.1 - The Building Blocks and Applications for KPIs

The organization starts with a strategic vision that provides the basis for developing goals and objectives. Performance measures or matrices can be generated that are related to each. However, performance measures must be fed into KPIs and related back to the objectives, goals and vision in order to be actionable. For example, a performance measure can be tied to anything an organization does, such as how many claims are processed. This performance measurement may or may not be a KPI depending on the organization's goals. If the goal of the organization is to process more claims, then the claims processing measurement is a KPI. If the goal of the organization is to ensure customer satisfaction, then the number of claims processed is not a KPI, and the organization must also collect outcome data related to the processing that could indicate satisfaction, the number of claims accepted versus those denied, and the speed of processing.

As illustrated, a KPI must be directly aligned with the goal being measured, and should provide information regarding how successful the organization is at bringing their performance in line with their long term strategic vision. In the event that the KPI measurement shows that an organization is not making progress against their goals, they should also help operations become more proactive in adjusting processes when sub-optimal trends surface.

To be useful, a KPI must meet a specific set of criteria, as follows. KPIs must be:

- Objective
- Clear
- Acceptable to all stakeholder groups as valid
- Timely
- Accurate
- Measurable
- Meaningful

In order for KPIs to be acceptable to stakeholders, it is advisable to engage them in the development of the vision and goals. A strategic vision is one that describes the proposed future environment for the business transformation. Having a strategic vision is critical to organizational success, because it provides direction and cohesion in a changing environment. To maximize ownership and support of the vision as well as the KPIs related to it, representative stakeholders must be engaged in the visioning process.

4.6 Risk Management

The Project Management Institute (PMI) defines a risk as "an uncertain event or condition that, if it occurs, has a positive or negative effect on a project's objectives from its impact."

Through early identification and recognition of potential problems, the project can attempt to avoid or minimize a problem through proper actions. Upon initiation of the EES Project, First Data will work with the Department to deploy a comprehensive Risk Management Process using First Data's established Risk Management methodology.

Development of a Risk Management Strategy and Plan is a key activity done in conjunction with the development of the PMP contents. The Risk Management Plan documents the approach, procedures, and tools used to manage risk associated with the EES Project.

The First Data approach to risk management includes these key components.

- **Identify** - Before risks can be managed, they must be identified. Identification discovers risks before they become problems and adversely affect a project. First Data has developed techniques for surfacing risks by the application of a disciplined and systematic process that encourages project personnel to raise concerns and issues for subsequent analysis.
- **Analyze** - Analysis is the conversion of risk data into risk decision-making information. Analysis provides the basis for the EES Project Manager to work on the "right" risks. This step includes determining probability of occurrence to determine which risks warrant the highest level of attention.
- **Plan** - Planning turns risk information into decisions and actions (both present and future). Planning involves developing actions to address individual risks, prioritizing risk actions, establishing an owner to address each risk, and creating an integrated risk management plan. The plan for a specific risk could take many forms. For example:
  - ✓ Mitigate the impact of the risk by developing a contingency plan (along with an identified triggering event) should the risk occur.
  - ✓ Avoid a risk by changing the design or the development process.
  - ✓ Accept the risk and take no further action, thus accepting the consequences if the risk occurs.
  - ✓ Study the risk further to acquire more information and better determine the characteristics of the risk to enable decision-making.

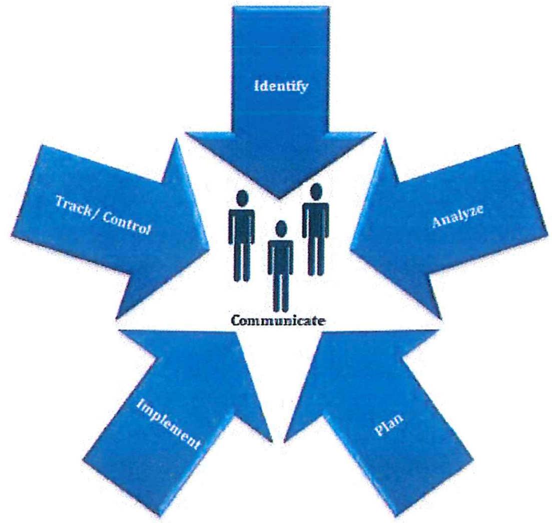


Figure 4.6.1 - Risk Management

- **Track -** Tracking consists of monitoring the status of risks and taking action to ameliorate risks. Appropriate risk metrics are identified and monitored to enable the evaluation of the status of risks themselves and of risk mitigation plans.

- **Control -** Risk control or abatement corrects for deviations from planned risk actions. Once risk metrics and triggering events have been chosen, there is nothing unique about risk control. Rather, risk control melds into project management and relies on project management processes to control risk action plans, correct for variations from plans, respond to triggering events, and improve risk management processes.

- **Communicate -** Risk communication lies at the center of the model to emphasize both its pervasiveness and its criticality. Without effective communication, the risk management approach cannot be viable. While communication facilitates interaction among the elements of the model, there are higher-level communications to consider as well. To be analyzed and managed correctly, risks must be communicated to and between the appropriate organizational levels and entities. Because communication is pervasive, our approach is to address it as integral to every risk management activity and not as something performed outside of, and as a supplement to, other activities.

Risk Identification

Project risks are identified, monitored and managed throughout the life of the project and there are various areas that can affect a project's risk level. The following are examples of topics to be considered when assessing risk:

- The contract, schedule and budget
- The technology used on the project
- The environment in which the project is executed
- How well the project fits the culture or business area or strategic objectives
- The degree of change that will result from the project

Identified risks will be documented, maintained and monitored through use of a Risk Management tool. A Risk Management tool can be as simple as a Microsoft Excel spreadsheet; however First Data typically recommends use of a more robust tracking database. First Data will work with the Department to determine the most appropriate Risk Management tool for use in the EES Project. Risks will be identified through a variety of means:

Identifying Risks	
Project deliverable descriptions and specifications	Risk is inherent in any new project, often because the product or process being created is completely new. In situations such as this, it is wise to look at the proposed product or service descriptions and specifications to determine if there are any areas that have the potential for risk.
Project Documents	Reviewing documents such as project work plans, budget estimates, staffing plans, assumptions and constraints, etc., may bring to light areas of risks that were not immediately apparent at the time of creation.
Subject Matter Expert interviews	Talking to subject matter experts and reviewing historical project files will give the team an indication of where risk may lie.
Brainstorming sessions	Getting key project team members together into a room and documenting thoughts, free of immediate criticism, has the potential to generate ideas. Such meetings help team members understand various perspectives and can help the team better understand the big picture, including the priorities of the project. These ideas can then be categorized and evaluated.
Analogy comparisons	Examining lessons learned from similar projects can help identify potential risk areas for the project at hand.

Table 4.6.1 – A variety of means to identifying risk

Risk identification is an ongoing task throughout the project life cycle. All project staff is responsible for identifying and documenting potential risks. The First Data Lead has the primary responsibility for sponsoring risk identification activities and collecting the identified risks for analysis. The Status Meeting includes a topic for discussion of possible risks.

Formal monthly risk meetings will be conducted by the First Data Team, and will include the Department's Project Manager, EES Contractor, key Department management, and the Department's EES Project team. Other risk management meetings may be scheduled independent of the monthly meetings, as needed.

The First Data staff will log new risks to the Risk Management Matrix and assign a status of "Identify". The First Data Project Manager, in conjunction with the Department Project Manager will review the risk to ensure the title and description clearly indicate the concern, likelihood of occurrence (if known), and possible consequences. First Data will document the results and recommendation of the analysis as part of the Risk Assessment Report.

First Data will coordinate the review and validation (i.e., identified risk is not a duplicate risk; the identified risk is worth analyzing for impacts and possible mitigations/contingencies) of the identified risks. This analysis may require more information from the originator before making a determination of the validity of a risk. Invalid risks remain in the Risk Management Matrix to lessen the likelihood of duplicative efforts in the future, but are marked as deleted. If a risk has been marked as deleted, the First Data team will notify the risk originator and explain the reasoning behind the deletion.

Risks that may affect the project will be identified and organized into high-level categories. These categories will be well defined and will reflect common sources of risk for the business or application area. Categories include:

Risk Categories	
Technical	Examples include reliance on unproven or complex technology, unrealistic performance goals, changes to the technology proposed, integration with existing systems, and changes to industry standards during the project.
Schedule	Examples include the ability of the project team to meet key deliverable dates based on scope changes and/or resource unavailability, and overall accuracy of the planned project schedule.
Cost	Examples include additional costs required to allocate additional or different staff resources, changes in approach that require additional resources (staff and dollars), and solving design, application program, or operational problems. This category is highly dependent upon schedule risks.
Project Management	Examples include poor allocation of time and resources, inadequate quality of the project plan, and/or lack of sound project management practices.
Quality	Examples include little or no allocation of resources to quality assurance related tasks such as establishing and documenting project management, deliverable and staffing expectations, interim and final deliverable reviews, independent testing, or lack of defined industry accepted standards and methodology.
Organizational	Examples include cost, time, and scope objectives that are internally inconsistent, lack of prioritization of tasks or projects, inadequacy or interruption of funding, and resource conflicts with other projects in the organization.
External	Examples include a shifting legal or regulatory environment, labor issues, changing state priorities and federal-related risks. Vendor contract risks are also considered in this category, including contractor relationships, type of contract, and contractor responsibilities in case of under-performance of project deliverables.

Table 4.6.2 – Risk Categories

Risk Analysis

Risk analysis is the process of assessing the likelihood of occurrence, potential impact to the project, level of control, overall exposure, and priority for each risk. Risk analysis will be performed for all identified risks. Risk analysis extends the value of the understanding, documenting and reporting on overall project risks by attempting to assign each risk to a numerical scale.

The First Data Project Manager, in coordination with the Department's Project Manager, will assign each risk to a Risk Owner for analysis and establish a planned analysis completion date. The Risk Owner analyzes the risk to determine what actions should be taken (if any), to establish the priority of the risk, and to identify the level of resources to commit to the risk mitigation plans.

The risk is analyzed to determine:

- Impact to cost, schedule, scope or resources
- Probability of occurrence
- Level of control
- Exposure of potential risk item occurrence
- Priority of each risk

Each risk is analyzed to determine the extent of the impacts should the risk event occur. It is an estimate of the severity of adverse effects, magnitude of loss or potential opportunity cost. The analysis includes any assumptions made, constraints, and sensitivity of the item. Impact is rated on the following scale:

- Low (1) – The risk does not represent a material impact on the project budget, schedule, scope, resources or quality.
- Medium (2) – The risk would disrupt project progress, extend the schedule, or reduce the budget over the short term, but is manageable.
- High (3) – The risk represents a significant negative impact on project budget, schedule, scope, resources or quality and threatens overall project success.

Each risk is then analyzed to determine the probability of the occurrence or the likelihood the risk will occur during the project lifecycle. This is rated on the following scale:

- Low (1) – The risk is unlikely to occur or will probably not occur.
- Medium (2) – The risk may occur or has a 50/50 chance of occurring.
- High (3) – The risk is almost certain or very likely to occur.

Lastly, the level of control the project has regarding the outcome of the risk is assessed. The following values are used as a measure of control:

- No Control – (1) none of the stakeholders can control the outcome of this risk.
- Minimal Control – (2) State or Federal Stakeholders have the authority to control the outcome of this risk.
- Moderate Control – (3) the Department's EES Project Team has the authority to control the outcome of this risk.

- High Control – (4) the Department has the authority to control the outcome of this risk.

Risk exposure will measure the overall threat of risks by assuming a risk factor. The risk exposure is computed using probability, impact, and level of control.

The following risk calculation expresses the overall risk exposure.

$$\text{Risk Factor/Exposure} = \frac{\text{Probability x Impact}}{\text{Level of Control}}$$

A numeric score will be used to determine a Low exposure (1 or 2), Medium exposure (3 or 4) or High exposure (6 or 9).

The First Data team then reviews the newly identified risk to establish its relative rank or priority among existing risks and to review the risk in combination with other risks (for example, with other risks in a similar functional area or risks with similar impacts). The First Data Project Manager may adjust resource assignments, action plans, or other priorities to ensure the risk is adequately addressed. Risks can be prioritized as high, medium and low based on the Risk Exposure values as shown in the following table:

Value	4	3	2	1	
1	0.25	0.33	0.5	1	
2	0.5	0.67	1	2	**Low Priority - Track & Resolve**
3	0.75	1.00	1.5	3	
4	1	1.33	2	4	**Medium Priority - Manage & Report**
5	1.25	1.67	2.5	5	
6	1.5	2.00	3	6	
8	2	2.67	4	8	**High Priority - Escalate**
9	2.25	3.00	4.5	9	

Figure 4.6.1 - Risk Exposure Values

Risk Planning

Risk planning consists of the development of detailed plans for either mitigation and/ or contingency actions for a specific risk. The risk response planning is presented for discussion at monthly status meetings. At this meeting, the First Data team will discuss the impacts and possible mitigation/contingency options. If it is decided risk actions are warranted, a Risk Owner is assigned (or confirmed) and tasked with creating the appropriate mitigation and/or contingency action plans. This information will be captured and updated in the risk tool.

The risk action plans are reviewed during regular status meetings and monthly risk management meetings to ensure they are feasible and appropriate for the severity and ranking of the risk.

Risks that cannot be influenced by any act of the project or project management are considered accepted. In these cases, the risk will be monitored, but no effort is expended towards mitigation or contingency actions. The Department will determine if a risk should be accepted or escalated as appropriate.

The Risk Owner will develop a risk mitigation plan. The following information is documented in the risk mitigation plan(s).

- The risk to be mitigated
- Selected mitigation strategies to be implemented
- The desired outcome of the mitigation activities
- When each mitigation activity will commence (what is the trigger event)
- How and when (frequency of) the mitigation activities will be tracked
- Who is responsible for the mitigation activities
- Who is responsible for tracking mitigation effectiveness and how is effectiveness measured
- When will the mitigation activities cease (by a certain date or when a specific desired effect has occurred)

The Risk Owner is responsible for informing the team of any activity plan updates or changes to the plan. First Data will review all changes and update the Risk Management Matrix accordingly.

Plan Implementation

Plan implementation is the act of executing the decisions made and documenting the decisions in the risk mitigation plan(s). A mitigation plan is tied either to a trigger event and executed upon that event occurring, or may be implemented immediately.

The Risk Owner has the primary responsibility for monitoring the trigger events associated with mitigation/contingency actions. When the trigger event occurs or is imminent, the

Risk Owner initiates the plan and notifies the team of the plan execution. The Risk Owner notifies all parties identified in the contingency plan and ensures all activities are coordinated. The Risk Owner also takes the specific measurements to determine the effectiveness of the activities. If it appears the activities are not producing the desired effect, First Data will work with the Risk Owner and propose changes to address the deficiencies.

In some cases, the actions may also be tracked in the EES Project Work Plan to ensure appropriate visibility. Action plan activities and their effectiveness are monitored during the monthly status meetings.

Risk Tracking and Control

Risk tracking and control follows the progress of the risk and its probability, as well as the status of any mitigation/contingency strategies that have been executed. When changes to the risk profile occur, the basic cycle of identify, analyze, and plan is repeated. Existing action plans may be modified to change the approach if the desired effect is not being achieved.

The First Data Team reviews the updates to ensure they reflect the current risk state and provides status reports of risk activities to the Project Team at the monthly status meeting and discusses the effectiveness of the current action plans.

Risks are closed when the risk event actually occurs or it is no longer applicable. At this time, action plans are halted and the status is changed to "closed."

Escalate Risk

The First Data Team will monitor the risk reporting and escalation process. If consensus cannot be reached within the EES Project Team regarding a risk, the team will escalate it to the next higher authoritative level for resolution. If appropriate to escalate, the risk will be scheduled for the next meeting.

Risk Communications

Communications regarding risks are continuous throughout the project's life cycle both through verbal and written reports. A summary of the Risk Management status is provided in the Monthly Status Report. In addition, risk management activities are discussed at monthly status meetings and include informal identification and status of individual risk activities and assignments. All open risks and any action plans are reviewed. Current risk status and the results and effectiveness of mitigation/contingency actions are reviewed, along with the status of risk trigger events and risk profiles.

4.7 Project Management Plan

The First Data Team will work collaboratively with the Department and key stakeholders to develop and customize an IV&V Project Management Plan that integrates with, and meets the needs of, the EES Project. We understand the value of this Plan comes from the implementation of said Plan. This is not a deliverable that "sits on the shelf"; it is the guide for the entire First Data Team with some key components that the Department will also use and apply. First Data is committed to delivering an IV&V Management Plan that is practical and useful, applied consistently in the management of the IV&V effort, and coordinated with other EES Project Plans. We summarize a brief explanation of the plan contents below:

- **Section 1: Introduction and Purpose** – This section describes the overall scope and objectives of the project, the IV&V scope and goals, and most importantly, addresses how the IV&V goals and objectives align with the overall EES Project goals and objectives.

- **Section 2: IV&V Organization** – This section provides a description of the First Data IV&V Team and includes an internal organization chart, an organization chart reflecting reporting relationships to the EES Project stakeholders, and roles and responsibilities of each IV&V position.

- **Section 3: IV&V Methodology** – This section details our IV&V Method to completing the required IV&V Services. Our IV&V approach outlines the deliverables we will provide to the Department, and includes a project schedule, which we will align with the EES Project during the IV&V project initiation.

- **Section 4: Federal Review Support** – This section outlines the type of support we can provide DHHS during Stage Gate reviews and other checkpoints with CMS during the system development project.

- **Section 5: IV&V Deliverables** – This section depicts the IV&V deliverables, tools and metrics we will prepare and use. Beyond the IV&V Management Plan, the other key IV&V deliverables include the Initial IV&V Review, Critical Incident Reports, Contractor Deliverable Review Reports, and Monthly Status Reports.

- **Section 6: Attachments and/or Appendices** – This section contains any relevant attachments or appendices that provide additional supporting detail for the plan. This typically includes detailed views of the EES Project Work Plan and standing meeting schedules that require IV&V participation. We have included sample checklists in the Attachment 3.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-11073

FIRST DATA CORPORATION

DELAWARE	**47-0731996**
(State of incorporation)	(I.R.S. Employer Identification No.)

5565 GLENRIDGE CONNECTOR, N.E., SUITE 2000, ATLANTA, GEORGIA 30342
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(404) 890-2000**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting stock held by non-affiliates is zero. The registrant is privately held. There were 1,000 shares of the registrant's common stock outstanding as of March 1, 2013.

PART I

ITEM 1. BUSINESS

General

First Data Corporation ("FDC" or "the Company") is a provider of electronic commerce and payment solutions for merchants, financial institutions and card issuers globally and has operations in 34 countries, serving approximately 6.2 million merchant locations. FDC was incorporated in Delaware in 1989 and was the subject of an initial public offering in connection with a spin-off from American Express in 1992. On September 24, 2007, the Company was acquired through a merger transaction (the "merger") with an entity controlled by affiliates of Kohlberg Kravis Roberts & Co. ("KKR"). The merger resulted in the equity of FDC becoming privately held.

The Company has acquired multiple domestic and international businesses over the last five years with the most significant acquisition being the formation of the Banc of America Merchant Services, LLC ("BAMS") alliance on June 26, 2009. The Company owns 51% of BAMS and Bank of America N.A. owns 49%. Refer to Note 3 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the BAMS alliance.

Operating locations. The Company has domestic and international operations and regional or country offices where sales, customer service and/or administrative personnel are based. The international operations generate revenues from customers located and operating outside of the U.S. Revenues generated from processing transactions at locations within the U.S. (domestic) and outside of the U.S. (international), regardless of the segments to which the associated revenues applied, were 85% and 15% of FDC's consolidated revenues for the year ended December 31, 2012, respectively. Long-lived assets attributable to domestic and international operations as percentages of FDC's total long-lived assets as of December 31, 2012 were 86% and 14%, respectively. No individual foreign country is material to the Company's total revenues or long-lived assets. Further financial information relating to the Company's international and domestic revenues and long-lived assets is set forth in Note 15 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K.

Products and Services Segment Information

The Company is organized in three segments: Retail and Alliance Services, Financial Services and International.

Financial information relating to each of the Company's segments is set forth in Note 15 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K. The Retail and Alliance Services segment is reported on a proportionate consolidation basis. Proportionate consolidation reflects the Company's proportionate share of the results of non-wholly owned alliances based on equity ownership, net of a proportionate share of eliminations for amounts charged between the Company and the alliances. The segments' profit measure is a form of EBITDA (earnings before net interest expense, income taxes, depreciation and amortization). A discussion of factors potentially affecting the Company's operations is set forth in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this form 10-K. The Company does not have any significant customers that account for 10% or more of total consolidated revenues. Refer to the following segment discussions, which address significant customer relationships within each segment.

Retail and Alliance Services segment. The Retail and Alliance Services segment is comprised of merchant acquiring and processing services, prepaid services and check verification, settlement and guarantee services.

Retail and Alliance Services segment revenues from external customers, segment EBITDA and assets represent the following percentages of total segment and All Other and Corporate revenues from external customers, total segment and All Other and Corporate EBITDA, and consolidated assets:

	Year ended December 31,		
	2012	2011	2010
Segment revenues from external customers	53%	51%	51%
Segment EBITDA	65%	63%	65%
Assets (at December 31)	68%	69%	66%

Description of Retail and Alliance Services segment operations. In the Retail and Alliance Services segment, revenues are derived primarily from providing merchant acquiring and processing services, prepaid services and check verification, settlement and guarantee services. Retail and Alliance Services businesses facilitate the acceptance of consumer transactions at the point of sale ("POS"), whether it is a transaction at a physical merchant location or over the internet. A brief explanation of the segment's service and product offerings is presented below.

Merchant acquiring and processing services. Merchant acquiring services facilitate the merchants' ability to accept credit, debit, stored-value and loyalty cards by authorizing, capturing and settling the merchants' transactions. Acquiring services also provide POS devices and other equipment necessary to capture merchant transactions. A majority of these services are offered to the merchants through contractual alliance arrangements primarily with financial institutions, relationships with independent sales organizations and other referral/sales partners. The segment's processing services include authorization, transaction capture, settlement, chargeback handling, and internet-based transaction processing. The vast majority of these services pertain to transactions in which consumer payments to merchants are made through a card association (such as Visa or MasterCard), a debit network, or another payment network (such as Discover).

Revenues are generated from, among other things:

- discount fees charged to a merchant, net of credit card interchange and assessment fees charged by the bankcard associations or payment networks (Visa, MasterCard or Discover). The discount fee is typically either a percentage of the credit card transaction or the interchange fee plus a fixed dollar amount;
- processing fees charged to unconsolidated alliances discussed below;
- processing fees charged to merchant acquirers who have outsourced their transaction processing to the Company;
- selling and leasing POS devices; and
- debit network fees.

Most of this segment's revenue is derived from regional and local merchants. The items listed above are included in the Company's consolidated revenues and, for equity earnings from unconsolidated alliances, the "Equity earnings in affiliates" line item in the Consolidated Statements of Operations. The Retail and Alliance Services segment revenue and EBITDA are presented using proportionate consolidation, accordingly, segment revenue also includes the alliance partner's share of processing fees charged to consolidated alliances. In addition, segment revenue excludes debit network fees and other reimbursable items.

Retail and Alliance Services provides merchant acquiring and processing services, prepaid services and check verification, guarantee and settlement services to merchants operating in approximately 3.9 million merchant locations across the U.S. and acquired $1.6 trillion of payment transaction dollar volume on behalf of U.S. merchants in 2012. Retail and Alliance Services provides full service merchant processing primarily on Visa and MasterCard transactions and PIN-debit at the point of sale.

Retail and Alliance Services approaches the market through diversified sales channels including equity alliances, revenue sharing alliances and referral arrangements with more than 400 financial institution partners, more than 1,200 non-bank referral partners, and more than 600 independent sales organization partners, as of December 31, 2012. Growth in the Retail and Alliance Services business is derived from entering into new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment and the strength of FDC's alliances and relationships with banks and other entities. The Company's alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance and referral programs, the alliance/referral partners typically act as a merchant referral source. The Company benefits by providing processing services for the alliance/referral partners and their merchant customers. Both the Company and the alliance may provide management, sales, marketing, and other administrative services. The alliance strategy could be affected by consolidation among financial institutions.

The Company's strategy with banks, independent sales organizations and referral/sales partners provides the Company with broad geographic coverage, regionally and nationally, as well as a presence in various industries. The alliance/referral partner structure allows the Company to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner. Additionally, bank partners provide brand loyalty and a distribution channel through their branch networks which increases merchant retention.

There are a number of different entities involved in a merchant transaction including the cardholder, card issuer, card association, merchant, merchant acquirer, electronic processor for credit and signature debit transactions, and debit network for personal identification number ("PIN") debit transactions. The card issuer is the financial institution that issues credit or debit cards, authorizes transactions after determining whether the cardholder has sufficient available credit or funds for the transaction, and provides funds for the transaction. Some of these functions may be performed by an electronic processor (such as the Company's Financial Services business) on behalf of the issuer. The card associations, Visa or MasterCard, a debit network (such as STAR Network) or another payment network (such as Discover) route transactions between the Company and the card issuer. The merchant is a business from which a product or service is purchased by a cardholder. The acquirer (such as the Company or one of its alliances) contracts with merchants to facilitate their acceptance of cards. A merchant acquirer may do its own processing or, more commonly, may outsource those functions to an electronic processor such as the Retail and Alliance Services segment. The acquirer/processor serves as an intermediary between the merchant and the card issuer by:

(1) obtaining authorization from the card issuer through a card association or debit network;

(2) transmitting the transaction to the card issuer through the applicable card association, payment network or debit network; and

(3) paying the merchant for the transaction. The Company typically receives the funds from the issuer via the card association, payment network or debit network prior to paying the merchant.

A transaction occurs when a cardholder purchases something from a merchant who has contracted with the Company, an alliance partner or a processing customer. When the merchant swipes the card through the POS terminal (which is often sold or leased, and serviced by the Company), the Company obtains authorization for the transaction from the card issuer through the card association, payment network or debit network, verifying that the cardholder has sufficient credit or adequate funds for the transaction. Once the card issuer approves the transaction, the Company or the alliance acquires the transaction from the merchant and then transmits it to the applicable debit network, payment network or card association, which then routes the transaction information to the card issuer. Upon receipt of the transaction, the card issuer delivers funds to the Company via the card association, payment network or debit network. Generally, the Company funds the merchant after receiving the money from the card association, payment network or debit network. Each participant in the transaction receives compensation for processing the transaction. For example, in a transaction using a Visa or MasterCard for $100.00 with an interchange rate of 1.5% (the cap on certain debit transactions has been changed to $0.21), the card issuer will fund the association $98.50 and bill the cardholder $100.00 on its monthly statement. The card association will retain assessment fees of approximately $0.10 and forward $98.40 to the Company. The Company will retain, for example, $0.40 and pay the merchant $98.00. The $1.50 retained by the card issuer is referred to as interchange and it, like assessment fees, is set by the card association. The $0.40 is the merchant discount and is negotiated between the merchant and the merchant acquirer.

The Company and its alliances, as merchant acquirers/processors, have certain contingent liabilities for the transactions acquired from merchants. This contingent liability arises in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. In such a case, the transaction is "charged back" to the merchant and the disputed amount is credited or otherwise refunded to the cardholder. The Company may, however, collect this amount from the card association if the amount was disputed in error. If the Company or the alliance is unable to collect this amount from the merchant, due to the merchant's insolvency or other reasons, the Company or the alliance will bear the loss for the amount of the refund paid to the cardholder. In most cases, this contingent liability situation is unlikely to arise because most products or services are delivered when purchased, and credits are issued on returned items. However, where the product or service is not provided until sometime following the purchase (e.g., airline or cruise ship tickets), the risk is greater. The Company often mitigates its risk by obtaining collateral from merchants considered higher risk because they have a time delay in the delivery of services, operate in industries that experience chargebacks or are less creditworthy.

Prepaid services. First Data Prepaid Services manages prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others. The full-service stored-value/gift card program offers transaction processing services, card issuance and customer service for over 200 national brands and several thousand small and mid-tier merchants. The Company also provides program management and processing services for association-branded, bank-issued, open loop, stored-value, reloadable and one time prepaid card products.

Money Network offers prepaid products to address the needs of employers, employees, merchants and unbanked individuals. Money Network provides open loop electronic payroll distribution solutions that reduce or eliminate an employer's expense associated with traditional paper paychecks as well as other prepaid retail solutions.

Check verification, settlement and guarantee services. TeleCheck offers check verification, settlement and guarantee services using the Company's proprietary database system to assist merchants in deciding whether accepting checks at the point of sale is a reasonable risk, or, further, to guarantee checks presented to merchants if they are approved. These services include risk management services, which utilize software, information and analysis to assist the merchant in the decision process and include identity fraud prevention and reduction. Revenues are earned primarily by charging merchant fees for check verification or guarantee services.

The majority of the Company's services involve providing check guarantee services for checks received by merchants. Under the guarantee service, when a merchant receives a check in payment for goods and services, the transaction is submitted to and analyzed by the Company. The Company either accepts or declines the check for warranty coverage under its guarantee service. If the Company approves the check for warranty coverage and the merchant accepts the check, the merchant will either deposit the check in its bank account or process it for settlement through the Company's Electronic Check Acceptance service. If the check is returned unpaid by the merchant's bank and the returned check meets the requirements for warranty coverage, the Company is required to purchase the check from the merchant at its face value. The Company then owns the purchased check and pursues collection of the check from the check writer. As a result, the Company bears the risk of loss if the Company is unable to collect the returned check from the check writer. The Company earns a fee for each check it guarantees, which generally is determined as a percentage of the check amount.

The Company's Electronic Check Acceptance service, which converts a paper check written at the point of sale into an electronic item, enables funds to be deposited electronically to the merchant's account and deducted electronically from the check writer's account.

Under the verification service, when a merchant receives a check in payment for goods or services, the transaction is submitted to and analyzed by the Company, which will either recommend the merchant accept or decline the check. If the merchant accepts the check, the merchant will deposit the check in its bank account. If the check is returned unpaid by the merchant's bank, the Company is not required to purchase the check from the merchant and the merchant bears all risk of loss on the check. The Company earns a fee for each check submitted for verification, which is generally a fixed amount per check.

Retail and Alliance Services segment competition. The Company's Retail and Alliance Services business competes with several service providers and financial institutions that provide these services to their merchant customers. In many cases, the merchant alliances also compete against each other for the same business. The check guarantee and verification products compete principally with the products of four other national competitors as well as the migration to other non-check products.

The most significant competitive factors relate to price, brand, strength of financial institution partnership, breadth of features and functionality, scalability and servicing capability. The Retail and Alliance Services segment is further impacted by large merchant and large bank consolidation, card association business model expansion, and the expansion of new payment methods and devices.

In both the Retail and Alliance Services and Financial Services segments, the card associations and payment networks—Visa, MasterCard and Discover—are increasingly offering products and services that compete with the Company's products and services.

Retail and Alliance Services seasonality. Retail and Alliance Services' revenues and earnings are impacted by the volume of consumer usage of credit cards, debit cards, stored value cards and checks written at the point of sale. Retail and Alliance Services generally experiences increased POS activity during the traditional holiday shopping period in the fourth quarter, the back-to-school buying period in the third quarter, and significant holidays.

Retail and Alliance Services geographic mix and revenues. Revenues from external customers for the Retail and Alliance Services segment are substantially all earned in the U.S. Merchant revenues outside of the U.S. are managed and reported by the Company's International segment. Within the U.S., revenues from external customers are spread across the country since Retail and Alliance Services has merchant customers and alliance partners across geographic regions and a large percentage of its transactions occur at national merchants.

Retail and Alliance Services significant customers. The Retail and Alliance Services segment does not have any individually significant customers; however, the Company has two significant merchant alliance relationships with financial institutions.

Financial Services segment. The Financial Services segment is comprised of:

(1) credit and retail card processing services;

(2) debit network and processing services;

(3) output services; and

(4) other services including remittance processing.

Financial Services segment revenues from external customers, segment EBITDA, and assets represent the following percentages of total segment and All Other and Corporate revenues from external customers, total segment and All Other and Corporate EBITDA and consolidated assets:

	Year ended December 31,		
	2012	2011	2010
Segment revenues from external customers	20%	20%	21%
Segment EBITDA	25%	26%	27%
Assets (at December 31)	12%	12%	13%

Description of Financial Services segment operations. Financial Services provides issuer card and network solutions for credit, retail and debit card processing, debit network services (including the STAR network), output services to financial institutions and other organizations offering credit, debit and retail cards to consumers and businesses to manage customer accounts. Financial Services also provides PIN debit network services through the STAR Network which enables PIN-secured debit transaction acceptance at over approximately 2 million ATM and retail terminal locations in the U.S. as of December 31, 2012. Financial Services also offers payment management solutions for recurring bill payment and services to improve customer communications, billing, online banking and consumer bill payment as well as information and check clearing services. A substantial portion of the information services as well as the check clearing services businesses had been divested as of December 31, 2012. Revenue and profit growth in these businesses is derived from retaining and growing the core business and improving the overall cost structure. Growing the core business comes primarily from an increase in debit and credit card usage, growth from existing clients and sales to new clients and the related account conversions.

As of December 31, 2012, the Financial Services segment had more than 4,000 domestic client relationships. The Company has relationships and many long-term customer contracts with card issuers providing credit and retail card processing, output services for printing and embossing items, debit card processing services and STAR Network services. These contracts generally require a notice period prior to the end of the contract if a client chooses not to renew. Additionally, some contracts may allow for early termination upon the occurrence of certain events such as a change in control. The termination fees paid upon the occurrence of such events are designed primarily to cover balance sheet exposure related to items such as capitalized conversion costs or signing bonuses associated with the contract and, in some cases, may cover a portion of lost future revenue and profit. Although these contracts may be terminated upon certain occurrences, the contracts provide the segment with a steady revenue stream since a vast majority of the contracts are honored through the contracted expiration date.

Credit and retail card issuing and processing services. Credit and retail card issuing and processing services provide outsourcing services to financial institutions and other issuers of cards, such as consumer finance companies and retailers. Financial Services clients include a wide variety of banks, savings and loan associations, group service providers, retailers and credit unions. Services provided include, among other things, account maintenance, transaction authorizing and posting, fraud and risk management services and settlement.

The Company provides services throughout the period of each card's use, starting from a card-issuing client processing an application for a card. Services may include processing the card application, initiating service for the cardholder, processing each card transaction for the issuing retailer or financial institution and accumulating the card's transactions. The Company's fraud management services monitor the unauthorized use of cards which have been reported to be lost, stolen, or which exceed credit limits. The Company's fraud detection systems help identify fraudulent transactions by monitoring each cardholder's purchasing patterns and flagging unusual purchases. Other services provided include customized communications to cardholders, information verification associated with granting credit, debt collection, and customer service.

Revenues for credit and retail card issuing and processing services are derived from fees payable under contracts that depend primarily on the number of cardholder accounts on file. More revenue is derived from active accounts (those accounts on file that had a balance or any monetary posting or authorization activity during the period) than inactive accounts.

Debit network and processing services. The Company provides STAR Network access, PIN-debit and signature debit card processing services and ATM processing services, such as transaction routing, authorization, and settlement as well as ATM management and monitoring. The STAR Network represents a telecommunications network which is connected to thousands of financial institutions, merchants, payment processors, ATM processors, and card processors that participate in the network. In the merchant acquiring process flow described above in the Retail and Alliance Services segment discussion, STAR Network represents a debit network. When a merchant acquirer or ATM owner acquires a STAR Network transaction, it sends the transaction to the network switch, which is operated by the Company, which in turn routes the transaction to the appropriate participant for authorization. To be routed through the STAR Network switch, a transaction must be initiated with a card participating in the STAR Network at an ATM or POS terminal also participating in the STAR Network. STAR Network's fees differ from those presented in the example above in the Retail and Alliance Services segment description in that the debit network charges less for PIN-debit transactions than do the card associations for credit and signature debit since there is substantially less risk involved in the PIN-debit transaction because PIN authentication is generally required and transactions are not approved unless there are sufficient funds in the customer's bank account.

Revenues related to the STAR Network and debit card and ATM processing services are derived from fees payable under contracts but are driven more by monetary transactions processed than by accounts on file. The Company provides services which are driven by client transactions and are separately priced and negotiated with clients. In a situation in which a PIN-secured debit transaction uses the Company's debit network and the Company is the debit card processor for the financial institution as well as the processor for the merchant, the Company receives: (1) a fee from the card issuing financial institution for running the transaction through the STAR Network switch, recognized in the Financial Services segment; (2) a fee from the card issuer for obtaining the authorization, recognized in the Financial Services segment; (3) a fee from the merchant for acquiring the transaction, which is recognized in the Retail and Alliance Services segment; and (4) a network acquirer fee from the merchant for accessing the STAR Network, which is recognized in the Financial Services segment. There are other possible configurations of transactions that result in the Company receiving multiple fees for a transaction, depending on the role the Company plays.

Output services. Output services consist of statement and letter printing, card embossing and mailing services. Services are provided to organizations that process accounts on the Company's platform as described above and for clients that process accounts on alternative platforms. The Company provides these services primarily through in-house facilities. Revenues for output services are derived primarily on a per piece basis and consist of fees for the production and materials related to finished products. The mailing services drive a majority of the Company's postage revenue.

Other services. Other services consist of the Company's remittance processing and other services. The remittance processing business processes mail-in payments for third-party organizations. Revenues for remittance processing services are derived primarily on a per transaction basis and consist of fees for processing consumer payments. Other services consist primarily of online banking and bill payment services, voice services as well as information and check clearing services. A substantial portion of the information services as well as the check clearing services businesses had been divested as of December 31, 2012.

Financial Services segment competition. The Company's Financial Services segment competes with several other third-party card processors and debit networks in the U.S., as well as financial institutions with in-house operations to manage card issuance and maintenance. The Company also faces significant competition from regional and national operators of debit networks.

The most significant competitive factors are price, system performance and reliability, breadth of features and functionality, disaster recovery capabilities and business continuity preparedness, data security, scalability, and flexibility of infrastructure and servicing capability. The Financial Services business is impacted by financial institution consolidation.

In both the Retail and Alliance Services and Financial Services segments, the card associations and payment networks—Visa, MasterCard and Discover—are increasingly offering products and services that compete with the Company's products and services.

Financial Services seasonality. Debit processing and STAR Network revenues and earnings are impacted by the volume of consumer usage of debit cards at the point of sale. Such volumes are generally impacted by increased POS activity during the traditional holiday shopping period in the fourth quarter, the back-to-school buying period in the third quarter, and significant holidays.

Financial Services geographic mix and revenues. Revenues from external customers for the Financial Services segment are substantially all earned in the U.S. Card issuing revenues outside of the U.S. are reported by the Company's International segment. Within the U.S., revenues from external customers are geographically dispersed throughout the country.

Financial Services significant customers. No individual customer makes up more than 10% of the Financial Services segment revenue.

International segment. The International segment is comprised of:

- credit, retail, debit and prepaid card processing;
- merchant acquiring and processing; and
- ATM and POS processing, acquiring and switching services.

International segment revenues from external customers, segment EBITDA and assets represent the following percentages of total segment and All Other and Corporate revenues from external customers, total segment and All Other and Corporate EBITDA and consolidated assets:

	Year ended December 31,		
	2012	2011	2010
Segment revenues from external customers	25%	27%	25%
Segment EBITDA	20%	20%	16%
Assets (at December 31)	14%	13%	14%

The merchant acquiring and card issuing services provided by the International segment are similar in nature to the services described above in the Retail and Alliance Services and Financial Services segments other than they include substantially all the services provided outside of the U.S. International has operations in 34 countries. For a description of the International segment's merchant acquiring and card issuing businesses refer to the Retail and Alliance Services and Financial Services segment descriptions provided above.

International segment competition and seasonality. Competition and seasonality within the International segment is similar to that of the Retail and Alliance Services and Financial Services segments for the respective product and service offerings and also includes third-party software providers. A noted difference from the U.S. operations is that generally there are more and smaller competitors because of the International segment's global span.

International geographic mix. The following countries accounted for more than 10% of the segment's revenues from external customers for the periods presented:

	Year ended December 31,		
	2012	2011	2010
United Kingdom	17%	18%	17%
Australia	15%	16%	15%
Germany	12%	13%	13%

No individual foreign country was material to the Company's consolidated revenues.

International significant customers. No individual customer makes up more than 10% of the International segment revenue.

All Other and Corporate. The remainder of the Company's business units are grouped in the All Other and Corporate category, which includes Integrated Payment Systems ("IPS"), First Data Government Solutions ("FDGS") and smaller businesses as well as corporate operations.

The principal IPS business is official check services. Until May 2010, IPS issued official checks, which were sold by agents that were financial institutions. Official checks served as an alternative to a bank's own items such as cashiers or bank checks. The Company has gradually exited the official check line of business. The majority of the clients of this business deconverted during 2008 and there was no new official check and money order business beyond May 2010. IPS will continue to use its licenses to offer payment services that fall under state and federal regulations and the business will continue to operate in a much reduced capacity as outstanding official check and money order clearance activity winds down.

FDGS operates payment systems and related technologies in the government sector. For instance, FDGS provides electronic tax payment processing services for the Electronic Federal Tax Payment System.

Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by Corporate that are directly related to a segment are allocated to the respective segment. Administrative and shared service costs are retained by Corporate.

All Other and Corporate competition. The operations within All Other and Corporate have various competitors. No single competitor would have a material impact on the Company.

All Other and Corporate significant customers. During 2012, the Company had a significant relationship with one client whose revenues represented approximately 50% of All Other and Corporate revenue for the year ended December 31, 2012.

Intellectual Property

The Company owns a global portfolio of many trademarks, trade names, patents and other intellectual property that are important to its future success. The only intellectual property rights which are individually material to the Company are the FIRST DATA trademark and trade name and the STAR trademark and trade name. The STAR trademark and trade name are used in the Financial Services segment. The FIRST DATA trademark and trade name are associated with quality and reliable electronic commerce and payments solutions. Financial institutions and merchants associate the STAR trademark and trade name with quality and reliable debit network services and processing services. Loss of the proprietary use of the FIRST DATA or STAR trademarks and trade names or a diminution in the perceived quality associated with these names could harm the growth of the Company's businesses.

The Company uses a combination of technologies (including proprietary technology and technology obtained from third parties) to provide its products and services to its customers, and to remain competitive. The Company has various programs and procedures to protect its patents and other intellectual property rights. The patent protection associated with the Company's systems and software expires at different times over the next one to 20 years.

Employees and Labor

At December 31, 2012, the Company employed approximately 24,000 employees, approximately 97% of which were full-time employees. The majority of the employees of the Company's subsidiaries outside of the U.S. are subject to the terms of individual employment agreements. One of the Company's wholly owned subsidiaries has approximately 1,500 employees in the United Kingdom, a portion of whom are members of the Unite trade union. Employees of the Company's subsidiaries in Vienna, Austria; Frankfurt, Germany; and Nürnberg, Germany are also represented by local works councils and a portion of the Frankfurt workforce is covered by a union contract. Certain employees of the Company's Korean subsidiary are represented by a Labor-Management council. Employees in certain other countries are also covered by the terms of industry-specific national collective agreements. None of the Company's employees are otherwise represented by any labor organization in the U.S. The Company believes that its relations with its employees and the labor organizations identified above are in good standing.

Available Information

FDC's principal executive offices are located at 5565 Glenridge Connector, N.E., Suite 2000, Atlanta, Georgia 30342, telephone (404) 890-2000. The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge to shareholders and other interested parties through the "Investor Relations" portion of the Company's web site at http://investor.firstdata.com as soon as reasonably practical after they are filed with the Securities and Exchange Commission ("SEC"). The SEC maintains a web site, www.sec.gov, which contains reports and other information filed electronically with the SEC by the Company. The Company's Audit Committee Charter, Governance, Compensation and Nominations Committee Charter, Technology and Investment Committee Charter, and Code of Ethics for Senior Financial Officers are available without charge through the "About First Data", "Investor Relations", "Corporate Governance" portion of the Company's investor relations web site, listed above, or by writing to the attention of Investor Relations at the address listed above.

Executive Officers of the Company

Refer to Item 10 of this Form 10-K.

Government Regulations

Various aspects of the Company's service areas are subject to U.S. federal, state and local regulation, as well as regulation outside the U.S. Failure to comply with regulations may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of service, and/or the imposition of civil and criminal penalties, including fines. Certain of the Company's services also are subject to rules promulgated by various payment networks, such as Visa, MasterCard and Discover, as more fully described below.

Dodd-Frank Act. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") was signed into law in the United States. The Dodd-Frank Act will result in significant structural and other changes to the regulation of the financial services industry. Among other things, Title X of the Dodd-Frank Act establishes a new, independent regulatory agency known as the Consumer Financial Protection Bureau to regulate consumer financial products and services (including many offered by the Company's customers). Separately, under Section 1075 of the Dodd-Frank Act, debit interchange transaction fees that a card issuer receives and that are established by a payment card network for an electronic debit transaction will now be regulated by the Federal Reserve Board and must be "reasonable and proportional" to the cost incurred by the card issuer in authorizing, clearing and settling the transaction. On June 29, 2011, the Federal Reserve Board announced the final rules governing debit card interchange fees, and routing and exclusivity restrictions as well as a proposed rule governing the fraud prevention adjustment in response to Section 1075 of the Dodd-Frank Act. Effective October 1, 2011, debit interchange rates for card issuers operating in the U.S. with assets of $10 billion or more are capped at the sum of $.21 per transaction and an ad valorem component of 5 basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional $.01 per transaction in debit interchange for fraud prevention costs. In addition, the new regulations ban debit payment card networks from prohibiting an issuer from contracting with any other payment card network that may process an electronic debit transaction involving an issuer's debit cards and prohibit card issuers and payment networks from inhibiting the ability of merchants to direct the routing of debit card transactions over any network that can process the transaction. Beginning April 1, 2012, all debit card issuers in the U.S. were required to participate in at least two unaffiliated debit payment card networks. On April 1, 2013, the ban on network exclusivity arrangements becomes effective for prepaid card and healthcare debit card issuers, with some leeway for prepaid cards issued before that date. Additionally, Section 1075 of the Dodd-Frank Act provides two self-executing statutory provisions that became effective on July 22, 2010. The first provision allows merchants to set minimum dollar amounts (not to exceed $10) for the acceptance of a credit card (while federal governmental entities and institutions of higher education may set maximum amounts for the acceptance of credit cards). The second provision allows merchants to provide discounts or incentives to entice consumers to pay with an alternative payment method, such as cash, checks or debit cards. Separate from Title X, the Dodd-Frank Act creates a new entity, known as the Financial Stability Oversight Council, and authorizes it to require that a nonbank financial company that is deemed to pose a systemic risk to the U.S. financial system become subject to consolidated, prudential supervision by the Federal Reserve Board. At this point it is unclear whether the Company would be subject to additional systemic risk related oversight.

The Company experienced some benefit due mostly to lower debit interchange rates. A discussion of the overall impact on the Company is set forth in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Form 10-K.

Association and network rules. A number of the Company's subsidiaries are subject to payment network rules of MasterCard, Visa and other associations. Several of the Company's subsidiaries in the International segment are members of MasterCard and/or Visa in the countries where the subsidiaries do business and are subject to the rules of such associations. First Data Resources, LLC, First Data Merchant Services Corporation, and STAR Network, along with a number of the Company's subsidiaries in the International segment are registered with Visa and/or MasterCard as service providers for member institutions. In those situations where the Company serves as a service provider to member institutions, the Company is not an issuer or an acquirer under Visa's and MasterCard's rules. In addition, First Data Canada Merchant Solutions ULC is a member of Interac and subject to its rules and First Data Global Services Limited is a subscriber to PULSE and is therefore subject to rules applicable to its members.

Various subsidiaries of the Company are also processor level members of numerous debit and electronic benefits transaction ("EBT") networks, such as Star Networks, Inc., Star Processing Inc., First Data Merchant Services Corporation, and Concord Transaction Services, LLC, or are otherwise subject to various network rules in connection with processing services and other services they provide to their customers and a number of the Company's subsidiaries are providing processing and other services related to ATM deployment to customers. As such, the Company is subject to applicable card association, network and national scheme rules, which could subject the Company to a variety of fines or penalties that may be levied by the card associations, banking associations or networks for certain acts and/or omissions by the Company, its sponsorees, acquirer customers, processing customers and/or merchants. The Company mitigates this risk by maintaining an extensive card association and network compliance function. The Company is also subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed by the Company using the Automated Clearing House Network and to various state and Federal laws regarding such operations, including laws pertaining to EBT.

Cashcard Australia Limited ("Cashcard") is a member of the Australian Consumer Electronic Clearing System ("CECS"), which is a debit payment system regulated by network operating rules established and administered by Australian Payments Clearing Association Limited and which facilitates the clearing and settlement of ATM payments in Australia and a member of EFTPOS Payments Australia Limited ("EPAL"), which is a debit payment system regulating Electronic Funds Transfer at Point of Sale ("EFTPOS") payments in Australia. Cashcard is also a member of the ATM Access Company Limited and the EFTPOS Access Company Limited which respectively administers reciprocal access and interchange arrangements for ATMs and EFTPOS in Australia. The network operating rules, ATM Access Code and EFTPOS Access Code impose a variety of sanctions, including suspension or termination of membership and fines for non-compliance. Cashcard also operates its own network of members, regulated by rules promulgated by Cashcard, which facilitates access to CECS and EPAL for Cashcard's member institutions. To enable Cashcard to settle in CECS direct with banks and financial institutions, Cashcard maintains an Exchange Settlement Account ("ESA") which is supervised by the Reserve Bank of Australia through its delegate, the Australian Prudential Regulatory Authority ("APRA"), and which requires Cashcard to adhere to conditions imposed by APRA, such as maintaining a minimum balance in the ESA.

The Company's subsidiary in Germany, TeleCash GmbH & Co. KG ("TeleCash"), is certified and regulated as a processor for domestic German debit card transactions by the Deutsche Kreditwirtschaft ("DK"), the German banking association. Failure to comply with the technical requirements set forth by the DK may result in suspension or termination of services.

Banking regulation. Because a number of the Company's subsidiary businesses, including card issuer processing, merchant processing and STAR Network businesses as well as those subsidiaries engaged in the business of ATM deployment, provide data processing services for financial institutions, they are subject to examination by the Federal Financial Institutions Examination Council, an interagency body comprised of the federal bank and thrift regulators and the National Credit Union Association and national regulatory bodies.

FDR Limited ("FDRL") in the United Kingdom is authorized and regulated by the Financial Services Authority ("FSA"). The FSA is the single regulatory authority for the full range of financial services in the United Kingdom, including banking, investment, mortgage and insurance mediation services. FDRL is authorized by the FSA to carry on an insurance mediation business for the purpose of arranging insurance to its issuer customers' cardholders. As an FSA regulated firm, FDRL is required to meet certain prudential and conduct of business requirements.

In the European Union, Directive 2007/60 EC, the "Payment Services Directive," was released by the European Parliament and by the Council on November 13, 2007, setting a framework for future regulation of bodies and corporations such as the national central banks, financial institutions, e-money institutes and payment institutions. The Payment Services Directive was implemented in most EU member states via national legislation effective November 1, 2009. As a result of the implementation of the Payment Services Directive, a number of the Company's subsidiaries in the International segment have applied for and received a Payment Institution License in the countries where such subsidiaries do business. As licensed payment institutions, the relevant entities are subject to regulation and oversight in the applicable member state, which includes amongst other things, the requirement to maintain specified regulatory capital.

First Data Loan Company Canada ("FDLCC"), through which the Company conducts some of its merchant acquiring activities in Canada, is a Canadian loan company subject to regulation, examination and oversight by the Office of the Superintendent of Financial Institutions and to various provincial registration and licensing requirements. First Data Trust Company, LLC ("FDTC"), engages in trust activities previously conducted by the trust department of a former banking subsidiary of the Company. FDTC is subject to regulation, examination and oversight by the Division of Banking of the Colorado Department of Regulatory Agencies. These financial institution subsidiaries are also subject to various national and local banking and consumer protection laws and regulations that apply to the activities they conduct. Since FDTC is not a "bank" under the Bank Holding Company Act of 1956, as amended ("BHCA"), and FDLCC does not operate any banking offices in the U.S. or do business in the U.S., except such business as may be incidental to its activities outside the U.S., the Company's affiliation with FDTC and FDLCC does not cause it to be regulated as a bank holding company or financial holding company under the BHCA.

TeleCheck Payment Systems Limited in Australia holds an Australian Financial Services License under Chapter 7 of the Corporations Act, which regulates the provision of a broad range of financial services in Australia. The license, issued by the Australian Securities and Investments Commission, entitles the Australian operations of TeleCheck to deal in and provide general financial product advice about its check guarantee and check verification product (which falls within the definition of a risk management product under the legislation). The License and the Act requires that TeleCheck's Australian operations issue product documents that comply with specific content requirements and follow prescribed procedures failing which penalties apply.

Further, in the Company's International segment, several subsidiaries provide services such as factoring or settlement that make them subject to regulation by local banking agencies, including the National Bank of Slovakia, the National Bank of Poland and the German Federal Financial Supervision Agency.

Privacy and information security regulations. Each of the Company's segments provides services that may be subject to various state, federal and foreign privacy laws and regulations. Relevant federal privacy laws include the Gramm-Leach-Bliley Act, which applies directly to a broad range of financial institutions and indirectly (or in some instances directly) to companies that provide services to financial institutions. Relevant foreign privacy laws include Directive 95/46 EC of the European Parliament and of the Council of 24 October 1995, as such directive is implemented in each member state of the European Union, however each member state has its own data protection and privacy laws which in some cases may be more restrictive than the Directive and impose additional duties on companies regarding registration/notification requirements and handling/transfer of personal data; the Australian Privacy Act of 1988; and the Personal Information Protection and Electronic Documents Act in Canada. These laws and their implementing regulations restrict the collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent use and disclosure of protected information. These laws also impose requirements for safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. In addition, there are state laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers. Certain state laws impose similar privacy obligations as well as, in certain circumstances, obligations to provide notification to affected individuals, state officers and consumer reporting agencies, as well as businesses and governmental agencies that own data, of security breaches of computer databases that contain personal information.

Credit reporting and debt collections regulations. TeleCheck Services Inc. ("TeleCheck") is subject to the Federal Fair Credit Reporting Act ("FCRA") and various similar state laws based on TeleCheck's maintenance of a database containing the check-writing histories of consumers and the use of that information in connection with its check verification and guarantee services.

The collection business within TRS Recovery Services, Inc. ("TRS") is subject to the Federal Fair Debt Collection Practices Act and various similar state laws. TRS has licenses in a number of states in order to engage in collection in those states. In the United Kingdom, FDRL has a license under the Consumer Credit Act of 1974 ("CCA") to enable it to undertake, among other things, credit administration and debt collections activities on behalf of its card issuing customers through calls and correspondence with the cardholders. FDRL is also licensed under the CCA to carry on the activity of a consumer hire business for the purpose of leasing terminals to merchants. The CCA establishes a comprehensive code of regulations for the origination, administration and enforcement of credit and hire agreements.

Significant portions of federal regulatory oversight of both the Fair Credit Reporting Act and the Fair Debt Collection Practices Act have been transferred from the Federal Trade Commission to the Consumer Financial Protection Bureau. TeleCheck and TRS are subject to regulation, supervision, and examination from the Consumer Financial Protection Bureau. Further regulations may be imposed in the future as both state governments, the Consumer Financial Protection Bureau and other federal agencies identify and consider supplementary consumer financial protection measures involving, among other things, collection activities, the collection, storage and use of data and databases regarding consumers. In particular, laws regulating activities with respect to current or emerging technology such as the use of automated dialers or pre-recorded messaging or calls to cellular phones could impair the collection by TRS of returned checks, including those purchased under TeleCheck's guarantee services. Moreover, reducing or eliminating access to and use of information on drivers licenses, requiring blocking of access to credit reports or scores, mandating score or scoring methodology disclosure and proscribing the maintenance or use of consumer databases, including a consumer's rights to affect the usable content of databases, could reduce the effectiveness of TeleCheck's risk management tools or otherwise increase its costs of doing business. Such legislation could also affect the business of First Data Solutions, Inc., which provides access to non-FCRA data for identity verification and fraud-prevention purposes, by imposing new regulatory requirements or restricting the availability and completeness of consumer data.

In addition, several subsidiaries in the Company's International segment are subject to comparable local laws regarding collection activities and obtaining credit reports.

Anti-money laundering and counter terrorist regulation. Certain of the Company's businesses are subject to regulation by the U.S., including anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 (collectively, the "BSA"). The BSA, among other things, requires money services businesses (such as money transmitters, issuers of money orders and official checks, and providers of prepaid access) to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and to maintain transaction records. Recently, the Financial Crimes Enforcement Network, the agency that enforces the BSA, finalized its rule that defines Stored Value under the BSA, and places requirements on entities that are either the Provider or Seller of Prepaid Access. Money Network, a First Data entity, will be the Provider of Prepaid Access for various open loop prepaid programs for which it is the Program Manager.

The Company is also subject to certain economic and trade sanctions programs that are administered by the Treasury Department's Office of Foreign Assets Control ("OFAC") that prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to the OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. The Company's businesses in those jurisdictions are subject to those data retention obligations.

The Company has developed and is enhancing global compliance programs to monitor and address legal and regulatory requirements and developments.

Money transmission and payment instrument licensing and regulation. The Company is subject to various U.S. federal, state and foreign laws and regulations governing money transmission and the issuance and sale of payment instruments.

In the U.S., most states license money transmitters and issuers of payment instruments. Many states exercise authority over the operations of the Company's services related to money transmission and payment instruments and, as part of this authority, subject the Company to periodic examinations. Many states require, among other things, that proceeds from money transmission activity and payment instrument sales be invested in high-quality marketable securities prior to the settlement of the transactions. Such licensing laws also may cover matters such as regulatory approval of consumer forms, consumer disclosures and the filing of periodic reports by the licensee, and require the licensee to demonstrate and maintain levels of net worth. Many states also require money transmitters, issuers of payment instruments and their agents to comply with federal and/or state anti-money laundering laws and regulations.

Government agencies may impose new or additional rules on money transmission and sales of payment instruments, including regulations which (i) impose additional identification, reporting or recordkeeping requirements; (ii) limit the entities capable of providing the sale of payment instruments; and (iii) require additional consumer disclosures.

Escheat regulations. The Company is subject to unclaimed or abandoned property (escheat) laws in the U.S. and abroad which require the Company to turn over to certain government authorities the property of others held by the Company that has been unclaimed for a specified period of time such as, in the Integrated Payment Systems business, payment instruments that have not been presented for payment or, in the Retail and Alliance Services segment, account balances that cannot be returned to a merchant following discontinuation of its relationship with the Company. A number of the Company's subsidiaries hold property subject to escheat laws and the Company has an ongoing program to comply with those laws. The Company is subject to audit by individual U.S. states with regard to the Company's escheatment practices.

Other. Stored-value services offered to issuers by First Data Prepaid Services ("FDPS") in the U.S., and by First Data's International businesses ("First Data International") outside the U.S. are subject to various federal, state and foreign laws and regulations, which may include laws and regulations related to consumer and data protection, licensing, escheat, anti-money laundering, banking, trade practices and competition and wage and employment. For example, the Credit Card Accountability Responsibility and Disclosure Act of 2009 created new requirements applicable to general-use prepaid cards, store gift cards, and electronic gift certificates effective August 22, 2010, and the Federal Reserve Board published on March 23, 2010 final rules to amend Regulation E with respect to such cards and electronic certificates effective August 22, 2010. These laws and regulations are evolving, unclear and sometimes inconsistent and subject to judicial and regulatory challenge and interpretation, and therefore the extent to which these laws and rules have application to, and their impact on, FDPS, First Data International, financial institutions, merchants or others is in flux. At this time the Company is unable to determine the impact that the clarification of these laws and their future interpretations, as well as new laws, may have on FDPS, First Data International, financial institutions, merchants or others in a number of jurisdictions. These services may also be subject to the rules and regulations of the various international, domestic and regional schemes, Networks and Associations in which FDPS, First Data International and the card issuers participate. These schemes, Networks or Associations may, generally in their discretion, modify these rules and regulations and such modifications could also impact FDPS, First Data International, financial institutions, merchants and others.

In addition, the Housing Assistance Tax Act of 2008 included an amendment to the Internal Revenue Code that requires information returns to be made for each calendar year by merchant acquiring entities and third-party settlement organizations with respect to payments made in settlement of payment card transactions and third-party payment network transactions occurring in that calendar year. This requirement to make information returns applies to returns for calendar years beginning after December 31, 2010. Reportable transactions are also subject to backup withholding requirements. The Company could be liable for penalties if it is not in compliance with these regulations.

ITEM 1A. RISK FACTORS

The following are certain risks that could affect the Company's business and its results of operations. The risks identified below are not all encompassing but should be considered in establishing an opinion of the Company's future operations.

The Company's substantial leverage could adversely affect its ability to raise additional capital to fund its operations, limit the Company's ability to react to changes in the economy or its industry, expose the Company to interest rate risk to the extent of its variable rate debt and prevent the Company from meeting its debt obligations.

The Company is highly leveraged. The Company's high degree of leverage could have important consequences, including:

- increasing the Company's vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the Company's indebtedness, therefore reducing the Company's ability to use its cash flow to fund the Company's operations, capital expenditures and future business opportunities;
- exposing the Company to the risk of increased interest rates because certain of its borrowings, including and most significantly borrowings under the Company's senior secured credit facilities, are at variable rates of interest;
- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness, and any failure to comply with the obligations of any of the Company's debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting the Company from making strategic acquisitions or causing the Company to make non-strategic divestitures;
- making it more difficult for the Company to obtain network sponsorship and clearing services from financial institutions;
- limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business or market conditions and placing the Company at a competitive disadvantage compared to its competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that the Company's leverage prevents it from exploiting.

The first significant amount of the Company's indebtedness matures in September 2015 and consists of $783.5 million of indebtedness under its senior unsecured notes. Refer to Note 8 to the Company's Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further discussion regarding future debt maturities. The Company's senior secured revolving credit facility has $499.1 million in commitments that mature in September 2013 and $1,016.2 million in commitments that mature between June 2015 and September 2016, depending upon certain conditions. The Company may not be able to refinance its senior unsecured notes or its other existing indebtedness because of the Company's high level of debt, debt incurrence restrictions under its debt agreements or because of adverse conditions in credit markets generally.

Despite the Company's high indebtedness level, the Company and its subsidiaries still may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with the Company's substantial indebtedness.

The Company and its subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indentures governing the Company's senior secured notes, senior second lien notes, senior notes, payment-in-kind ("PIK") toggle senior second lien notes, and senior subordinated notes; the indenture governing the senior PIK notes of First Data Holdings Inc.; and the Company's senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to the Company's and its subsidiaries' existing debt levels, the related risks that the Company will face would increase.

The ability to adopt technology to changing industry and customer needs or trends may affect the Company's competitiveness or demand for the Company's products, which may adversely affect the Company's operating results.

Changes in technology may limit the competitiveness of and demand for the Company's services. The Company's businesses operate in industries that are subject to technological advancements, developing industry standards and changing customer needs and preferences. Also, the Company's customers continue to adopt new technology for business and personal uses. The Company must anticipate and respond to these industry and customer changes in order to remain competitive within the Company's relative markets. For example, the ability to adopt technological advancements surrounding point-of-sale ("POS") technology available to merchants could have an impact on the Company's International and Retail and Alliance Services business. The Company's inability to respond to new competitors and technological advancements could impact all of the Company's businesses.

Material breaches in security of the Company's systems may have a significant effect on the Company's business.

The uninterrupted operation of the Company's information systems and the confidentiality of the customer/consumer information that resides on such systems are critical to the successful operations of the Company's business. The Company has security, backup and recovery systems in place, as well as a business continuity plan to ensure the system will not be inoperable. The Company also has what it deems sufficient security around the system to prevent unauthorized access to the system. However, the Company's visibility in the global payments industry may attract hackers to conduct attacks on the Company's systems that could compromise the security of the Company's data. An information breach in the system and loss of confidential information such as credit card numbers and related information could have a longer and more significant impact on the business operations than a hardware failure. The loss of confidential information could result in losing the customers' confidence and thus the loss of their business, as well as imposition of fines and damages.

Global economics, political and other conditions may adversely affect trends in consumer spending, which may adversely impact the Company's revenue and profitability.

The global electronic payments industry depends heavily upon the overall level of consumer, business and government spending. A sustained deterioration in the general economic conditions, particularly in the United States or Europe, or increases in interest rates in key countries in which the Company operates may adversely affect the Company's financial performance by reducing the number or average purchase amount of transactions involving payment cards. A reduction in the amount of consumer spending could result in a decrease of the Company's revenue and profits.

A weakening in the economy could also force some retailers to close resulting in exposure to potential credit losses and transaction declines and the Company earning less on transactions due also to a potential shift to large discount merchants. Additionally, credit card issuers may reduce credit limits and be more selective with regard to whom they issue credit cards. Changes in economic conditions could adversely impact future revenues and profits of the Company and result in a downgrade of its debt ratings which may lead to termination or modification of certain contracts and make it more difficult for the Company to obtain new business.

The Company's debt agreements contain restrictions that will limit the Company's flexibility in operating its business.

The indentures governing the Company's senior secured notes, senior second lien notes, senior notes, PIK toggle senior second lien notes, and senior subordinated notes; the indenture governing senior PIK notes of First Data Holdings Inc.; and the Company's senior secured credit facilities contain various covenants that limit the Company's ability to engage in specified types of transactions. These covenants limit the Company's and its restricted subsidiaries' ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of the Company's capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets;
- enter into certain transactions with the Company's affiliates; and
- designate the Company's subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions and, in the case of the revolving credit facility, permit the lenders to cease making loans to the Company. Upon the occurrence of an event of default under the Company's senior secured credit facilities, the lenders could elect to declare all amounts outstanding under the Company's senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could cause cross defaults under the Company's other indebtedness. If the Company was unable to repay those amounts, the lenders under the Company's senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness and the Company's secured and second lien notes. The Company has pledged a significant portion of the Company's assets as collateral under the Company's senior secured credit facilities. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, the Company may not have sufficient assets to repay the Company's senior secured credit facilities and senior secured notes as well as the Company's second lien notes and unsecured indebtedness.

Changes in card association and debit network fees or products could increase costs or otherwise limit the Company's operations.

From time to time, card associations and debit networks increase the organization and/or processing fees (known as interchange fees) that they charge. It is possible that competitive pressures will result in the Company absorbing a portion of such increases in the future, which would increase its operating costs, reduce its profit margin and adversely affect its business, operating results and financial condition. Furthermore, the rules and regulations of the various card associations and networks prescribe certain capital requirements. Any increase in the capital level required would further limit the Company's use of capital for other purposes.

The Company depends, in part, on its merchant relationships and alliances to grow the Company's Retail and Alliance Services business. If the Company is unable to maintain these relationships and alliances, the Company's business may be adversely affected.

Growth in the Company's Retail and Alliance Services business is derived primarily from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment and the strength of the Company's alliance partnerships with banks and financial institutions and other third parties. A substantial portion of the Company's business is conducted through "alliances" with banks and other institutions. The Company's alliance structures take on different forms, including consolidated subsidiaries, equity method investments and revenue sharing arrangements. Under the alliance program, the Company and a bank or other institution form an alliance, either contractually or through a separate legal entity. Merchant contracts may be contributed to the alliance by the Company and/or the bank or institution. The banks and other institutions generally provide card association sponsorship, clearing and settlement services. These institutions typically act as a merchant referral source when the institution has an existing banking or other relationship. The Company provides transaction processing and related functions. Both alliance partners may provide management, sales, marketing, and other administrative services. The alliance structure allows the Company to be the processor for multiple financial institutions, any one of which may be selected by the merchant as their bank partner. The Company relies on the continuing growth of its merchant relationships, alliances and other distribution channels. There can be no guarantee that this growth will continue. The loss of merchant relationships or alliance and financial institution partners could negatively impact the Company's business and result in a reduction of the Company's revenue and profit.

The Company may experience breakdowns in its processing systems that could damage customer relations and expose it to liability.

The Company depends heavily on the reliability of its processing systems in the Company's core businesses. A system outage or data loss could have a material adverse effect on the Company's business, financial condition and results of operations. Not only would the Company suffer damage to its reputation in the event of a system outage or data loss, but the Company may also be liable to third parties. Many of the Company's contractual agreements with financial institutions require the payment of penalties if the Company's systems do not meet certain operating standards. To successfully operate the Company's business, the Company must be able to protect its processing and other systems from interruption, including from events that may be beyond the Company's control. Events that could cause system interruptions include, but are not limited to, fire, natural disaster, unauthorized entry, power loss, telecommunications failure, computer viruses, terrorist acts and war. Although the Company has taken steps to protect against data loss and system failures, there is still risk that it may lose critical data or experience system failures. The Company performs the vast majority of disaster recovery operations itself, though it utilizes select third parties for some aspects of recovery, particularly internationally. To the extent the Company outsources its disaster recovery, it is at risk of the vendor's unresponsiveness in the event of breakdowns in the Company's systems. Furthermore, the Company's property and business interruption insurance may not be adequate to compensate it for all losses or failures that may occur.

The Company may experience software defects, computer viruses and development delays, which could damage customer relations, decrease the Company's potential profitability and expose it to liability.

The Company's products are based on sophisticated software and computing systems that often encounter development delays, and the underlying software may contain undetected errors, viruses or defects. Defects in the Company's software products and errors or delays in the Company's processing of electronic transactions could result in:

- additional development costs;
- diversion of technical and other resources from the Company's other development efforts;
- loss of credibility with current or potential customers;
- harm to the Company's reputation; or
- exposure to liability claims.

In addition, the Company relies on technologies supplied to it by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on the Company's business, financial condition and results of operations. Although the Company attempts to limit its potential liability for warranty claims through disclaimers in the Company's software documentation and limitation-of-liability provisions in the Company's license and customer agreements, the Company cannot assure that these measures will be successful in limiting the Company's liability.

Acquisitions and integrating such acquisitions create certain risks and may affect the Company's operating results.

The Company has been an active business acquirer both in the United States and internationally, and may continue to be active in the future. The acquisition and integration of businesses involves a number of risks. The core risks are in the areas of valuation (negotiating a fair price for the business based on inherently limited diligence) and integration (managing the complex process of integrating the acquired company's people, products, technology and other assets so as to realize the projected value of the acquired company and the synergies projected to be realized in connection with the acquisition).

In addition, international acquisitions often involve additional or increased risks including, for example:

- managing geographically separated organizations, systems and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- complying with foreign regulatory requirements;
- fluctuations in currency exchange rates;
- enforcement of intellectual property rights in some foreign countries;
- difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of these new markets; and
- general economic and political conditions.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the Company's combined businesses and the possible loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with acquisitions and the integration of the two companies' operations could have an adverse effect on the Company's business, results of operations, financial condition or prospects.

The Company relies on various financial institutions to provide clearing services in connection with its settlement activities. If the Company is unable to maintain clearing services with these financial institutions and is unable to find a replacement, the Company's business may be adversely affected.

The Company relies on various financial institutions to provide clearing services in connection with the settlement activities of the Company. If such financial institutions should stop providing clearing services the Company must find other financial institutions to provide those services. If the Company is unable to find a replacement financial institution the Company may no longer be able to provide processing services to certain customers which could negatively impact the revenue and earnings of the Company.

Changes in laws, regulations and enforcement activities may adversely affect the products, services and markets in which the Company operates.

The Company and its customers are subject to laws and regulations that affect the electronic payments industry in the many countries in which the Company's services are used. In particular, the Company's customers are subject to numerous laws and regulations applicable to banks, financial institutions and card issuers in the United States and abroad, and, consequently, the Company is at times affected by these federal, state and local laws and regulations. The U.S. Congress and governmental agencies have increased their scrutiny of a number of credit card practices, from which some of the Company's customers derive significant revenue. Regulation of the payments industry, including regulations applicable to the Company and its customers, has increased significantly in recent years. Failure to comply with laws and regulations may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services, and/or the imposition of consent orders or civil and criminal penalties, including fines which could have an adverse effect on the Company's results of operation and financial condition. The Company is subject to U.S. and international financial services regulations, a myriad of consumer protection laws, economic sanctions, laws and regulations and anti-corruption laws, escheat regulations and privacy and information security regulations to name only a few. Changes to legal rules and regulations, or interpretation or enforcement thereof, could have a negative financial effect on the Company. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law in July 2010, significantly changes the U.S. financial regulatory system, including creating a new independent agency funded by the Federal Reserve Board to regulate consumer financial products and services (including many offered by the Company's customers), restricting debit card fees paid by merchants to issuer banks and allowing merchants to offer discounts for different payment methods. On June 29, 2011, the Federal Reserve Board announced the final rules governing debit card interchange fees, and routing and exclusivity restrictions as well as a proposed rule governing the fraud prevention adjustment in response to the Dodd-Frank Act. Within the Retail and Alliance Services segment the Company experienced some transitory benefit due mostly to lower debit interchange rates, however, the overall impact of the Dodd-Frank Act on the Company is difficult to estimate because it will take some time for the market to react and adjust to the new regulations and additional regulations may be developed by the newly created Bureau of Consumer Financial Protection ("CFPB"), with respect to consumer financial products and services that impact the Company or its customers. Pursuant to final rules published by the CFPB specifying the criteria for agencies with consumer reporting activities that will be subject to direct supervision and regulatory oversight by the CFPB, two of the Company's subsidiaries, TeleCheck Services Inc. and TRS Recovery Services, Inc., are subject to CFPB oversight. At this point it is unclear as to whether other parts of the Company's business also will be subject to CFPB oversight in the future or what such oversight may entail. Each of the proposed regulations may adversely affect the Company's business or operations, directly or indirectly (if, for example, the Company's customers' business and operations are adversely affected). In addition, an inadvertent failure by the Company to comply with laws and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage the Company's reputation or brands. Furthermore, the Company is subject to tax laws in each jurisdiction where it does business. Changes in tax laws or their interpretations could decrease the value of revenues the Company receives, the value of tax loss carryforwards and tax credits recorded on the Company's balance sheet and the amount of the Company's cash flow and have a material adverse impact on the Company's business.

Future consolidation of client financial institutions or other client groups may adversely affect the Company's financial condition.

The Company has experienced the negative impact of the substantial bank industry consolidation in recent years. Bank industry consolidation impacts existing and potential clients in the Company's service areas, primarily in Financial Services and Retail and Alliance Services. The Company's alliance strategy could be negatively impacted as a result of consolidations, especially where the banks involved are committed to their internal merchant processing businesses that compete with the Company. Bank consolidation has led to an increasingly concentrated client base in the industry, resulting in a changing client mix for Financial Services as well as increased price compression. Further consolidation in the bank industry or other client base could have a negative impact on the Company.

The Company is subject to the credit risk that its merchants will be unable to satisfy obligations for which the Company may also be liable.

The Company is subject to the credit risk of its merchants being unable to satisfy obligations for which the Company also may be liable. For example, the Company and its merchant acquiring alliances are contingently liable for transactions originally acquired by the Company that are disputed by the card holder and charged back to the merchants. If the Company or the alliance are unable to collect this amount from the merchant, due to the merchant's insolvency or other reasons, the Company or the alliance will bear the loss for the amount of the refund paid to the cardholder. The Company has an active program to manage its credit risk and often mitigates its risk by obtaining collateral. Notwithstanding the Company's program for managing its credit risk, it is possible that a default on such obligations by one or more of the Company's merchants could have a material adverse effect on the Company's business.

Changes in credit card association or other network rules or standards could adversely affect the Company's business.

In order to provide the Company's transaction processing services, several of the Company's subsidiaries are registered with Visa and MasterCard and other networks as members or service providers for member institutions. As such, the Company and many of its customers are subject to card association and network rules that could subject the Company or its customers to a variety of fines or penalties that may be levied by the card associations or networks for certain acts or omissions by the Company, acquirer customers, processing customers and merchants. Visa, MasterCard and other networks, some of which are the Company's competitors, set the standards with respect to which the Company must comply. The termination of the Company's member registration or the Company's status as a certified service provider, or any changes in card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit the Company's ability to provide transaction processing services to or through the Company's customers, could have an adverse effect on the Company's business, operating results and financial condition.

The Company's business may be adversely affected by risks associated with foreign operations.

The Company is subject to risks related to the changes in currency rates as a result of its investments in foreign operations and from revenues generated in currencies other than the U.S. dollar. Revenue and profit generated by international operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. From time to time, the Company utilizes foreign currency forward contracts or other derivative instruments to mitigate the cash flow or market value risks associated with foreign currency denominated transactions. However, these hedge contracts may not eliminate all of the risks related to foreign currency translation. Furthermore, the Company is subject to exchange control regulations that restrict the conversion of its revenue and assets denominated in Argentine pesos into U.S. dollars. Those regulations may become more restrictive in the future. Similar regulations also may be adopted in other jurisdictions that restrict or prohibit the conversion of the Company's other foreign currencies into U.S. dollars. The occurrence of any of these factors could decrease the value of revenues and earnings the Company derives from its international operations and have a material adverse impact on the Company's business.

Increase in interest rates may negatively impact the Company's operating results and financial condition.

Certain of the Company's borrowings, including borrowings under the Company's senior secured credit facilities to the extent the interest rate is not fixed by an interest rate swap, are at variable rates of interest. An increase in interest rates would have a negative impact on the Company's results of operations by causing an increase in interest expense.

As of December 31, 2012, the Company had $8.3 billion aggregate principal amount of variable rate long-term indebtedness, of which interest rate swaps fix the interest rate on $5.0 billion in notional amount prior to the impact of $750 million of fixed to floating interest rate swaps. As a result, using balances as of December 31, 2012, a 10% proportionate increase in short-term interest rates on an annualized basis compared to the interest rates as of December 31, 2012 would result in a $1.1 million increase in interest expense related to the Company's balance of variable interest rate debt, net of interest rate swaps. Refer to the discussion of the Company's interest rate swap transactions in Note 6 to the Company's Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Failure to protect the Company's intellectual property rights and defend itself from potential patent infringement claims may diminish the Company's competitive advantages or restrict it from delivering the Company's services.

The Company's trademarks, patents and other intellectual property are important to its future success. The FIRST DATA trademark and trade name and the STAR trademark and trade name are intellectual property rights which are individually material to the Company. These trademarks and trade names are widely recognized and associated with quality and reliable service. Loss of the proprietary use of the FIRST DATA or STAR trademarks and trade names or a diminution in the perceived quality associated with them could harm the growth of the Company's businesses. The Company also relies on proprietary technology. It is possible that others will independently develop the same or similar technology. Assurance of protecting its trade secrets, know-how or other proprietary information cannot be guaranteed. The Company's patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide the Company with any meaningful protection or advantage. If the Company was unable to maintain the proprietary nature of its technologies, the Company could lose competitive advantages and be materially adversely affected. The laws of certain foreign countries in which the Company does business or contemplates doing business in the future do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings could prevent the Company from selling the Company's services or prevent the Company from preventing others from selling competing services, and thereby may have a material adverse affect on the business and results of operations. Additionally, claims have been made, are currently pending, and other claims may be made in the future, with regards to the Company's technology infringing on a patent or other intellectual property rights. Unfavorable resolution of these claims could either result in the Company being restricted from delivering the related service or result in a settlement that could be material to the Company.

The Company is the subject of various legal proceedings which could have a material adverse effect on the Company's revenue and profitability.

The Company is involved in various litigation matters. The Company is also involved in or is the subject of governmental or regulatory agency inquiries or investigations from time to time. If the Company is unsuccessful in its defense in the litigation matters, or any other legal proceeding, it may be forced to pay damages or fines and/or change its business practices, any of which could have a material adverse effect on the Company's revenue and profitability. For more information about the Company's legal proceedings, refer to "Item 3: Legal Proceedings" herein.

The ability to recruit, retain and develop qualified personnel is critical to the Company's success and growth.

All of the Company's businesses function at the intersection of rapidly changing technological, social, economic and regulatory developments that requires a wide ranging set of expertise and intellectual capital. For the Company to successfully compete and grow, it must retain, recruit and develop the necessary personnel who can provide the needed expertise across the entire spectrum of its intellectual capital needs. In addition, the Company must develop its personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive and the Company may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. The Company's effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect the Company's profitability. The Company cannot assure that key personnel, including executive officers, will continue to be employed or that it will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on the Company.

Failure to comply with state and federal antitrust requirements could adversely affect the Company's business.

Through the Company's merchant alliances, it holds an ownership interest in several competing merchant acquiring businesses while serving as the electronic processor for those businesses. In order to satisfy state and federal antitrust requirements, the Company actively maintains an antitrust compliance program. Notwithstanding the Company's compliance program, it is possible that perceived or actual violation of state or federal antitrust requirements could give rise to regulatory enforcement investigations or actions. Regulatory scrutiny of, or regulatory enforcement action in connection with, compliance with state and federal antitrust requirements could have a material adverse effect on the Company's reputation and business.

The market for the Company's electronic commerce services is evolving and may not continue to develop or grow rapidly enough for the Company to maintain and increase its profitability.

If the number of electronic commerce transactions does not continue to grow or if consumers or businesses do not continue to adopt the Company's services, it could have a material adverse effect on the profitability of the Company's business, financial condition and results of operations. The Company believes future growth in the electronic commerce market will be driven by the cost, ease-of-use, and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain the Company's profitability, consumers and businesses must continue to adopt the Company's services.

Unfavorable resolution of tax contingencies could adversely affect the Company's tax expense.

The Company's tax returns and positions are subject to review and audit by federal, state, local and international taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting the Company's results of operations. The Company has established contingency reserves for material, known tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. These reserves reflect what the Company believes to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While the Company believes that the reserves are adequate to cover reasonably expected tax risks, there is no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost not in excess of any related reserve. An unfavorable resolution, therefore, could negatively impact the Company's effective tax rate, financial position, results of operations and cash flows in the current and/or future periods.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES

As of December 31, 2012, the Company and its subsidiaries owned or leased approximately 62 domestic properties and approximately 85 international properties. These facilities are used for operational, sales and administrative purposes, and are substantially all currently being utilized.

	Leased Facilities		Owned Facilities	
	No.	Sq. Ft.	No.	Sq. Ft.
Facilities in the United States				
Retail and Alliance Services	22	881,590	8	935,310
Financial Services	17	575,413	7	1,261,987
All Other and Corporate	4	554,724	4	322,664
International Facilities	75	986,495	10	375,217

Retail and Alliance Services' principal operations are conducted in Melville, New York; Hagerstown, Maryland; Marietta, Georgia; Coral Springs, Florida; and Houston, Texas. The principal operations for Financial Services are located in Omaha, Nebraska; Wilmington, Delaware; Maitland, Florida; and Chesapeake, Virginia. The principal operations for International are located in Basildon, United Kingdom; Frankfurt, Germany; Athens (Kryoneri), Greece; Sydney, Australia; and Buenos Aires, Argentina. The

Company's All Other and Corporate facilities include the Company's corporate offices in Atlanta, Georgia and Greenwood Village, Colorado.

The Company believes that its facilities are suitable and adequate for its current business; however, the Company periodically reviews its space requirements and may acquire new space to meet the needs of its businesses or consolidate and dispose of or sublet facilities which are no longer required.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. None of these matters, either individually or in the aggregate, currently is material to the Company except the matter reported below.

ATM Fee Antitrust Litigation

On July 2, 2004, Pamela Brennan, Terry Crayton, and Darla Martinez filed a class action complaint on behalf of themselves and all others similarly situated in the United States District Court for the Northern District of California against the Company, its subsidiary Concord EFS, Inc., and various financial institutions ("Brennan"). Plaintiffs claim that the defendants violated antitrust laws by conspiring to artificially inflate foreign ATM fees that were ultimately charged to ATM cardholders. Plaintiffs seek a declaratory judgment, injunctive relief, compensatory damages, attorneys' fees, costs and such other relief as the nature of the case may require or as may seem just and proper to the court. Five similar suits were filed and served in July, August and October 2004, two in the Central District of California (Los Angeles), two in the Southern District of New York, and one in the Western District of Washington (Seattle). All cases were transferred to the Northern District Court of California and the Court consolidated all of the ATM interchange cases pending against the defendants in Brennan (referred to collectively as the "ATM Fee Antitrust Litigation").

On August 3, 2007, Concord filed a motion for summary judgment seeking to dismiss plaintiffs' *per se* claims. On March 24, 2008, the Court entered an order granting the defendants' motions for partial summary judgment. On February 2, 2009, the plaintiffs filed a Second Amended Complaint and on April 6, 2009, the defendants filed a Motion to Dismiss the Second Amended Complaint. On September 4, 2009, the Court entered an order dismissing the Second Amended Complaint and, on October 16, 2009, the plaintiffs filed a Third Amended Complaint. The defendants filed a motion to dismiss the Third Amended Complaint on November 13, 2009. On June 21, 2010, the Court partially dismissed plaintiffs' Third Amended Complaint and ordered the parties to brief a summary judgment on an alternative claim by plaintiffs. On September 16, 2010, the Court entered an order granting defendants' motion for summary judgment, dismissing all of the claims against the defendants except for the claims for equitable relief. The Court granted judgment in favor of the defendants, dismissing the case on September 17, 2010. On October 14, 2010, the plaintiffs appealed the summary judgment. On July 12, 2012, the United States Court of Appeals for the Ninth Circuit affirmed the Northern District Court of California's dismissal of all the claims against the defendants. On July 26, 2012, the plaintiffs petitioned the Ninth Circuit for rehearing en banc.

The Company believes the complaints are without merit and intends to vigorously defend them.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established public trading market for the Company's common stock. The Company had one record holder of common stock on March 1, 2013, and no equity securities of the Company are authorized for issuance under any equity compensation plan.

In 2012, the Company paid four dividends totaling $6.7 million. In 2011, the Company paid one dividend in the amount of $0.2 million. The senior secured revolving credit facility, senior secured term loan facility, and the indentures for the senior secured notes, senior second lien notes, PIK toggle senior second lien notes, senior notes and senior subordinated notes limit the Company's ability to pay dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations- Capital Resources and Liquidity" and Note 12 to the accompanying financial statements included in Item 8 of this Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA

The following data should be read in conjunction with the Consolidated Financial Statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this annual report.

The Notes to the Consolidated Financial Statements contain additional information about various acquisitions, dispositions, and certain charges and benefits resulting from other operating expenses, and other income (expense) which affect the comparability of information presented. Certain prior years' amounts have been reclassified to conform to the current year presentation.

Amounts below include acquisitions since the date acquired.

	Year ended December 31,				
(in millions)	2012	2011	2010	2009	2008
Statement of operations data:					
Revenues	$ 10,680.3	$ 10,713.6	$ 10,380.4	$ 9,313.8	$ 8,811.3
Operating expenses (a)	9,578.3	9,728.2	9,782.2	8,869.3	8,032.6
Other operating expenses (b)(c)	28.2	43.9	81.5	289.7	3,255.6
Interest expense	(1,897.8)	(1,833.1)	(1,796.6)	(1,796.4)	(1,964.9)
Net loss (c)	(527.3)	(336.1)	(846.9)	(1,014.6)	(3,608.0)
Net loss attributable to First Data Corporation	(700.9)	(516.1)	(1,021.8)	(1,086.4)	(3,764.3)
Depreciation and amortization (d)	1,330.9	1,344.2	1,526.0	1,553.8	1,559.6
Balance sheet data (at year-end):					
Total assets	$ 37,899.0	$ 40,276.3	$ 37,544.1	$ 39,735.4	$ 38,176.1
Total current and long-term settlement assets	9,228.1	10,839.3	7,059.1	7,351.0	8,662.9
Total liabilities	35,205.2	36,800.9	33,456.1	34,408.4	35,773.8
Settlement obligations	9,226.3	10,837.8	7,058.9	7,394.7	8,680.6
Long-term borrowings	22,528.9	22,521.7	22,438.8	22,304.9	22,075.2
Other long-term liabilities (e)	1,331.4	1,459.0	2,153.3	2,648.3	2,920.6
Redeemable noncontrolling interests	67.4	67.4	28.1	226.9	—
Total equity	2,626.4	3,408.0	4,059.9	5,100.1	2,402.3

(a) Operating expenses include Cost of services; Cost of products sold; Selling, general and administrative; Reimbursable debit network fees, postage and other; and Depreciation and amortization.

(b) Other operating expenses include Restructuring, net; Impairments; and Litigation and regulatory settlements.

(c) Includes a goodwill impairment charge in 2008 of $3.2 billion (pretax).

(d) Includes amortization of initial payments for new contracts, which is recorded as a contra-revenue within "Transaction and processing service fees" and amortization related to equity method investments, which is netted within "Equity earnings in affiliates" in the Consolidated Statements of Operations.

(e) Other long-term liabilities include Long-term deferred tax liabilities.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

First Data Corporation ("FDC" or "the Company"), with global headquarters and principal executive offices in Atlanta, Georgia, operates electronic commerce businesses providing services that include merchant transaction processing and acquiring services; credit, retail and debit card issuing and processing services; prepaid card services; and check verification, settlement and guarantee services.

Regulatory reform. On June 29, 2011, the Federal Reserve Board announced the final rules governing debit card interchange fees and routing and exclusivity restrictions as well as a proposed rule governing the fraud prevention adjustment in response to Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Effective October 1, 2011, debit interchange rates for card issuers with more than $10 billion of assets are capped at $.21 per transaction with an ad valorem component of 5 basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional $.01 per transaction in debit interchange for fraud prevention costs. In addition, the new regulations ban debit payment card networks from prohibiting an issuer from contracting with any other payment card network that may process an electronic debit transaction involving an issuer's debit cards and prohibit card issuers and payment networks from inhibiting the ability of merchants to direct the routing of debit card transactions over any network that can process the transaction. On April 1, 2013, the ban on network exclusivity arrangements becomes effective for non-reloadable prepaid card and healthcare prepaid issuers. Additionally, each debit card issuer must participate in two unaffiliated networks beginning April 1, 2012 and each debit payment card network must comply with applicable exclusivity requirements by October 1, 2011.

The Company's consolidated and segment results benefited from the impact of the Dodd-Frank Act as discussed in the "Consolidated results" and "Segment results" sections below. Within the Retail and Alliance Services segment, the Company experienced benefit due mostly to lower debit interchange rates as discussed in the Retail and Alliance Services segment results section below. Within the Financial Services segment, the implementation of the Dodd-Frank Act resulted in a net increase in debit issuer transactions in 2012 compared to 2011 with minimal impact to revenue as discussed in the Financial Services segment results section below.

Banc of America Merchant Services, LLC ("BAMS"). In 2009, the Company and Bank of America N.A. ("BofA") formed the BAMS alliance. When the alliance was formed, the intent was to shift processing for merchants contributed to the alliance by BofA from three existing bank platforms to FDC. After evaluating the conversion strategy, the Company and BofA jointly decided to have FDC operate BofA's legacy settlement platform and provide the necessary operational support for legacy BofA merchants. The transfer of ownership was effective October 1, 2011.

The shift of processing to FDC as described above increased the Retail and Alliance Services segment revenue and segment EBITDA for 2012 compared to 2011. This benefit did not impact consolidated revenues because the BAMS alliance is consolidated by the Company. Consolidated expenses decreased in 2012 as a result of cost efficiencies resulting from the shift of processing to FDC. Beginning October 1, 2011, costs incurred related to the transfer and operation of the platform were billed to the BAMS alliance resulting in a portion of the costs being attributed to the BofA noncontrolling interest.

Segment Discussion

Retail and Alliance Services segment. The Retail and Alliance Services segment is comprised of businesses that provide services which facilitate the merchants' ability to accept credit, debit, stored-value and loyalty cards and checks. The segment's merchant processing and acquiring services include authorization, transaction capture, settlement, chargeback handling and internet-based transaction processing and are the largest component of the segment's revenue. A majority of these services pertain to transactions in which consumer payments to merchants are made through a card association (such as Visa or MasterCard), a debit network (such as STAR or Interlink), or another payment network (such as Discover or American Express). Many of the segment's services are offered through alliance arrangements. Financial results of the merchant alliance strategy appear both in the "Transaction and processing service fees revenue" and "Equity earnings in affiliates" line items of the Consolidated Statements of Operations. The Company evaluates the Retail and Alliance Services segment based on the Company's proportionate share of the results of these alliances. Refer to "Segment Results" below for a more detailed discussion.

Merchant processing and acquiring revenues are driven most significantly by the number of transactions, dollar volumes of those transactions and trends in consumer spending between national, regional and local merchants. Consumers continue to increase the use of credit, debit and stored-value cards in place of cash and paper checks. Internet payments continue to grow but account for a small portion of the segment's transactions. While transactions over the internet may involve increased risk, these transactions typically generate higher profits for the Company. The Company continues to enhance its fraud detection and other systems to address such risks.

In addition, Retail and Alliance Services provides check verification, settlement and guarantee services. The Company continues to see a decrease in the use of checks which negatively affects the Company's check verification, settlement and guarantee business. The segment also manages prepaid stored-value card issuance and processing services (i.e. gift cards) for retailers and others.

Financial Services segment. The Financial Services segment provides issuer card and network solutions and payment management solutions for recurring bill payments. Financial Services also offers services to improve customer communications, billing, online banking and consumer bill payment. Issuer card and network solutions includes credit, retail and debit card processing, debit network services (including the STAR Network), and output services for financial institutions and other organizations offering credit cards, debit cards and retail private label cards to consumers and businesses to manage customer accounts. Output services include statement and letter printing, embossing and mailing services. The segment also provides remittance processing services, information services and other payment services such as remote deposit, clearing services and processing for payments which occur in such forms as checks, ACH, wire transfer and stored-value cards. A substantial portion of the information services as well as the check clearing services businesses had been divested as of December 31, 2012. The segment's largest components of revenue consist of fees for account management, transaction authorization and posting and network switching.

Credit and retail based revenue is derived primarily from the card processing services offered to financial institutions and other issuers of cards. Revenue from these markets is driven primarily by accounts on file, with active accounts having a larger impact on revenue than inactive accounts. Retail account portfolios typically have a lower proportionate share of active accounts than credit account portfolios and product usage is different between the card types resulting in lower revenue per active retail account. In addition, contract pricing at the customer level is dependent upon the volume of accounts, mix of account types (e.g. retail, credit, co-branded credit and debit) and product usage.

Debit processing revenue is derived mostly from the processing of transactions where the Company could receive multiple fees for a transaction, depending on the role of the Company. The Company continues to see a shift to the use of debit cards from checks and cash, a decrease that negatively affects the Company's remittance processing business.

The underlying economic drivers of card issuance are population demographics and employment. Strengthening in the economy typically results in an improved credit risk profile, allowing card issuers to be more aggressive in their marketing campaigns to issue cards. Conversely, a weakening in the economy typically results in a tightening of the credit market with fewer consumers qualifying for credit.

International segment. The International segment businesses provide the following services outside of the U.S.: credit, retail, debit and prepaid card processing: merchant acquiring and processing; ATM and point-of-sale ("POS") processing, driving, acquiring and switching services; and card processing software. The primary service offerings of the International segment are substantially the same as those provided in the Retail and Alliance Services and Financial Services segments. The largest components of the segment's revenue are fees for facilitating the merchant's ability to accept credit, retail and debit cards by authorizing, capturing, and settling merchants' credit, retail, debit, stored-value and loyalty card transactions as well as for transaction authorization and posting, network switching and account management.

All Other and Corporate. All Other and Corporate is comprised of the Company's business units not included in the segments noted above, primarily its government services business and its official check business that is winding down, as well as the Company's headquarter functions.

Components of Revenue and Expenses

The following briefly describes the components of operating revenues and expenses as presented in the Consolidated Statements of Operations. Descriptions of the revenue recognition policies are included in Note 1 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K.

Transaction and processing service fees. Transaction and processing service fee revenue is comprised of fees related to merchant acquiring; check processing; credit, retail and debit card processing; output and remittance processing; and payment management services. Revenues are based on a per transaction fee, a percentage of dollar volume processed, accounts on file or some combination thereof. These revenues represent approximately 60% of FDC's 2012 revenue and are most reflective of the Company's core business performance. "Merchant related services" revenue is comprised primarily of fees charged to merchants and processing fees charged to alliances accounted for under the equity method. For segment reporting purposes, the proportionate consolidation presentation results in revenue including the alliance partners' share of processing fees charged to both consolidated and unconsolidated alliances. Merchant discount revenue from credit card and signature debit card transactions acquired from merchants is recorded net of interchange and assessments charged by the credit card associations. "Check services" revenues include check verification, settlement and guarantee fees which are charged on a per transaction basis or as a percentage of the face value of the check. "Card services" revenue related to credit and retail card processing is comprised primarily of fees charged to the client based on cardholder accounts on file, both active and inactive. "Card services" revenue for output services consists of fees for printing statements and letters and embossing plastics. Debit processing and network service fees included in "Card services" revenues are typically based on transaction volumes processed. "Other services" revenue includes all other types of transactional revenue not specifically related to the classifications noted above.

Product sales and other. Sales and leasing of POS devices in the Retail and Alliance Services and International segments are the primary drivers of this revenue component, providing a recurring revenue stream. This component also includes contract termination fees, royalty income and gain/loss from the sale of merchant portfolios, all of which occur less frequently but are considered a part of ongoing operations. Also included within this line item is revenue recognized from custom programming and system consulting services, software licensing and maintenance revenue generated primarily from the Vision*PLUS* software in the International segment and investment income generated by invested settlement assets, realized net gains and losses and, if applicable, impairment losses from such assets within the Retail and Alliance Services, Financial Services and International segments and All Other and Corporate.

Reimbursable debit network fees, postage and other. Debit network fees from personal identification number ("PIN")-debit card transactions acquired from merchants are recorded gross with the associated network fee recorded in the corresponding expense caption, principally within the Retail and Alliance Services segment. In addition, the reimbursable component and the offsetting expense caption include postage, telecommunications and similar costs that are passed through to customers principally within the Financial Services segment. Reimbursable debit network fees, postage and other revenue and the corresponding expense are not included in segment results.

Cost of services. This caption includes the costs directly associated with providing services to customers and includes the following: telecommunications costs, personnel and infrastructure costs to develop and maintain applications, operate computer networks and provide associated customer support, losses on check guarantee services and merchant chargebacks, and other operating expenses.

Cost of products sold. These costs include those directly associated with product and software sales such as cost of POS devices, merchant terminal leasing costs and software licensing and maintenance costs.

Selling, general and administrative. This caption primarily consists of salaries, wages and related expenses paid to sales personnel, administrative employees and management as well as advertising and promotional costs and other selling expenses.

Depreciation and amortization. This caption consists of the Company's depreciation and amortization expense. Excluded from this caption is the amortization of initial payments for contracts which is recorded as a contra-revenue within the "Transaction and processing services fees" line as well as amortization related to equity method investments which is netted within the "Equity earnings in affiliates" line.

Results of Operations

The following discussion for both consolidated results and segment results are for the year ended December 31, 2012 compared to the year ended December 31, 2011 as well as for the year ended December 31, 2011 compared to the year ended December 31, 2010. Consolidated results should be read in conjunction with segment results, which provide more detailed discussions concerning certain components of the Consolidated Statements of Operations. All significant intercompany accounts and transactions have been eliminated.

Consolidated results.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Revenues:					
Transaction and processing service fees	$ 6,452.1	$ 6,330.0	$ 6,181.5	2%	2%
Product sales and other	866.7	852.1	809.3	2%	5%
Reimbursable debit network fees, postage and other	3,361.5	3,531.5	3,389.6	(5)%	4%
	10,680.3	10,713.6	10,380.4	0%	3%
Expenses:					
Cost of services (exclusive of items shown below)	2,863.5	2,888.4	3,023.3	(1)%	(4)%
Cost of products sold	336.3	369.6	375.2	(9)%	(1)%
Selling, general and administrative	1,825.4	1,693.7	1,579.7	8%	7%
Reimbursable debit network fees, postage and other	3,361.5	3,531.5	3,389.6	(5)%	4%
Depreciation and amortization	1,191.6	1,245.0	1,414.4	(4)%	(12)%
Other operating expenses, net (a)	28.2	43.9	81.5	*	*
	9,606.5	9,772.1	9,863.7	(2)%	(1)%
Operating profit	1,073.8	941.5	516.7	14%	82%
Interest income	8.8	7.9	7.8	11%	1%
Interest expense	(1,897.8)	(1,833.1)	(1,796.6)	4%	2%
Other income (expense) (b)	(94.3)	124.1	(15.9)	*	*
	(1,983.3)	(1,701.1)	(1,804.7)	17%	(6)%
Loss before income taxes and equity earnings in affiliates	(909.5)	(759.6)	(1,288.0)	20%	(41)%
Income tax benefit	(224.0)	(270.1)	(323.8)	(17)%	(17)%
Equity earnings in affiliates	158.2	153.4	117.3	3%	31%
Net loss	(527.3)	(336.1)	(846.9)	57%	(60)%
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	173.6	180.0	174.9	(4)%	3%
Net loss attributable to First Data Corporation	$ (700.9)	$ (516.1)	$ (1,021.8)	36%	(49)%

* Calculation not meaningful.

(a) Other operating expenses, net includes restructuring, net, impairments and litigation and regulatory settlements as applicable to the periods presented.

(b) Other income (expense) includes investment gains and losses, derivative financial instruments gains and losses, divestitures, net, non-operating foreign currency exchange gains and losses and other as applicable to the periods presented.

The following provides highlights of revenue and expense growth on a consolidated basis while a more detailed discussion is included in the "Segment Results" section below.

Operating revenues overview.

Transaction and processing service fees. Revenue increased in 2012 compared to 2011 due to new business, growth in merchant transactions and dollar volumes both domestically and internationally and lower debit interchange rates as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Lower debit interchange rates positively impacted the transaction and processing service fees growth rate by approximately 1 percentage point. Partially offsetting these increases were decreases due to lost business, price compression, changes in merchant and pricing mix and foreign currency exchange rate movements. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees growth rate in 2012 compared to 2011 by approximately 1 percentage point.

Revenue increased in 2011 compared to 2010 due to growth in merchant transactions and dollar volumes both domestically and internationally, growth in debit issuer transactions, new business, lower debit interchange rates as a result of the Dodd-Frank Act described in the "Regulatory Reform" section above, and foreign currency exchange rate movements. Partially offsetting these increases were decreases due to price compression, changes in merchant and pricing mix, lower overall check volumes and lost business. Foreign currency exchange rate movements positively impacted the transaction and processing service fees growth rate by approximately 1 percentage point.

Product sales and other. Revenue increased in 2012 compared to 2011 due to increases in software licensing and maintenance revenue, primarily internationally, as well as professional services revenue. These increases were partially offset by decreases in terminal sales both domestically and internationally and foreign currency exchange rate movements. Foreign currency exchange rate movements adversely impacted the product sales and other growth rate in 2012 compared to 2011 by approximately 2 percentage points.

Revenue increased in 2011 compared to 2010 mainly resulting from an increase in equipment sales internationally due in part to new regulations and new business, increases in the leasing business domestically and internationally resulting from new lease originations as well as fees associated with lease renewals and an increase in investment income due to a lesser impairment of Student Loan Auction Rate Securities ("SLARS") recognized in 2011 compared to 2010 as discussed below. In addition, foreign currency exchange rate movements positively impacted the product sales and other growth rate in 2011 compared to 2010 by approximately 1 percentage point. Partially offsetting these increases were decreased contract termination fees mostly related to Financial Services and a decrease in professional services revenue due to the completion of prior year projects in Financial Services and All Other and Corporate

Reimbursable debit network fees, postage and other. Revenue and expense decreased in 2012 compared to 2011 due to the cap on debit interchange rates imposed by the Dodd-Frank Act in October 2011 partially offset by growth of PIN debit transaction and dollar volumes. The cap on debit interchange rates imposed by the Dodd-Frank Act impacted the reimbursable debit network fees, postage and other growth rate in 2012 compared to 2011 by approximately 13 percentage points.

Revenue and expense increased in 2011 compared to 2010 due to growth of PIN-debit transaction volumes as well as an increase in debit network fees resulting from rate increases imposed by the debit networks. Partially offsetting these increases was a decrease due to the cap on debit interchange rates imposed by the Dodd-Frank Act described above which impacted the reimbursable debit network fees, postage and other growth rate by approximately 5%.

Operating expenses overview.

Cost of services. Expenses decreased slightly in 2012 compared to 2011 due most significantly to cost efficiencies as a result of the shift in processing from the alliance partner to the Company related to the Banc of America Merchant Services, LLC ("BAMS") alliance beginning in October 2011 and the impact of foreign currency exchange rate movements. In addition, the expense growth rate in 2012 benefited from the 2011 error correction described below. Partially offsetting these decreases were increases in outside professional services expenses. Foreign currency exchange rate movements benefited the "Cost of services" expense growth rate in 2012 compared to 2011 by 1 percentage point.

Expenses decreased in 2011 compared to 2010 due most significantly to decreases in certain costs associated with the BAMS alliance and net check warranty expense. Certain costs associated with the BAMS alliance decreased due to lower technology costs and improved expense management. Net check warranty expense decreased due to lower check volumes and better risk assessment data. Expenses associated with outside professional services and lower merchant credit losses also contributed to the decrease. Partially offsetting these decreases was the 2011 correction of cumulative errors in the amortization of initial payments for new contracts related to purchase accounting associated with the Company's 2007 merger with an affiliate of Kohlberg Kravis and Roberts & Co. ("KKR") which totaled a $10.2 million expense in "Cost of services" (the correction of related errors totaled a $58.5 million benefit in aggregate) and occurred over a four year period. Foreign currency exchange rate movements also partially offset the aforementioned decreases by approximately 1 percentage point.

Cost of products sold. Expenses decreased in 2012 compared to 2011 driven by the International segment due most significantly to lower terminal sales, lower cost terminal replacements, the write-off of capitalized commissions in 2011 relating to the international leasing business and foreign currency exchange rate movements. Foreign currency exchange rate movements positively impacted the growth rate in 2012 compared to 2011 by approximately 2 percentage points. The impact of the write-off benefited the growth rate by approximately 2 percentage points.

Expenses decreased in 2011 compared to 2010 resulting mostly from the write-off of international terminal inventory and leasing receivables in 2010 as well as exiting low margin businesses in 2011. These decreases are partially offset by the write-off of capitalized commissions related to the international leasing business in 2011, growth in the leasing business both domestically and internationally and foreign currency exchange rate movements. The net impact of the 2010 and 2011 write-offs benefited the cost of products sold growth rate by 4 percentage points while foreign currency exchange rate movements had an approximate 1 percentage point offsetting impact.

Selling, general and administrative. Expenses increased in 2012 compared to 2011 due most significantly to growth in outside commissions, primarily payments made to independent sales organizations ("ISO's"). Growth in outside commissions resulted mostly from the Company increasing the number of ISO's and an increase in ISO transaction volumes which negatively impacted the selling, general and administrative growth rate for 2012 versus 2011 by approximately 4 percentage points. Additionally, expenses increased due to legal fees related primarily to the debt restructurings that occurred during the third quarter of 2012 as well as increased employee related expenses. Partially offsetting these increases was a decrease resulting from the impact of foreign currency exchange rate movements which benefited the growth rate in 2012 compared to 2011 by 1 percentage point.

Expenses increased in 2011 compared to 2010 due to growth in payments made to ISO's as a result of the Company increasing its number of ISO partners as well as an increase in ISO transaction volumes, higher incentive compensation expense and net increases in various expense items that were not individually significant. The payments to ISO's impacted the selling, general and administrative growth rate by approximately 5 percentage points. Foreign currency exchange rate movements also contributed to the increase in expenses by approximately 1 percentage point.

Depreciation and amortization. Expenses decreased in 2012 compared to 2011 due to decreases in amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in the prior periods, certain other intangible assets that have been fully amortized and decreases resulting from foreign currency exchange rate movements. These decreases were partially offset by an increase driven by the benefit recorded in 2011 related to the correction of errors described below. The error corrections adversely impacted the depreciation and amortization growth rate in 2012 versus 2011 by 5 percentage points.

Expenses decreased in 2011 compared to 2010 due most significantly to the 2011 correction of cumulative depreciation and amortization errors related to purchase accounting associated with the Company's 2007 merger with an affiliate of KKR and certain assets becoming fully amortized. The errors and the cumulative correction, which totaled a $57.7 million benefit in "Depreciation and amortization" (the correction of total depreciation and amortization errors was a $58.5 million benefit in aggregate) and occurred over a four year period, were deemed immaterial to prior years and the current year, respectively. In addition, depreciation and amortization declined due to a decrease in the amortization of certain intangible assets that are being amortized on an accelerated basis resulting in higher amortization in the prior period. These decreases were partially offset by increases due to newly capitalized assets and foreign currency exchange rate movements. The error corrections benefited the depreciation and amortization growth rate by 4 percentage points in 2011 compared to 2010.

Other operating expenses, net.

<u>2012 Activities</u>

Year ended December 31, 2012 (in millions)	Pretax Benefit (Charge) Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Restructuring charges	$ (7.5)	$ —	$ (18.5)	$ (2.2)	$ (28.2)
Restructuring accrual reversals	1.0	—	2.8	1.3	5.1
Impairments	—	(5.1)	—	—	(5.1)
Total pretax charge, net of reversals	$ (6.5)	$ (5.1)	$ (15.7)	$ (0.9)	$ (28.2)

The Company recorded restructuring charges during 2012 primarily related to employee reduction and certain employee relocation efforts in Germany. The Company expects to record approximately $2 million of additional restructuring charges in 2013 in connection with the restructuring event in Germany. Additional restructuring charges were recorded in 2012 in connection with management's alignment of the business with strategic objectives as well as refinements of estimates. Approximately 650 employees were impacted by the 2012 restructurings. The Company expects to record additional restructuring charges in 2013 associated with similar events and the departure of executive officers.

The Company estimates cost savings resulting from restructuring activities recorded during 2012 of approximately $11 million in 2012 and approximately $31 million on an annual basis.

During 2012, within Financial Services, the Company recorded approximately $5.1 million in impairment charges related to an adjustment to fair value of an investment.

The following table summarizes the Company's utilization of restructuring accruals for the years ended December 31, 2011 and 2012 (in millions):

	Employee Severance	Facility Closure
Remaining accrual as of January 1, 2011	$ 38.7	$ 0.2
Expense provision	45.0	6.3
Cash payments and other	(62.2)	(5.5)
Changes in estimates	(4.8)	(0.1)
Remaining accrual as of December 31, 2011	16.7	0.9
Expense provision	28.2	—
Cash payments and other	(26.8)	(0.8)
Changes in estimates	(5.0)	(0.1)
Remaining accrual as of December 31, 2012	$ 13.1	$ —

2011 Activities

	Pretax Benefit (Charge)				
Year ended December 31, 2011 (in millions)	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Restructuring charges	$ (2.8)	$ (10.5)	$ (34.2)	$ (3.8)	$ (51.3)
Restructuring accrual reversals	1.1	—	2.5	1.3	4.9
Litigation and regulatory settlements	—	—	—	2.5	2.5
Total pretax charge, net of reversals	$ (1.7)	$ (10.5)	$ (31.7)	$ —	$ (43.9)

The 2011 restructurings resulted from the elimination of management and other positions, approximately 750 employees, as part of the Company aligning the business with strategic objectives. Partially offsetting the charges were reversals of excess 2009 and 2010 restructuring accruals as well as reversals resulting from the refinement of 2011 estimates.

2010 Activities

	Pretax Benefit (Charge)				
Year ended December 31, 2010 (in millions)	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Restructuring charges	$ (20.3)	$ (11.3)	$ (28.2)	$ (27.7)	$ (87.5)
Restructuring accrual reversals	0.7	0.8	10.9	3.1	15.5
Impairments	(1.6)	—	(9.9)	—	(11.5)
Litigation and regulatory settlements	—	2.0	—	—	2.0
Total pretax charge, net of reversals	$ (21.2)	$ (8.5)	$ (27.2)	$ (24.6)	$ (81.5)

The 2010 restructurings resulted from the elimination of management and other positions, approximately 1,200 employees, as part of the Company aligning the business with strategic objectives as well as domestic site consolidations and the reorganization of executive officers. Partially offsetting the charges were reversals of excess 2008 and 2009 restructuring accruals as well as reversals resulting from the refinement of 2010 estimates.

In the fourth quarter of 2010, within Retail and Alliance Services, the Company recorded approximately $1.6 million in impairment charges related to other intangibles. Also during the fourth quarter of 2010, the Company recorded approximately $9.9

million in asset impairment charges related to the International segment. Approximately $6.2 million of the total impairment occurred because the Company did not complete a software project and determined that there were no likely alternative uses for the software. The remaining $3.7 million of impairment charges resulted from the write off of assets the Company determined have no future use or value.

Interest expense. Interest expense increased in 2012 compared to 2011 due to higher average interest rates resulting primarily from the March 2012, August 2012 and April 2011 debt modifications and amendments partially offset by a decrease due to the expiration of certain interest rate swaps which were replaced by swaps with lower fixed interest rates.

Interest expense increased in 2011 compared to 2010 due to higher average interest rates resulting primarily from the August 2010 and April 2011 debt modifications and amendments as well as the December 2010 debt exchange and higher debt balances due to payment-in-kind ("PIK") interest accretion. Partially offsetting these increases was a decrease resulting from the expiration of interest rate swaps with a notional balance of $2.5 billion.

The Company utilizes interest rate swaps to hedge its interest payments on a portion of its variable rate debt from fluctuations in interest rates. While these swaps do not qualify for hedge accounting, they continue to be effective economically in eliminating variability in interest rate payments. Additionally, the Company utilizes a fixed to floating interest rate swap, which does not qualify for hedge accounting, to maintain a desired ratio of fixed rate and floating rate debt. The fair value adjustments for interest rate swaps that do not qualify for hedge accounting as well as interest rate swap ineffectiveness are recorded in the "Other income (expense)" line item of the Consolidated Statements of Operations and totaled charges of $89.9 million, benefits of $55.7 million and charges of $67.9 million for the years ended December 31, 2012, 2011 and 2010, respectively

Other income (expense).

(in millions)	Year ended December 31, 2012	2011	2010
Investment gains (losses)	$ (7.7)	$ —	$ 2.5
Derivative financial instruments gains (losses)	(91.4)	58.2	(58.3)
Divestitures, net	—	57.4	18.7
Non-operating foreign currency gains	4.8	5.3	21.2
Other	—	3.2	—
Other income (expense)	$ (94.3)	$ 124.1	$ (15.9)

Investment losses. The net investment losses in 2012 relate primarily to the impairment of a strategic investment.

Derivative financial instruments gains and (losses). The net gains and losses for the periods presented were due most significantly to the fair value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges. The loss in 2012 compared to the gain in 2011 was primarily driven by fair value adjustments related to new interest rate swaps entered into during 2012 and 2011. The gain in 2011 compared to the loss in 2010 was mostly driven by a new interest rate swap entered into in conjunction with the April 2011 debt modifications and amendments as well as the expiration of interest rate swaps noted above in the "Interest expense" discussion.

Divestitures, net. The gain recognized in 2011 resulted most significantly from the contribution of the Company's transportation business to an alliance in exchange for a 30% interest in that alliance. The 2010 gain related most significantly to a contingent payment received in connection with the Company's November 2009 sale of a merchant acquiring business in Canada.

Non-operating foreign currency gains and (losses). Amounts represent net gains and losses related to currency translations on the Company's intercompany loans and its euro-denominated debt.

Income taxes. The Company's effective tax rates on pretax loss from continuing operations were tax benefits of 29.8% in 2012, 44.6% in 2011, and 27.7% in 2010. The calculation of the effective tax rate includes most of the equity earnings in affiliates in pretax income because this item relates principally to entities that are considered pass-through entities for income tax purposes.

The effective tax rate benefit in 2012 was less than the statutory rate primarily due to an increase in the Company's valuation allowance against foreign tax credits, foreign and state net operating losses and capital losses. The negative adjustment was partially offset by net income attributable to noncontrolling interests from pass through entities for which there was no tax expense provided, lower tax earnings and profits than book income for foreign entities, a decrease in the Company's liability for unrecognized tax benefits, discussed below, and state tax benefits. The 2012 effective income tax rate was negatively impacted by approximately 9 percentage points due to the current year cumulative correction of immaterial prior year errors.

The effective tax rate benefit in 2011 was greater than the statutory rate due primarily to net income attributable to noncontrolling interests from pass through entities for which there was no tax expense provided, state tax benefits, lower tax earnings and profits than book income for foreign entities, a decrease in the Company's liability for unrecognized tax benefits, a net benefit relating to tax effects of foreign exchange gains and losses on intercompany notes and prior year income tax return true-ups. These positive adjustments were partially offset by an increase in the Company's valuation allowance against foreign tax credits and the tax impact of a contribution of the Company's transportation business in exchange for a 30% interest in an alliance.

The effective tax rate benefit in 2010 was less than the statutory rate primarily due to an increase in the Company's valuation allowance against foreign tax credits. This negative adjustment was partially offset by state tax benefits, net income attributable to noncontrolling interests for which there was no tax expense provided and a decrease in the Company's liability for unrecognized tax benefits.

As a result of the Company recording pretax losses in each of the periods, the favorable impacts caused increases to the effective tax rate, while the unfavorable impacts caused decreases to the effective tax rate.

Subsequent to the merger and as part of the First Data Holdings, Inc. ("Holdings") consolidated federal group and consolidated, combined or unitary state groups for income tax purposes, the Company has been and continues to be in a tax net operating loss position. The Company currently anticipates being able to utilize in the future most of its existing federal net operating loss carryforwards due to the existence of significant deferred tax liabilities established in connection with purchase accounting for the merger and the Company's consideration of a tax planning strategy related to its investments in affiliates. Implementation of this tax planning strategy would result in the immediate reversal of temporary differences associated with the excess of book basis over tax basis in the investments. Accordingly, the Company has not established valuation allowances against these loss carryforwards. The Company, however, may not be able to realize a benefit related to losses in most states and certain foreign countries, requiring the establishment of valuation allowances. The Company currently anticipates that it will be required to establish a valuation allowance against its federal net operating loss carryforwards in 2013.

Despite the net operating loss position discussed above, the Company continues to incur income taxes in states for which it files returns on a separate entity basis and in certain foreign countries. Generally, these foreign income taxes would result in a foreign tax credit in the U.S. to the extent of any U.S. income taxes on the income upon repatriation. However, the Company does not generate sufficient foreign source income to be able to fully utilize its foreign tax credits. As a result, the Company has established valuation allowances, including $182 million in 2010 upon enactment of federal legislation which changed tax law, against that portion of the credits for which it is likely that no benefit will be realized in the future.

During the year ended December 31, 2012, the Company's liability for unrecognized tax benefits was reduced by $52 million upon closure of the 2003 and 2004 federal tax years and the resolution of certain state audit issues. As of December 31, 2012, the Company anticipates it is reasonably possible that its liability for unrecognized tax benefits may decrease by approximately $126 million within the next twelve months as the result of the possible closure of its 2005 through 2007 federal tax years, potential settlements with certain states and foreign countries and the lapse of the statute of limitations in various state and foreign jurisdictions. The potential decrease relates to various federal, state and foreign tax benefits including research and experimentation credits, transfer pricing adjustments and certain amortization and loss deductions.

The Company or one or more of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. As of December 31, 2012, the Company was no longer subject to income tax examination by the U.S. federal jurisdiction for years before 2005. State and local examinations are substantially complete through 2002. Foreign jurisdictions generally remain subject to examination by their respective authorities from 2005 forward, none of which are considered major jurisdictions.

Under the Tax Allocation Agreement executed at the time of the spin-off of The Western Union Company ("Western Union") on September 29, 2006, Western Union is responsible for and must indemnify the Company against all taxes, interest and penalties that relate to Western Union for periods prior to the spin-off date. If Western Union were to agree to or be finally determined to owe any amounts for such periods but were to default in its indemnification obligation under the Tax Allocation Agreement, the Company as parent of the tax group during such periods generally would be required to pay the amounts to the relevant tax authority, resulting in a potentially material adverse effect on the Company's financial position and results of operations. As of December 31, 2012, the

Company had approximately $110 million of income taxes payable, including approximately $4 million of uncertain income tax liabilities, recorded related to Western Union for periods prior to the spin-off date. The Company has recorded a corresponding account receivable of equal amount from Western Union, which is included as a long-term account receivable in the "Other long-term assets" line of the Company's Consolidated Balance Sheets, reflecting the indemnification obligation. During the year ended December 31, 2012, the uncertain income tax liabilities related to Western Union decreased by approximately $14 million as a result of the closure of the 2003-2004 federal tax years. As of December 31, 2012, the Company anticipates it is reasonably possible that the uncertain tax liabilities related to Western Union may decrease by approximately $4 million within the next twelve months as the result of the possible closure of its 2005 and 2006 federal tax years. The uncertain income tax liabilities and corresponding receivable are based on information provided by Western Union regarding its tax contingency reserves for periods prior to the spin-off date. There is no assurance that a Western Union-related issue raised by the Internal Revenue Service ("IRS") or other tax authority will be finally resolved at a cost not in excess of the amount reserved and reflected in the Company's uncertain income tax liabilities and corresponding receivable from Western Union. The Western Union contingent liability is in addition to the Company's liability for unrecognized tax benefits discussed above.

The IRS completed its examination of the U.S. federal consolidated income tax returns of the Company for 2005 through 2007 and issued a 30-Day letter on October 31, 2012. The 30-Day letter claims that the Company and its subsidiaries, which included Western Union during some of the years at issue, owe additional taxes with respect to a variety of adjustments. The Company and Western Union agree with several of the adjustments in the 30-Day letter, such adjustments representing tax due of approximately $40 million. This undisputed tax and associated interest due (pretax) of approximately $16 million through December 31, 2012, have been fully reserved. The undisputed tax for which Western Union would be required to indemnify the Company is greater than the total tax due, such that settlement of the undisputed tax would result in a net refund to the Company. As to the adjustments that are disputed, such issues represent total taxes allegedly due of approximately $59 million, of which $40 million relates to the Company and $19 million relates to Western Union. The Company estimates that total interest due (pretax) on the disputed amounts is approximately $16 million through December 31, 2012, of which $9 million relates to the Company and $7 million relates to Western Union. As to the disputed issues, the Company and Western Union have contested the adjustments by filing a protest with the IRS. The IRS has prepared a rebuttal to the protest and has forwarded the case to Appeals. The Company believes that it has adequately reserved for the disputed issues in its liability for unrecognized tax benefits described above and that final resolution of those issues will not have a material adverse effect on its financial position or results of operations.

Equity earnings in affiliates. Equity earnings in affiliates increased in 2012 compared to 2011 due mostly to transaction growth, dollar volume growth, pricing increases and the positive impact of lower debit interchange rates as a result of the Dodd-Frank Act. These increases were partially offset by a decrease resulting from the 2011 error correction described below which adversely impacted the equity earnings in affiliates growth rate for 2012 compared to 2011 by 7 percentage points.

Equity earnings in affiliates increased in 2011 compared to 2010 mostly due to the 2011 correction of cumulative depreciation and amortization errors related to purchase accounting associated with the Company's 2007 merger with an affiliate of KKR. The error corrections, which totaled an $11 million benefit in "Equity earnings in affiliates" (a $58.5 million benefit in aggregate) and occurred over a four year period, benefited the equity earnings in affiliates growth rate in 2011 compared to 2010 by 9 percentage points.

Net income attributable to noncontrolling interests and redeemable noncontrolling interests. Most of the net income attributable to noncontrolling interests and redeemable noncontrolling interests relates to the Company's consolidated merchant alliances. Net income attributable to noncontrolling interests and redeemable noncontrolling interests decreased in 2012 compared to 2011 due to increased processing expense in the BAMS alliance resulting from a shift in processing from the alliance partner to FDC partially offset by the impact of lower debit interchange rates as a result of the Dodd-Frank Act, transaction and dollar volume growth and pricing increases.

Segment results. FDC classifies its businesses into three segments: Retail and Alliance Services, Financial Services and International. All Other and Corporate is not discussed separately as its results that had a significant impact on operating results are discussed in the "Consolidated Results" discussion above.

The business segment measurements provided to and evaluated by the chief operating decision maker are computed in accordance with the principles listed below.

- The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

- Segment revenue includes equity earnings in affiliates (excluding amortization expense) and intersegment revenue. Retail and Alliance Services segment revenue does not include equity earnings because it is reported using proportionate consolidation as described below.

- Segment revenue excludes reimbursable debit network fees, postage and other revenue.

- Segment earnings before net interest expense, income taxes, depreciation and amortization ("EBITDA") includes equity earnings in affiliates and excludes depreciation and amortization expense, net income attributable to noncontrolling interests, other operating expenses and other income (expense). Retail and Alliance Services segment EBITDA does not include equity earnings because it is reported using proportionate consolidation as described below. Additionally, segment EBITDA is adjusted for items similar to certain of those used in calculating the Company's compliance with debt covenants. The additional items that are adjusted to determine segment EBITDA are:

  - stock based compensation and related expense is excluded;

  - official check and money order businesses' EBITDA are excluded;

  - expenses related to the reorganization of global application development resources (applicable to 2010), expenses associated with domestic data center consolidation initiatives and planned workforce reduction expenses (applicable to 2010), certain platform development and other costs directly associated with the termination of the Chase Paymentech Solutions alliance, and expenses related to the conversion of certain BAMS alliance merchant clients onto the Company's platforms all of which are considered nonrecurring projects (excludes costs accrued in purchase accounting). Effective October 1, 2011, First Data and Bank of America N.A. ("the Bank") jointly decided to have First Data operate the Bank's legacy settlement platform. Transition costs associated with the revised strategy are also excluded from segment EBITDA.

  - debt issuance costs are excluded and represent costs associated with issuing debt and modifying the Company's debt structure;

  - KKR related items including annual sponsor and other fees for management, consulting, financial and other advisory services are excluded.

- Retail and Alliance Services segment revenue and EBITDA are reflected based on the Company's proportionate share of the results of its investments in businesses accounted for under the equity method and consolidated subsidiaries with noncontrolling ownership interests. In addition, Retail and Alliance Services segment measures reflect commission payments to certain ISO's, which are treated as an expense in the Consolidated Statements of Operations, as contra revenue to be consistent with revenue share arrangements with other ISO's that are recorded as contra revenue.

- Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by Corporate that are directly attributable to a segment are allocated to the respective segment. Administrative, shared service and certain information technology costs are retained by Corporate.

Retail and Alliance Services segment results.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Revenues:					
Transaction and processing service fees	$ 3,198.8	$ 2,974.5	$ 2,923.9	8%	2%
Product sales and other	404.0	407.5	390.9	(1)%	4%
Segment revenue	$ 3,602.8	$ 3,382.0	$ 3,314.8	7%	2%
Segment EBITDA	$ 1,594.8	$ 1,407.5	$ 1,322.3	13%	6%
Segment margin	44%	42%	40%	2pts	2pts
Key indicators:					
Domestic merchant transactions (a)	37,362.6	35,619.8	33,543.8	5%	6%

(a) Domestic merchant transactions include acquired VISA and MasterCard credit and signature debit, PIN-debit, electronic benefits transactions, processed-only and gateway customer transactions at the POS. Domestic merchant transactions reflect 100% of alliance transactions.

Transaction and processing service fees revenue.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Acquiring revenue	$ 2,368.7	$ 2,204.4	$ 2,169.7	7%	2%
Check processing revenue	306.1	330.1	370.7	(7)%	(11)%
Prepaid revenue	306.5	291.1	263.2	5%	11%
Processing fees and other revenue from alliance partners	217.5	148.9	120.3	46%	24%
Total transaction and processing service fees revenue	$ 3,198.8	$ 2,974.5	$ 2,923.9	8%	2%

Acquiring revenue. Acquiring revenue increased in 2012 compared to 2011 and 2011 compared to 2010 mainly from lower debit interchange rates as a result of the Dodd-Frank Act described in the "Regulatory Reform" section above which benefited growth for acquiring revenue by an estimated $75 million or 3 percentage points and $26 million or 1 percentage point, respectively. Acquiring revenue also benefited from increases in merchant transactions and dollar volumes, new sales and pricing increases for a certain segment of merchants. These increases were partially offset by decreases resulting from the impact of merchant mix on transactions and dollar volumes, the affect of shifts in pricing mix, merchant attrition and price compression. In addition, acquiring revenue in 2011 was adversely impacted compared to 2010 by a card association fee increase which only benefited the third quarter of 2010 and impacted the acquiring revenue growth rate in 2011 compared to 2010 by 1 percentage point.

Revenue growth outpaced transaction growth in 2012 compared to 2011 driven most significantly by the impact of lower debit interchange rates discussed above partially offset by merchant mix, pricing mix and price compression. Revenue per transaction increased 4% for 2012 compared to 2011 driven by the items impacting acquiring revenue discussed above as well as the shift in processing described in the "Processing fees and other revenue from alliance partners" section below.

Transaction growth outpaced revenue growth in 2011 compared to 2010 driven by the factors noted above, particularly merchant mix, pricing mix and price compression. A greater proportion of transaction growth was driven by the Company's national merchants which contributed to lower revenue per transaction. The average ticket size of signature based transactions decreased slightly in 2012 as compared to 2011. The average ticket size of signature based transactions was flat in 2011 as compared to 2010.

Check processing revenue. Check processing revenue decreased in 2012 versus 2011 and in 2011 versus 2010 due most significantly to lower overall check volumes from check writer and merchant attrition and the impact of merchant mix resulting from a shift in regional to national merchants.

Prepaid revenue. Prepaid revenue increased in 2012 compared to 2011 due most significantly to higher transaction volumes within the open loop payroll distribution program related to existing customers and new business.

Prepaid revenue increased in 2011 compared to 2010 due mostly to higher transaction volumes within the open loop payroll distribution program related to new and existing customers. In addition, sales of gift cards increased in 2011 compared to the prior year related to a large sale to a national retailer associated with an incentive program as well as volume growth from existing clients and new clients. These increases were partially offset by sales of promotional gift cards in 2010 driven by a specific direct marketing campaign. Additionally, 2011 was impacted by a change in merchant mix resulting from increased card shipments to merchants that generate less revenue per card.

Processing fees and other revenue from alliance partners. The increases in processing fees and other revenue from alliance partners in 2012 compared to 2011 and in 2011 compared to 2010 resulted from increased fees from the BAMS alliance due to a shift of processing from the alliance partner to the Company beginning in October 2011, as well as increased transaction and dollar volumes within the Company's merchant alliances. The impact of the shift in processing benefited the 2012 and 2011 revenue and growth rates by approximately $55 million or 37 percentage points and approximately $18 million or 15 percentage points, respectively.

Product sales and other revenue. Product sales and other revenue decreased in 2012 compared to 2011 primarily due to a decline in equipment sales including lower bulk sales and a gain on the sale of a portfolio in 2011 partially offset by growth in leasing revenue resulting from increased lease originations and lease renewals.

Product sales and other revenue increased in 2011 compared to 2010 primarily due to increases in the leasing business resulting from new clients as well as increased fees from lease renewals. Equipment sales decreased slightly in 2011 compared to 2010 resulting from higher terminal demand in the prior year due to new regulations and a shift in the mix of terminals in 2011 to lower cost, proprietary models.

Segment EBITDA. The impact of the revenue items noted above primarily contributed to the increase in Retail and Alliance Services segment EBITDA in 2012 compared 2011. The Dodd-Frank Act benefited the segment EBITDA growth rate in 2012 compared to the prior year by an estimated $70 million or 5 percentage points. The impact from the shift in processing related to the BAMS alliance positively impacted the segment EBITDA growth rate for 2012 compared to 2011 by approximately $44 million or 3 percentage points.

Retail and Alliance Services segment EBITDA in 2011 compared to 2010 was positively impacted by the revenue items noted above in the revenue discussion. The decrease in debit interchange rates positively impacted the segment EBITDA growth rate in 2011 compared to 2010 by approximately $24 million or 2 percentage points. Expense reductions also benefited Retail and Alliance Services segment EBITDA in 2011 compared to the prior year. Also contributing to the increase in segment EBITDA for 2011 compared to 2010 was decreased credit losses due to a lower level of merchant delinquencies which benefited the segment EBITDA growth rate by 1 percentage point. The card association fee noted above negatively impacted the segment EBITDA growth rate in 2011 compared to 2010 by 2 percentage points.

Financial Services segment results.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Revenues:					
Transaction and processing service fees	$ 1,350.0	$ 1,350.0	$ 1,362.2	0%	(1)%
Product sales and other	40.1	29.5	46.8	36%	(37)%
Segment revenue	$ 1,390.1	$ 1,379.5	$ 1,409.0	1%	(2)%
Segment EBITDA	$ 603.1	$ 593.5	$ 553.0	2%	7%
Segment margin	43%	43%	39%	0pts	4pts
Key indicators:					
Domestic debit issuer transactions (a)	12,113.8	13,042.6	12,201.2	(7)%	7%
Domestic active card accounts on file (end of period) (b)					
Bankcard	55.4	50.5	47.8	10%	6%
Retail	89.3	72.6	70.7	23%	3%
Total	144.7	123.1	118.5	18%	4%
Domestic card accounts on file (end of period) (c)					
Bankcard	152.2	137.2	127.3	11%	8%
Retail	492.2	423.0	398.4	16%	6%
Debit	93.7	146.5	129.9	(36)%	13%
Total	738.1	706.7	655.6	4%	8%

(a) Domestic debit issuer transactions include signature and PIN-debit transactions, STAR and non-STAR branded.
(b) Domestic active card accounts on file include bankcard and retail accounts that had a balance or any monetary posting or authorization activity during the last month of the quarter.
(c) Domestic card accounts on file include credit, retail and debit card accounts as of the last day of the last month of the period.

Transaction and processing service fees revenue.

Components of transaction and processing service fees revenue.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Credit card, retail card and debit processing	$ 911.5	$ 907.2	$ 924.7	0%	(2)%
Output services	229.8	225.3	219.5	2%	3%
Other revenue	208.7	217.5	218.0	(4)%	0%
Total transaction and processing service fees revenue	$ 1,350.0	$ 1,350.0	$ 1,362.2	0%	(1)%

Credit card, retail card and debit processing revenue. Credit card and retail card processing revenue increased for 2012 compared to 2011 due to net new business and volume growth from existing customers mostly offset by price compression on contract renewals as well as volume based pricing incentives. Growth in domestic active card accounts on file in 2012 versus 2011 benefited primarily from net new account conversions, mostly retail accounts; the substantial majority of which were converted in March 2012. Credit card and retail card processing revenue declined in 2011 versus 2010 with net new account conversions more than offset by price compression, declines in revenue from existing customers and the loss of call center business not driven by active accounts on file. Growth in domestic active card accounts on file in 2011 compared to 2010 benefited primarily from net new account conversions.

Debit processing revenue decreased for 2012 compared to 2011 due primarily to net lost business and price compression on contract renewals as well as other net contractual pricing incentives partially offset by new fees implemented in 2011, primarily regulatory compliance fees and volume growth from existing customers. Debit processing revenue increased slightly in 2011 compared to 2010 due to debit issuer transaction growth from existing customers substantially offset by net lost business and price compression.

Debit issuer transactions in 2012 decreased compared to 2011 due to lost business, including the loss of a large financial institution that completed its deconversion in the third quarter of 2012. This decrease was partially offset by net impacts from the implementation of the Dodd-Frank Act discussed below and growth of existing clients due in part to the shift to debit cards from cash and checks. The deconversion noted above also impacted domestic card accounts on file in 2012 versus 2011. Debit issuer transactions grew in 2011 compared to 2010 resulted from growth of existing clients due in part to the shift to debit cards from cash and checks, and new business partially offset by lost business.

The implementation of the Dodd-Frank Act described in the "Regulatory Reform" section above resulted in a net increase in debit issuer transactions in 2012 compared to 2011. Growth benefited from new contracts with financial institutions and transactions routed on behalf of other networks through the Company's gateway. This growth was partially offset by losses in the existing customer base from merchant routing decisions. The net revenue impact in 2012 from the implementation of the Dodd-Frank Act was minimal because of lower rates on new transactions from regulated financial institutions and gateway transactions compared to rates on transactions lost due to routing decisions.

Output services revenue. Output services revenue increased in 2012 compared to 2011 due to growth from existing customers and net new business which was partially offset by price compression on contract renewals as well as volume based pricing incentives.

Output services revenue increased in 2011 compared to 2010 due to net new plastic and print business and growth in plastics volumes from existing customers partially offset by lower print volumes from existing customers and price compression.

Other revenue. Other revenue consists mostly of revenue from remittance processing, online banking and bill payment services, voice services as well as information services. Other revenue for 2012 decreased compared to 2011 due to decreases in information services, voice services and check clearing driven by lost or disposed business and decreases in volumes from existing customers partially offset by increases in online banking and bill payment services driven by new business and growth from existing customers. A substantial portion of the information services as well as the check clearing services businesses had been divested as of December 31, 2012.

Other revenue was flat in 2011 compared to 2010 due to a decrease in volumes related to remittance processing and information services mostly offset by an increase in online banking and bill payment services volumes as well as net new business primarily in remittance processing.

Product sales and other revenue. Product sales and other revenue increased in 2012 compared to 2011 primarily due to new software license sales and professional services for programming.

Product sales and other revenue decreased in 2011 compared to 2010 due most significantly to higher contract termination fees recognized in 2010 as well as a decline in professional services revenue resulting from projects that were completed in 2010.

Segment EBITDA. Financial Services segment EBITDA increased in 2012 compared to 2011 due most significantly to the revenue items noted above partially offset by a sales tax recovery recorded in 2011.

Financial Services segment EBITDA increased in 2011 compared to 2010 due most significantly to decreased technology and operations costs resulting from reduced headcount and operational efficiencies, and a sales tax recovery. In addition, 2011 also benefited compared to 2010 from higher expenses in the prior year due to a billing adjustment recorded in the second quarter of 2010. These increases were partially offset by the adverse impact of the items noted in the revenue discussion above. The decrease in technology and operations costs, the sales tax recovery and the prior year billing adjustment benefited the segment EBITDA growth rate in 2011 versus 2010 by 11, 2 and 1 percentage points, respectively.

International segment results.

(in millions)	Year ended December 31, 2012	2011	2010	Percent Change 2012 vs. 2011	2011 vs. 2010
Revenues:					
Transaction and processing service fees	$ 1,291.2	$ 1,337.9	$ 1,237.5	(3)%	8%
Product sales and other	391.0	388.8	353.9	1%	10%
Equity earnings in affiliates	36.2	34.6	29.4	5%	18%
Segment revenue	$ 1,718.4	$ 1,761.3	$ 1,620.8	2%	9%
Segment EBITDA	$ 483.8	$ 454.3	$ 329.8	6%	38%
Segment margin	28%	26%	20%	2pts	6pts
Key indicators:					
International transactions (a)	8,458.4	7,637.9	6,777.8	11%	13%
International card accounts on file (end of period) (b)	73.6	75.0	88.8	(2)%	(16)%

(a) International transactions include VISA, MasterCard and other card association merchant acquiring and switching and debit issuer transactions for clients outside the U.S. Transactions include credit, signature debit and PIN-debit POS, POS gateway and ATM transactions. International transactions for the years ended December 31, 2011 and December 31, 2010 reflect an updated count of international transactions.

(b) International card accounts on file include bankcard and retail.

Summary. Segment revenue in 2012 compared to 2011 was impacted by the items discussed below as well as foreign currency exchange rate movements. Foreign currency exchange rate movements negatively impacted the total segment revenue growth rate in 2012 by 4 percentage points compared to 2011 and benefited the total segment revenue growth rate in 2011 by 4 percentage points compared to 2010.

Transaction and processing service fee revenue. Transaction and processing service fees revenue includes merchant related services and card services revenue. Merchant related services revenue encompasses merchant acquiring and processing revenue, debit transaction revenue, POS/ATM transaction revenue and fees from switching services. Card services revenue represents monthly managed service fees for issued cards. Merchant related services transaction and processing service fees revenue represented approximately 60% for the periods presented and card services revenue represented approximately 40% of total transaction and processing service fees revenue for the periods presented.

Transaction and processing service fees revenue decreased in 2012 compared to 2011 due to the impact of foreign currency exchange rate movements. In addition, declines in the card issuing businesses were partially offset by growth in the merchant acquiring businesses. Revenue in the card issuing businesses declined primarily due to lost business in Germany, Australia, the United Kingdom and China as well as lower revenue in Greece driven by the economic recession and a strategic decision to exit low-margin businesses. Partially offsetting these decreases were increased transaction volumes in the card issuing business primarily in Argentina and new business in Canada. Increases in the merchant acquiring businesses resulted from growth in the merchant acquiring alliances and direct sales channels primarily in the United Kingdom and Canada. Foreign currency exchange rate movements negatively impacted the transaction and processing service fees revenue growth rate in 2012 versus 2011 by 4 percentage points.

Transaction and processing service fees revenue increased in 2011 compared to 2010 due to growth in the merchant acquiring businesses resulting from growth from existing clients in the merchant acquiring alliances and the direct sales channel in the United Kingdom. The card issuing businesses grew due to new business primarily in the United Kingdom as well as transaction growth in Argentina and pricing in Australia. Partially offsetting these increases were lost business and lower revenue in Greece driven by the economic recession and a strategic decision to exit low-margin businesses. Foreign currency exchange rate movements benefited the transaction and processing service fees growth rate in 2011 versus 2010 by 5 percentage points.

Transaction and processing service fees revenue is driven by accounts on file and transactions. The spread between growth in these two indicators and revenue growth was impacted by foreign currency exchange rate movements, the mix of transaction types and price compression. International card accounts on file decreased in 2011 compared to the 2010 primarily due to lost business in China and the United Kingdom that deconverted in the fourth quarter of 2011.

Product sales and other revenue. Product sales and other revenue increased in 2012 compared to 2011 due to new software license fees and new sales, price increases and higher terminal installations in Argentina. Partially offsetting these increases are declines in terminal sales and lease originations in Germany, a decrease resulting from contract termination fees recognized in 2011 as well as a decrease resulting from the strategic decision to exit a line of business in Greece. Foreign currency exchange rate movements negatively impacted the growth rate for product sales and other revenue in 2012 compared to 2011 by 5 percentage points.

Product sales and other revenue increased in 2011 compared to 2010 due to growth in terminal sales and leasing revenue as a result of new clients and growth from existing clients in Argentina and the United Kingdom as well as new terminal requirements and lease renewals in the United Kingdom.

Segment EBITDA. Segment EBITDA increased in 2012 compared to 2011 due primarily to the revenue items noted above. In addition, International segment EBITDA benefited in 2012 from the 2011 correction of cumulative errors in the amortization of initial payments for new contracts related to purchase accounting associated with the KKR merger and the write-off of capitalized commissions related to terminal leases which adversely impacted 2011 results by $14.3 million and benefited the growth rate for 2012 compared to 2011 by 3 percentage points. Segment EBITDA also benefited from decreased expenses, principally operations and technology costs, driven by cost savings initiatives. The segment EBITDA growth rate for 2012 compared to 2011 benefited from decreased operations and technology costs by 4 percentage points. The increases in segment EBITDA for 2012 compared to 2011 were partially offset by foreign currency exchange rate movements which adversely impacted the segment EBITDA growth rate by 4 percentage points.

Segment EBITDA increased in 2011 compared to 2010 due to the impact of the revenue items noted above, decreased operating expenses driven by cost reduction initiatives, a benefit resulting from the write-off of leasing receivables and terminal inventory in 2010 and the impact of foreign currency exchange rate movements. The 2010 write-off of leasing receivables and terminal inventory benefited the segment EBITDA growth rate in 2011 compared to 2010 by 6 percentage points. Segment EBITDA growth also benefited 5 percentage points in 2011 compared to 2010 from the impact of foreign currency exchange rate movements. Partially offsetting the increases described above was a decrease resulting from the correction of cumulative errors in the amortization of initial payments for new contracts related to purchase accounting associated with the KKR merger and the write-off of capitalized commissions related to terminal leases which, together, adversely impacted International segment EBITDA by $14.3 million and the growth rate for 2011 compared to 2010 by 4 percentage points.

Capital Resources and Liquidity

FDC's source of liquidity is principally cash generated from operating activities supplemented as necessary on a short-term basis by borrowings against its revolving credit facility. The Company believes its current level of cash and short-term financing capabilities along with future cash flows from operations are sufficient to meet the needs of the business. The following discussion highlights changes in the Company's debt structure as well as the Company's cash flow activities and the sources and uses of funding during the years ended December 31, 2012, 2011 and 2010.

During 2012, 2011 and 2010, the Company completed various amendments and modifications to certain of its debt agreements, several debt offerings and a debt exchange in an effort to extend its debt maturities. Additionally, in February 2013, FDC issued $785 million aggregate principal amount of 11.25% senior unsecured notes due January 15, 2021. The proceeds from the offering were used to repurchase FDC's outstanding 10.55% senior unsecured notes and to pay related fees and expenses. Also in February 2013, FDC entered into a Joinder Agreement relating to its credit agreement, pursuant to which FDC incurred $258 million in new term loans maturing on September 24, 2018. The net cash proceeds from the new term loans were used to repay all of its outstanding term loan borrowings maturing in 2014 and to pay related fees and expenses.

Details regarding the Company's debt structure are provided in Note 8 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K. The Company intends to extend additional debt maturity dates as opportunities allow.

Cash and cash equivalents. Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. At December 31, 2012 and 2011, the Company held $608.3 million and $485.7 million in cash and cash equivalents, respectively.

Included in cash and cash equivalents are amounts held by Integrated Payment Systems Inc. ("IPS") and the BAMS alliance, that are not available to fund operations outside of those businesses. At December 31, 2012 and 2011, the cash and cash equivalents held by IPS and the BAMS alliance totaled $85.8 million and $75.2 million, respectively. All other domestic cash balances, to the extent available, are used to fund the Company's short-term liquidity needs.

Cash and cash equivalents also includes amounts held outside of the U.S. at December 31, 2012 and 2011 totaling $268.4 million and $216.0 million, respectively. As of December 31, 2012, there was approximately $70 million of cash and cash equivalents held outside of the U.S. that could be used for general corporate purposes. FDC plans to fund any cash needs in 2013 within the International segment with cash held by the segment, but if necessary, could fund such needs using cash from the U.S., subject to satisfying debt covenant restrictions.

Cash flows from operating activities.

	Year ended December 31,		
Source/(use) (in millions)	2012	2011	2010
Net loss	$ (527.3)	$ (336.1)	$ (846.9)
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	1,330.9	1,344.2	1,526.0
Charges (gains) related to other operating expenses and other income (expense)	122.5	(77.7)	97.4
Other non-cash and non-operating items, net	(40.2)	27.7	265.6
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:			
Accounts receivable, current and long-term	(49.8)	256.7	224.7
Other assets, current and long-term	260.0	239.3	298.3
Accounts payable and other liabilities, current and long-term	(34.6)	(1.2)	(386.1)
Income tax accounts	(294.1)	(337.3)	(424.3)
Net cash provided by operating activities	$ 767.4	$ 1,115.6	$ 754.7

Cash flows provided by operating activities for the periods presented resulted from normal operating activities and reflect the timing of the Company's working capital requirements.

FDC's operating cash flow is significantly impacted by its level of debt. Approximately $1,793.9 million, $1,458.2 million and $1,494.9 million in cash interest, including interest on lines of credit and capital leases, was paid during 2012, 2011 and 2010, respectively. The increase in cash interest in 2012 compared to 2011 is due primarily to the debt exchanges referred to above resulting in seven months of interest payments in 2011 compared to twelve months of interest payments in 2012 for the notes issued in the exchange as well as an increase in the interest coupon rate.

The timing of quarterly interest payments in 2013 will be impacted by when payment dates occur, shifting payments normally included in the first quarter to the second quarter. The Company estimates that its 2013 quarterly cash interest payments, excluding interest on lines of credit and capital leases, will be as follows:

Three months ended	Estimated cash interest payments on Long-term Debt (a) (Unaudited)
March 31, 2013	$ 440
June 30, 2013	465
September 30, 2013	665
December 31, 2013	225
	$ 1,795

(a) The Company has an option to pay certain portions of its interest obligations "in kind" as an increase in principal rather than in cash. These amounts represent the amount of cash projected to be paid if the Company opts to pay its entire interest obligation for 2013 in cash.

Using December 31, 2012 balances for variable rate debt and applicable interest rate swaps, a 10 percent increase in the applicable LIBOR index on an annualized basis would increase interest expense by approximately $1.1 million.

The Company's operating cash flows are impacted by fluctuations in working capital. Cash flows from operating activities in 2012 decreased compared to 2011 primarily due to the increase in cash interest payments as well as an increase in prefunding settlement volumes and timing partially offset by increased operating income. Cash flows from operating activities increased in 2011 compared to 2010 due to the flow through of operating activity which included higher revenues and lower expenses. Additionally, the increase was partially due to sources of cash related to lower prefunding of settlement arrangements.

FDC anticipates funding operations throughout 2013 primarily with cash flows from operating activities and by closely managing discretionary capital and other spending; however, any shortfalls would be supplemented as necessary by borrowings against its revolving credit facility.

Cash flows from investing activities.

Source/(use) (in millions)	Year ended December 31, 2012	2011	2010
Current year acquisitions, net of cash acquired	$ (32.9)	$ (19.2)	$ (1.8)
Contributions to equity method investments	(7.9)	(161.5)	(1.4)
Payments related to other businesses previously acquired	(4.4)	3.2	(1.4)
Proceeds from dispositions, net of expenses paid and cash disposed	—	1.7	21.2
Proceeds from sale of property and equipment	8.0	17.1	5.5
Additions to property and equipment	(193.1)	(202.9)	(210.1)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(177.2)	(201.9)	(159.6)
Other investing activities	10.4	4.9	18.4
Net cash used in investing activities	$ (397.1)	$ (558.6)	$ (329.2)

Acquisitions and dispositions. The Company may finance acquisitions through a combination of internally generated funds, reinvestment of proceeds from asset sales, short-term borrowings and equity of its parent company. The Company may also consider using long-term borrowings subject to restrictions in its debt agreements. All acquisitions during the periods presented were funded from cash flows from operating activities or from the reinvestment of cash proceeds from the sale of other assets. Purchases of noncontrolling interests are classified as financing activities as noted below. Although the Company considers potential acquisitions from time to time, the Company's plan for 2013 does not include funding of material acquisitions.

In December 2012, the Company acquired 100% of Clover Network, Inc., a provider of payment network services for total consideration of $56.1 million. The transaction called for cash consideration of $36.1 million as well as a series of contingent payments based on the achievement of specified sales targets. These contingent payments are classified as purchase consideration if made to outside investors and compensation if made to current and future employees. As part of the purchase price the Company recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments.

In the fourth quarter of 2011, the Company funded $160 million to one of its merchant alliance partners for referrals from bank branches contributed to the alliance as called for by the agreement that extended the term of the alliance in 2008.

During 2010, proceeds from dispositions related most significantly to the receipt of a contingent payment associated with the Company's sale of a merchant acquiring business in Canada in the fourth quarter of 2009.

The Company continues to manage its portfolio of businesses and evaluate the possible divestiture of businesses that do not match its long-term growth objectives. For a more detailed discussion on acquisitions and dispositions in 2012, 2011 and 2010 refer to Note 3 to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Capital expenditures. Capital expenditures are estimated to be approximately $425 to $475 million in 2013 and are expected to be funded by cash flows from operations. If, however, cash flows from operating activities are insufficient, the Company will decrease its discretionary capital expenditures or utilize its revolving credit facility.

During the periods presented, net proceeds were received for the sale of certain assets, including buildings and equipment in 2011.

Other investing activities. The source of cash in 2010 related to a decrease in regulatory, restricted and escrow cash balances.

Cash flows from financing activities.

Source/(use) (in millions)	Year ended December 31, 2012	2011	2010
Short-term borrowings, net	$ 99.1	$ (107.3)	$ 75.1
Accrued interest funded upon issuance of notes	6.5	—	—
Debt modification proceeds (payments) and related financing costs	10.8	(39.7)	(61.2)
Principal payments on long-term debt	(83.3)	(104.5)	(220.4)
Proceeds from sale-leaseback transactions	13.8	14.2	—
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	(261.9)	(327.3)	(216.1)
Contributions from noncontrolling interests	—	0.8	—
Purchase of noncontrolling interests	(25.1)	—	(213.3)
Redemption of Parent's redeemable common stock	(1.7)	(0.5)	(2.5)
Cash dividends	(6.7)	(0.2)	(14.9)
Net cash used in financing activities	$ (248.5)	$ (564.5)	$ (653.3)

Short-term borrowings, net. The cash activity related to short-term borrowings in 2012 and 2011 resulted primarily from net borrowings and paydowns on FDC's international credit lines used principally to prefund settlement activity. In 2010, the cash activity related to short-term borrowings resulted primarily from net borrowings on FDC's senior secured revolving credit facility.

As of December 31, 2012, FDC's senior secured revolving credit facility had commitments from financial institutions to provide $1,515.3 million of credit, $499.1 million of which is due to expire on September 24, 2013 with the remainder due to expire between June 24, 2015 and September 24, 2016. Besides the letters of credit discussed below, FDC had no amount outstanding against this facility as of December 31, 2012 and 2011. Therefore, as of December 31, 2012, $1,470.2 million remained available under this facility. Excluding the letters of credit, the maximum amount outstanding against this facility during 2012 was approximately $295 million while the average amount outstanding during 2012 was approximately $27 million.

FDC utilizes its revolving credit facility on a short-term basis to fund investing or operating activities when cash flows from operating activities are not sufficient. The Company believes the capacity under its senior secured revolving credit facility, both before and after the expiration of the commitments due to expire in 2013, will be sufficient to meet its short-term liquidity needs. FDC's senior secured revolving credit facility can be used for working capital and general corporate purposes.

There are multiple institutions that have commitments under this facility with none representing more than approximately 14% of the remaining capacity.

Debt modification proceeds (payments) and related financing costs. The Company's debt modifications and amendments noted above were accounted for as modifications resulting in only the net effect of the transactions being reflected as a source or use of cash excluding certain fees included in the Company's results of operations.

During 2012, FDC received net cash proceeds of $10.8 million related to the 2012 debt modifications and offerings referred to above, a substantial portion of which were used to pay related expenses that were included in the Company's results of operations.

During the year ended December 31, 2011, FDC paid $18.6 million in fees related to the December 2010 debt exchange and $21.1 million in fees related to the April 2011 debt modification and amendments.

The Company paid a net amount of $24.1 million in fees related to the August 2010 debt modification. The Company also paid a net amount of $37.1 million for costs incurred during the fourth quarter of 2010 related to the December 2010 debt exchange.

Principal payments on long-term debt. In conjunction with the debt modifications and amendments discussed above, proceeds from the issuance of new notes were used to prepay portions of the principal balances of FDC's senior secured term loans which satisfied the future quarterly principal payments until September 2018. Prior to the modifications, during 2010, the Company made principal payments of $96.2 million related to its senior secured term loan facility.

During 2011 and 2010, the Company paid notes that came due totaling $32.6 million and $13.1 million, respectively. In addition, the Company paid $34.1 million in debt restructuring fees in 2010.

Payments for capital leases totaled $80.2 million, $71.9 million and $76.9 million for 2012, 2011 and 2010, respectively.

As of March 19, 2013, FDC's long-term corporate family rating from Moody's was B3 (stable). The long-term local issuer credit rating from Standard and Poor's was B (stable). The long-term issuer default rating from Fitch was B (stable). The Company's current level of debt may impair its ability to get additional funding beyond its revolving credit facility if needed.

Proceeds from sale-leaseback transactions. The Company may, from time to time, enter into sale-leaseback transactions as a means of financing previously or recently acquired fixed assets, primarily equipment.

Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests. Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests primarily represent distributions of earnings. The activity in all periods presented was primarily the result of distributions associated with the BAMS alliance including an incremental distribution in 2011 of approximately $64 million related to both working capital initiatives and an extra quarterly distribution due to a change in the timing of such distributions.

Purchase of noncontrolling interest. In April 2012, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay, a provider of card and electronic payment processing services to merchant acquiring banks, for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in April 2013. The use of cash in 2010 relates to the redemption amount paid to the third-party investor to redeem its interest in the BAMS alliance.

Cash dividends. The Company paid cash dividends to First Data Holdings Inc. in the periods presented.

Letters, lines of credit and other.

	Total Available (a) As of December 31,		Total Outstanding As of December 31,	
(in millions)	2012	2011	2012	2011
Letters of credit (b)	$ 500.0	$ 500.0	$ 45.1	$ 45.0
Lines of credit and other (c)	$ 346.0	$ 341.2	$ 177.2	$ 76.4

(a) Total available without giving effect to amounts outstanding.

(b) Up to $500 million of the Company's senior secured revolving credit facility is available for letters of credit. Outstanding letters of credit are held in connection with lease arrangements, bankcard association agreements and other security agreements. The maximum amount of letters of credit outstanding during 2012 was approximately $52 million. All letters of credit expire prior to December 10, 2013 with a one-year renewal option. FDC expects to renew most of the letters of credit prior to expiration.

(c) As of December 31, 2012, represents $216.0 million of committed lines of credit as well as certain uncommitted lines of credit and other agreements that are available in various currencies to fund settlement and other activity for the Company's international operations. FDC cannot use these lines of credit for general corporate purposes. Certain of these arrangements are uncommitted but, as of the dates presented, FDC had borrowings outstanding against them.

In the event one or more of the aforementioned lines of credit becomes unavailable, FDC will utilize its existing cash, cash flows from operating activities or its revolving credit facility to meet its liquidity needs.

Significant non-cash transactions. During 2011 and 2010, the principal amount of FDC's senior notes due 2015 increased by $73.1 million and $362.5 million, respectively, resulting from the "payment" of accrued interest expense. The decrease in the amount of interest expense accrued during 2011 is due to the December 2010 exchange of notes discussed below. The terms of FDC's senior unsecured notes due 2015 require interest to be paid in cash for all periods after October 1, 2011.

In December 2011, the Company exchanged substantially all of its aggregate principal amounts of $3.0 billion of its 12.625% senior notes due 2021 for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes will be freely tradable.

In December 2010, the Company exchanged $3.0 billion of its 9.875% senior notes due 2015 and $3.0 billion of its 10.550% senior PIK notes due 2015 for $2.0 billion of 8.25% senior second lien notes due 2021, $1.0 billion of 8.75%/10.00% PIK toggle senior second lien notes due 2022 and $3.0 billion of 12.625% senior notes due 2021.

There were no expenditures, other than professional fees, or receipts of cash associated with the registration statement or exchange offer described above.

During 2012, 2011 and 2010, the Company entered into capital leases, net of trade-ins, totaling approximately $55 million, $106 million and $65 million, respectively.

As discussed above, the Company acquired 100% of Clover Network, Inc. and recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments.

Also discussed above, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in April 2013.

In November 2011, the Company contributed the assets of its transportation business to an alliance in exchange for a 30% noncontrolling interest in the alliance. Refer to Note 18 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Guarantees and covenants. All obligations under the senior secured revolving credit facility and senior secured term loan facility are unconditionally guaranteed by substantially all existing and future, direct and indirect, wholly owned, material domestic subsidiaries of the Company other than IPS. The senior secured facilities contain a number of covenants that, among other things, restrict the Company's ability to incur additional indebtedness; create liens; enter into sale-leaseback transactions; engage in mergers or consolidations; sell or transfer assets; pay dividends and distributions or repurchase the Company's or its parent company's capital stock; make investments, loans or advances; prepay certain indebtedness; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing certain indebtedness; and change its lines of business. The senior secured facilities also require the Company to not exceed a maximum senior secured leverage ratio and contain certain customary affirmative covenants and events of default, including a change of control. The senior secured term loan facility also requires mandatory prepayments based on a percentage of excess cash flow generated by the Company.

All obligations under the senior secured notes, senior second lien notes, PIK toggle senior second lien notes, senior notes and senior subordinated notes are similarly guaranteed in accordance with their terms by each of the Company's domestic subsidiaries that guarantee obligations under the Company's senior secured term loan facility described above. These notes and facilities also contain a number of covenants similar to those described for the senior secured obligations noted above. The Company is in compliance with all applicable covenants as of December 31, 2012 and anticipates it will remain in compliance in future periods.

Although all of the above described indebtedness contain restrictions on the Company's ability to incur additional indebtedness, these restrictions are subject to numerous qualifications and exceptions, including the ability to incur indebtedness in connection with the Company's settlement operations. The Company believes that the indebtedness that can be incurred under these exceptions as well as additional credit under the existing senior secured revolving credit facility are sufficient to satisfy the Company's intermediate and long-term needs.

Covenant compliance. Under the senior secured revolving credit and term loan facilities, certain limitations, restrictions and defaults could occur if the Company is not able to satisfy and remain in compliance with specified financial ratios. The Company has agreed that it will not permit the Consolidated Senior Secured Debt to Consolidated EBITDA (both as defined in the agreement) Ratio for any 12 month period (last four fiscal quarters) ending during a period set forth below to be greater than the ratio set forth below opposite such period:

Period	Ratio
October 1, 2012 to September 30, 2013	6.25 to 1.00
Thereafter	6.00 to 1.00

The breach of this covenant could result in a default under the senior secured revolving credit facility and the senior secured term loan credit facility and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration could also result in a default under the indentures for the senior secured notes, senior second lien notes, PIK toggle senior second lien notes, senior notes and senior subordinated notes. As of December 31, 2012, the Company is in compliance with this covenant with Consolidated Senior Secured Debt of $11,985.1 million, Consolidated EBITDA of $2,913.8 million and a Ratio of 4.11 to 1.00.

In determining Consolidated EBITDA, EBITDA is calculated by reference to net income (loss) from continuing operations plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization. Consolidated EBITDA as defined in the agreements (also referred to as debt covenant EBITDA) is calculated by adjusting EBITDA to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and the credit facilities. The Company believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA are appropriate to provide additional information to investors to demonstrate the Company's ability to comply with its financing covenants.

The calculation of Consolidated EBITDA under FDC's senior secured term loan facility is as follows:

(in millions)	Last twelve months ended December 31, 2012
Net loss attributable to First Data Corporation	$ (700.9)
Interest expense, net (1)	1,889.0
Income tax benefit	(224.0)
Depreciation and amortization (2)	1,330.9
EBITDA (15)	2,295.0
Stock based compensation (3)	11.8
Restructuring, net (4)	37.7
Derivative financial instruments (gains) and losses (5)	91.3
Official check and money order EBITDA (6)	(6.4)
Cost of alliance conversions and other technology initiatives (7)	79.9
KKR related items (8)	21.3
Debt issuance costs (9)	13.7
Projected near-term cost savings and revenue enhancements (10)	151.0
Net income attributable to noncontrolling interests and redeemable noncontrolling interests (11)	173.6
Equity entities taxes, depreciation and amortization (12)	15.0
Impairments (13)	22.1
Other (14)	7.8
Consolidated EBITDA (15)	$ 2,913.8

(1) Includes interest expense and interest income.
(2) Includes amortization of initial payments for new contracts which is recorded as a contra-revenue within "Transaction and processing service fees" of $44.5 million and amortization related to equity method investments, which is netted within the "Equity earnings in affiliates" line of $94.8 million.
(3) Stock based compensation recognized as expense.
(4) Restructuring charges in connection with management's alignment of the business with strategic objectives and employee reduction and certain employee relocation efforts in Germany.
(5) Represents fair market value adjustments for cross currency swaps and interest rate swaps that are not designated as accounting hedges.
(6) Represents an adjustment to exclude the official check and money order businesses from EBITDA due to FDC's wind down of these businesses.
(7) Represents costs directly associated with the termination of the Chase Paymentech alliance, expenses related to First Data taking over operations of Banc of America N.A.'s legacy settlement platform in connection with the Banc of America Merchant Services alliance and conversion of certain BAMS merchants onto First Data platforms, all of which are considered business optimization projects, and other technology initiatives.
(8) Represents KKR annual sponsorship fees for management, consulting, financial and other advisory services.
(9) Debt issuance costs represent non-capitalized costs associated with issuing debt and modifying FDC's debt structure.
(10) Reflects cost savings and revenue enhancements projected to be realized as a result of specific actions as if they were achieved on the first day of the period. Includes cost savings initiatives associated with the business optimization projects and other technology initiatives described in Note 7, the BAMS alliance, operations and technology initiatives, headcount reductions and other addressable spend reductions.
(11) Net income attributable to noncontrolling interests and redeemable noncontrolling interests in restricted subsidiaries.
(12) Represents FDC's proportional share of income taxes, depreciation and amortization on equity method investments.

(13) Represents impairment of certain equipment, land and a building.
(14) Includes items such as litigation and regulatory settlements, investment gains and losses, non-operating foreign currency gains and losses and other as applicable to the period presented.
(15) EBITDA is defined as net income (loss) attributable to First Data Corporation before net interest expense, income taxes, depreciation and amortization. EBITDA is not a recognized term under U.S. generally accepted accounting principles ("GAAP") and does not purport to be an alternative to net income (loss) attributable to First Data Corporation as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of FDC's results as reported under GAAP. Management believes EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management 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. 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.

Consolidated EBITDA (or debt covenant EBITDA) is defined as EBITDA adjusted to exclude certain non-cash items, non-recurring items that FDC does not expect to continue at the same level in the future and certain items management believes will impact future operating results and adjusted to include near-term cost savings projected to be achieved within twelve months on an annualized basis (see Note 10 above). Consolidated EBITDA is further adjusted to add net income attributable to noncontrolling interests and redeemable noncontrolling interests of certain non-wholly-owned subsidiaries and exclude other miscellaneous adjustments that are used in calculating covenant compliance under the agreements governing FDC's senior unsecured debt and/or senior secured credit facilities. The Company believes that the inclusion of supplementary adjustments to EBITDA are appropriate 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 FDC's senior unsecured debt and/or senior secured credit facilities. Since not all companies use identical calculations, this presentation of Consolidated EBITDA may not be comparable to other similarly titled measures of other companies.

Off-balance sheet arrangements

During 2012, 2011 and 2010, the Company did not engage in any off-balance sheet financing activities other than those included in the "Contractual obligations" discussion below and those reflected in Note 11 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K.

Contractual obligations

The Company's contractual obligations as of December 31, 2012 are as follows:

	Payments Due by Period				
(in millions)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Borrowings (a)	$ 34,012.8	$ 1,982.5	$ 5,362.9	$ 7,878.2	$ 18,789.2
Capital lease obligations (b)	145.2	71.7	65.9	7.6	—
Operating leases	293.3	57.3	84.9	61.2	89.9
Pension plan contributions (c)	147.3	42.4	64.6	40.3	—
Purchase obligations (d):					
Technology and telecommunications (e)	1,496.2	768.1	411.8	116.8	199.5
All other (f)	521.5	119.2	128.7	119.2	154.4
Other long-term liabilities	131.4	10.8	42.1	75.6	2.9
	$ 36,747.7	$ 3,052.0	$ 6,160.9	$ 8,298.9	$ 19,235.9

(a) Includes future principal and cash interest payments on long-term borrowings through scheduled maturity dates. Includes $992.7 million of PIK toggle notes for which it is assumed the Company will pay interest in cash. Also includes $4.1 billion of variable rate debt (including the impact of interest rate swaps). Borrowings and interest rate swaps are discussed in Note 8 and Note 6, respectively, to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K. Interest payments for the variable rate debt and the associated interest rate swaps were calculated using interest rates as of December 31, 2012.

(b) Represents future payments on existing capital leases, including interest expense, through scheduled expiration dates.

(c) Includes future pension plan contributions for all plans in 2013 and future contractual commitments for the United Kingdom ("U.K.") plan through 2017 which are subject to change. The amount of pension plan contributions depends upon various factors that cannot be accurately estimated beyond a one-year time frame other than the U.K. plan.

(d) Many of the Company's contracts contain clauses that allow the Company to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Certain contracts also have an automatic renewal clause if the Company does not provide written notification of its intent to terminate the contract. Obligations under certain contracts are usage-based and are, therefore, estimated in the above amounts. Historically, the Company has not had any significant defaults of its contractual obligations or incurred significant penalties for termination of its contractual obligations.

(e) Technology and telecommunications represents obligations related to hardware purchases, including purchases of ATMs and terminals, as well as software licenses, hardware and software maintenance and support, technical consulting services and telecommunications services.

(f) Other includes obligations related to materials, data, non-technical contract services, facility security, investor management fees, maintenance and marketing promotions.

As of December 31, 2012, the Company had approximately $317 million of tax contingencies comprised of approximately $279 million reported in long-term income taxes payable in the "Other long-term liabilities" line of the Consolidated Balance Sheets, including approximately $4 million of income tax liabilities for which Western Union is required to indemnify the Company, and approximately $38 million recorded as an increase of the Company's deferred tax liability. Timing of tax payments is dependent upon various factors which cannot be reasonably estimated at this time.

In February 2013, as discussed in Note 8 to the Company's Consolidated Financial Statements included in Item 8 of this Form 10-K, FDC issued $785 million aggregate principal amount of 11.25% senior unsecured notes due January 15, 2021. The proceeds from the offering were used to repurchase FDC's outstanding 10.55% senior unsecured notes and pay related fees and expenses. Additionally, in February 2013, FDC entered into a Joinder Agreement relating to its credit agreement, pursuant to which FDC incurred $258 million in new term loans maturing on September 24, 2018. The net cash proceeds from the new term loans were used to repay all of its outstanding term loan borrowings maturing in 2014 and to pay related fees and expenses.

The combined effect of these events did not materially impact the total amount of the Company's outstanding obligations but increased future interest payments and extended the maturity of $0.3 billion of obligations from 2014 to 2018 and $0.8 billion of obligations from 2015 to 2021.

Critical Accounting Policies

Stock-based compensation. The Company has a stock incentive plan for certain management employees of FDC and its affiliates ("stock plan"). This stock plan is at the Holdings level which owns 100% of FDC's equity interests. The stock plan provides the opportunity for certain management employees to purchase shares in Holdings and then receive a number of stock options or restricted stock based on a multiple of their investment in such shares. The plan also allows for the Company to award shares and options to certain management employees. The expense associated with this plan is recorded by FDC. FDC uses the Black-Scholes option pricing model to measure the fair value of stock option awards. The Company chose the Black-Scholes model based on the Company's experience with the model and the determination that the model could be used to provide a reasonable estimate of the fair value of awards with terms such as those issued by Holdings. Option-pricing models require estimates of a number of key valuation inputs including expected volatility, expected dividend yield, expected term and risk-free interest rate. Certain of these inputs are more subjective due to Holdings being privately held and thus not having objective historical or public information. The most subjective inputs are the expected term, expected volatility and determination of share value. The expected term is determined using probability weighted expectations and expected volatility is determined using a selected group of guideline companies as surrogates for Holdings.

On a quarterly basis, the Company estimates the fair value of Holdings common stock. Periodically, a third-party valuation firm provides assistance with certain key assumptions and performs calculations using the valuation methods discussed below. All key assumptions and valuations were determined by and are the responsibility of management. The Company relies on the results of a discounted cash flow analysis but also considers the results of a market approach. The discounted cash flow analysis is dependent on a number of significant management assumptions regarding the expected future financial results of the Company and Holdings as well as upon estimates of an appropriate cost of capital. A sensitivity analysis is performed in order to establish a narrow range of estimated fair values for the shares of Holdings common stock. The market approach consists of identifying a set of guideline public companies.

Multiples of historical and projected EBITDA determined based on the guideline companies is applied to Holdings' EBITDA in order to establish a range of estimated fair value for the shares of Holdings common stock. The Company considers the results of both of these approaches, placing primary reliance on the discounted cash flow analysis. The concluded range of fair values is also compared to the value determined by the Board of Directors for use in transactions, including stock sales and repurchases. After considering all of these estimates of fair value, the Company then determines a single estimated fair value of the stock to be used in accounting for stock-based compensation.

During the years ended December 31, 2012, 2011 and 2010, time-based options were granted under the stock plan and during the years ended December 31, 2011 and 2010, performance-based options were granted under the stock plan. The time options and performance options have a contractual term of 10 years. Time options vest equally over a three to five year period from the date of issuance and performance options vest based upon the Company achieving certain EBITDA targets. The options also have certain accelerated vesting provisions upon a change in control, a qualified public offering, or certain termination events.

The assumptions used in estimating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, stock-based compensation expense could be different in the future.

Refer to Note 13 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for details regarding the Company's stock-based compensation plan.

Reserve for merchant credit losses and check guarantees. With respect to the merchant acquiring business, the Company's merchant customers (or those of its unconsolidated alliances) have the liability for any charges properly reversed by the cardholder. In the event, however, that the Company is not able to collect such amounts from the merchants due to merchant fraud, insolvency, bankruptcy or another reason, the Company may be liable for any such reversed charges. The Company's risk in this area primarily relates to situations where the cardholder has purchased goods or services to be delivered in the future such as airline tickets.

The Company's obligation to stand ready to perform is minimal in relation to the total dollar volume processed. The Company requires cash deposits, guarantees, letters of credit or other types of collateral from certain merchants to minimize this obligation. Collateral held by the Company is classified within "Settlement assets" and the obligation to repay the collateral if it is not needed is classified within "Settlement obligations" on the Company's Consolidated Balance Sheets. The amounts of collateral held by the Company and its unconsolidated alliances are as follows:

	As of December 31,	
(in millions)	2012	2011
Cash and cash equivalents collateral	$ 470.0	$ 473.2
Collateral in the form of letters of credit	120.9	112.5
Total collateral	$ 590.9	$ 585.7

The Company also utilizes a number of systems and procedures to manage merchant risk. Despite these efforts, the Company historically has experienced some level of losses due to merchant defaults.

The Company's contingent obligation relates to imprecision in its estimates of required collateral. A provision for this obligation is recorded based primarily on historical experience of credit losses and other relevant factors such as economic downturns or increases in merchant fraud. Merchant credit losses are included in "Cost of services" in the Company's Consolidated Statements of Operations. The following table presents the aggregate merchant credit losses incurred compared to total dollar volumes processed:

	Year ended December 31,		
	2012	2011	2010
FDC and consolidated and unconsolidated alliances credit losses (in millions)	$ 50.0	$ 63.6	$ 78.2
FDC and consolidated alliances credit losses (in millions)	$ 43.3	$ 54.3	$ 71.3
Total dollar volume acquired (in billions)	$ 1,725.4	$ 1,643.2	$ 1,520.4

The reserve recorded on the Company's Consolidated Balance Sheets only relates to the business conducted by its consolidated subsidiaries. The reserve for unconsolidated alliances is recorded only in the alliances' respective financial statements. The Company has not recorded any reserve for estimated losses in excess of reserves recorded by the unconsolidated alliances nor has the Company identified needs to do so. The following table presents the aggregate merchant credit loss reserves:

(in millions)	As of December 31, 2012	2011
FDC and consolidated and unconsolidated alliances merchant credit loss reserves	$ 26.1	$ 35.5
FDC and consolidated alliances merchant credit loss reserves	$ 23.4	$ 31.6

The credit loss reserves, both for the unconsolidated alliances and the Company, are comprised of amounts for known losses and a provision for losses incurred but not reported ("IBNR"). These reserves primarily are determined by performing a historical analysis of chargeback loss experience. Other factors are considered that could affect that experience in the future. Such items include the general economy and economic challenges in a specific industry or those affecting certain types of clients. Once these factors are considered, the Company or the unconsolidated alliance establishes a rate (percentage) that is calculated by dividing the expected chargeback (credit) losses by dollar volume processed. This rate is then applied against the dollar volume processed each month and charged against earnings. The resulting reserve balance is then compared to requirements for known losses and estimates for IBNR items. Historically, this estimation process has proven to be materially accurate and the Company believes the recorded reserve approximates the fair value of the contingent obligation.

The majority of the TeleCheck Services, Inc. ("TeleCheck") business involves the guarantee of checks received by merchants. If the check is returned, TeleCheck is required to purchase the check from the merchant at its face value and pursue collection from the check writer. A provision for estimated check returns, net of anticipated recoveries, is recorded at the transaction inception based on recent history. The following table presents the accrued warranty and recovery balances:

(in millions)	As of December 31, 2012	2011
Accrued warranty balances	$ 10.9	$ 11.4
Accrued recovery balances	$ 24.8	$ 26.8

Accrued warranties are included in "Other current liabilities" and accrued recoveries are included in "Accounts receivable" in the Consolidated Balance Sheets.

The Company establishes an incremental liability (and deferred revenue) for the fair value of the check guarantee. The liability is relieved and revenue is recognized when the check clears, is presented to TeleCheck, or the guarantee period expires. The majority of the guarantees are settled within 30 days. The incremental liability was approximately $1.1 million and $1.3 million as of December 31, 2012 and 2011, respectively. The following table details the check guarantees of TeleCheck.

	Year ended December 31, 2012	2011	2010
Aggregate face value of guaranteed checks (in billions)	$ 42.9	$ 45.6	$ 47.6
Aggregate amount of checks presented for warranty (in millions)	$ 318.8	$ 351.8	$ 405.3
Warranty losses net of recoveries (in millions)	$ 75.9	$ 85.1	$ 110.8

The maximum potential future payments under the guarantees were estimated by the Company to be approximately $1.3 billion as of December 31, 2012 which represented an estimate of the total uncleared checks at that time.

Income taxes. The determination of the Company's provision for income taxes requires management's judgment in the use of estimates and the interpretation and application of complex tax laws. Judgment is also required in assessing the timing and amounts of deductible and taxable items. The Company establishes contingency reserves for material, known tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. The Company's reserves reflect its judgment as to the resolution of the issues involved if subject to judicial review. Several years may elapse before a particular matter, for which the Company has established a reserve, is audited and finally resolved or clarified. While the Company believes that its reserves are adequate to cover reasonably expected tax risks, issues raised by a tax authority may be finally resolved at an amount different than the related reserve. Such differences could materially increase or decrease the Company's income tax provision in the current and/or future periods. When facts and circumstances change (including a resolution of an issue or statute of limitations expiration), these reserves are adjusted through the provision for income taxes in the period of change. As the result of interest and amortization expenses that the Company incurs, the Company is currently in a tax net operating loss position. Judgment is required to determine whether some portion or all of the deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, then these assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made. Refer to Note 17 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the Company's income tax provision.

Estimating fair value. The Company has investment securities and derivative financial instruments that are carried at fair value.

Fair value is defined by accounting guidance as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's approach to estimating the fair value of its financial instruments varies depending upon the nature of the instrument. In estimating fair values for investment securities and derivative financial instruments, the Company believes that third-party market prices are the best evidence of exit price and where available, bases its estimates on such prices. If such prices are unavailable for the instruments held by the Company, fair values are estimated using market prices of similar instruments, third-party broker quotes or a probability weighted discounted cash flow analysis. Where observable market data is unavailable or impracticable to obtain, the valuation involves substantial judgment by the Company. All key assumptions and valuations are the responsibility of management. Refer to Note 7 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the Company's Fair Value Measurements.

Investment securities. Due to the lack of observable market activity for the SLARS held by the Company, the valuation of the SLARS is highly judgmental. The Company, with the assistance of a third-party valuation firm upon which the Company in part relied, made certain assumptions, primarily relating to estimating probabilities of certain outcomes for the securities held by the Company and assessing the risk factors inherent in each. All key assumptions and valuations were determined by and are the responsibility of management. The securities were valued using an income approach based on a probability weighted discounted cash flow analysis. The Company considered each security's key terms including date of issuance, date of maturity, auction intervals, scheduled auction dates, maximum auction rates, as well as underlying collateral, ratings, and guarantees or insurance. Substantially all SLARS held by the Company have collateral backed by the Federal Family Education Loan Program ("FFELP"). The probabilities of auction failure, a successful auction or repurchase at par, or default by the issuer for each future period were forecasted. Default recovery rates were forecasted. The Company assumed that the issuers will continue to pay maximum interest rates on the securities until the event of either a successful auction or repurchase by the issuer, at par. To determine the fair value of each security, the weighted average cash flows for each period were discounted back to present value at the determined discount rate for each security. The discount rates used in the valuation were a combination of the liquidity risk premium assigned to the security (which ranged from 3.5% to 4.5%) plus the treasury strip yield (zero coupon treasury bond) for the individual period for which a cash flow was being discounted. The liquidity risk premiums on the SLARS have decreased by 50 basis points from December 31, 2011 due to decreasing spreads on asset backed and municipal securities and successful auction rate security transactions. A 50 basis point change in liquidity risk premium, as well as slight changes in other unobservable inputs including default probability and default recovery rate assumptions and the probability of an issuer call prior to maturity, would impact the value of the SLARS by approximately $1 million.

As of December 31, 2012 and 2011, the Company also held investments in short-term debt securities. Many of these securities are considered cash equivalents. Prices for these securities are not quoted on active exchanges but are priced through an independent third-party pricing service based on quotations from market-makers in the specific instruments or, where appropriate, other market inputs including interest rates, benchmark yields, reported trades, issuer spreads, two sided markets, benchmark securities, bids, offers, and reference data. In certain instances, amortized cost is considered an appropriate approximation of market value. Other investments are valued based upon either quoted prices from active exchanges or available third-party broker quotes.

Changes in fair value of investment securities are recorded through the "Other comprehensive income" ("OCI") component of equity with the exception of investment partnerships which are recorded through "Investment income" in the Consolidated Statements of Operations. Regardless of investment type, declines in the fair value of the investments are reviewed to determine whether they are other than temporary in nature. Absent any other indications of a decline in value being temporary in nature, the Company's policy is to treat a decline in an equity investment's quoted market price that has lasted for more than six months as an other-than-temporary decline in value. For equity securities, declines in value that are judged to be other than temporary in nature are recognized in the Consolidated Statements of Operations. For debt securities, when the Company intends to sell an impaired debt security or it is more likely than not it will be required to sell prior to recovery of its amortized cost basis, an other-than-temporary-impairment ("OTTI") has occurred. The impairment is recognized in earnings equal to the entire difference between the debt security's amortized cost basis and its fair value. When the Company does not intend to sell an impaired debt security and it is not more likely than not it will be required to sell prior to recovery of its amortized cost basis, the Company assesses whether it will recover its amortized cost basis. If the entire amortized cost will not be recovered, a credit loss exists resulting in the credit loss portion of the OTTI being recognized in earnings and the amount related to all other factors recognized in OCI. Refer to Note 7 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the Company's Fair Value Measurements.

Derivative financial instruments. The Company uses derivative financial instruments to enhance its ability to manage its exposure to certain financial and market risks, primarily those related to changes in interest rates and foreign currency exchange rates. Interest rate swaps are entered into to manage interest rate risk associated with the Company's variable-rate borrowings. Cross-currency swaps for various foreign currencies are entered into to manage foreign currency exchange risk associated with the Company's initial investments in certain foreign subsidiaries or certain intercompany loans to foreign subsidiaries. Forward contracts on various foreign currencies are entered into to manage foreign currency exchange risk associated with the Company's forecasted foreign currency denominated sales or purchases. The Company's policy is to minimize its cash flow and net investment exposures related to adverse changes in interest rates and foreign currency exchange rates. The Company's objective is to engage in risk management strategies that provide adequate downside protection.

Derivative financial instruments are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company applies strict policies to manage each of these risks, including prohibition against derivatives trading, derivatives market-making or any other speculative activities. Although certain derivatives do not qualify for hedge accounting, they are entered into for economic hedge purposes and are not considered speculative. The Company is monitoring the financial stability of its derivative counterparties.

The Company designated interest rate swaps as cash flow hedges of forecasted interest rate payments related to its variable rate borrowings and certain of the cross-currency swaps as foreign currency hedges of its net investment in a foreign subsidiary. During 2012, 2011 and 2010, certain of the Company's interest rate swaps previously designated as hedges for accounting purposes ceased to be highly effective and the Company discontinued hedge accounting for the affected derivatives. Additionally, certain other interest rate swaps, cross-currency swaps and forward contracts on various foreign currencies did not qualify or were not designated as accounting hedges and did not receive hedge accounting treatment.

Derivative financial instruments are recognized in the Company's Consolidated Balance Sheets at their fair value. The Company's derivatives are not exchange listed and therefore the estimated fair value of derivative financial instruments is modeled in Bloomberg using the Bloomberg reported market data and the actual terms of the derivative contracts. These models reflect the contractual terms of the derivatives, such as notional value and expiration date, as well as market-based observable inputs including interest and foreign currency exchange rates, yield curves and the credit quality of the counterparties along with the Company's creditworthiness in order to appropriately reflect non-performance risk. The Company's counterparties also provide it with the indicative fair values of its derivative instruments which it compares to the results obtained using Bloomberg software. Considering Bloomberg software is a widely accepted financial modeling tool and there is limited visibility to the preparation of the third-party quotes, the Company chooses to rely on the Bloomberg software in estimating the fair value of its derivative financial instruments. Inputs to the derivative pricing models are generally observable and do not contain a high level of subjectivity. While the Company believes its estimates result in a reasonable reflection of the fair value of these instruments, the estimated values may not be representative of actual values that could have been realized as of December 31, 2012 or that will be realized in the future. All key assumptions and valuations are the responsibility of management.

With respect to derivative financial instruments that are afforded hedge accounting, the effective portion of changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recorded in OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The effective portion of changes in the fair value of a net investment hedge is recorded as part of the cumulative translation adjustment in OCI. Any ineffectiveness associated with the aforementioned derivative financial instruments as well as the periodic change in the mark-to-market of the derivative financial instruments not designated as accounting hedges are recorded immediately in "Other income (expense)" in the Consolidated Statements of Operations. Refer to Note 6 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the Company's derivatives.

Intangible assets. FDC capitalizes initial payments for new contracts, contract renewals and conversion costs associated with customer contracts and system development costs. Capitalization of such costs is subject to strict accounting policy criteria and requires management judgment as to the appropriate time to initiate capitalization. Capitalization of initial payments for contracts and conversion costs only occurs when management is satisfied that such costs are recoverable through future operations, contractual minimums and/or penalties in case of early termination.

The Company's accounting policy is to limit the amount of capitalized costs for a given contract to the lesser of the estimated ongoing future cash flows from the contract or the termination fees the Company would receive in the event of early termination of the contract by the customer. The Company's entitlement to termination fees may, however, be subject to challenge if a customer were to allege that the Company was in breach of contract. This entitlement is also subject to the customer's ability to pay.

The Company develops software that is used in providing processing services to customers. To a lesser extent, the Company also develops software to be sold or licensed to customers. Capitalization of internally developed software, primarily associated with operating platforms, occurs only upon management's estimation that the likelihood of successful development and implementation reaches a probable level. Currently unforeseen circumstances in software development could require the Company to implement alternative plans with respect to a particular effort, which could result in the impairment of previously capitalized software development costs.

In addition to the internally generated intangible assets discussed above, the Company also acquires intangible assets through business combinations and asset acquisitions. In these transactions, the Company typically acquires and recognizes intangible assets such as customer relationships, software, and trade names. Acquired customer relationships consist of customer contracts that are within their initial terms as well as those in renewal status. The amounts recorded for these relationships include both the value of remaining contractual terms and the value of potential future renewals. These relationships are with customers such as merchants and financial institutions.

In a business combination, each intangible asset is recorded at its fair value. In an asset acquisition, the cost of the acquisition is allocated among the acquired assets, generally by their relative fair values. The Company generally estimates the fair value of acquired intangible assets using the excess earnings method, royalty savings method, or cost savings method, all of which are a form of a discounted cash flow analysis. These estimates require various assumptions about the future cash flows associated with the assets, appropriate costs of capital and other inputs such as an appropriate royalty rate. Changes to these estimates would materially impact the value assigned to the assets as well as the amounts subsequently recorded as amortization expense.

The Company tests contract and conversion costs greater than $1 million for recoverability on an annual basis by comparing the remaining expected undiscounted cash flows under the contract to the net book value. Any assets that are determined to be unrecoverable are written down to fair value. This analysis requires significant assumptions regarding the future profitability of the customer contract during its remaining term. Additionally, contracts, conversion costs and all other long lived assets (including customer relationships) are tested for impairment upon an indicator of potential impairment. Such indicators include, but are not limited to: a current period operating or cash flow loss associated with the use of an asset or asset group, combined with a history of such losses and/or a forecast anticipating continued losses; a significant adverse change in the business, legal climate, market price of an asset or manner in which an asset is being used; an accumulation of costs for a project significantly in excess of the amount originally expected; or an expectation that an asset will be sold or otherwise disposed of at a loss.

Goodwill. Goodwill represents the excess of cost over the fair value of net assets acquired, including identifiable intangible assets, and has been allocated to reporting units. The Company's reporting units are businesses at the operating segment level or one level below the operating segment level for which discrete financial information is prepared and regularly reviewed by management.

The Company tests goodwill annually for impairment, as well as upon an indicator of impairment, using a fair value approach at the reporting unit level. In 2011, the Company adopted new accounting guidance that provides the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined that the fair value is more likely than not greater than the carrying amount then the two-step impairment test is unnecessary. After performing a qualitative assessment, the Company proceeded to step one of its 2011 and 2012 impairment tests. In step one of the impairment test, the Company estimates the fair value of each reporting unit using a discounted cash flow analysis. The Company believes that this methodology provides the Company with a reasonable estimate of each reporting unit's fair value. The estimate of fair value requires various assumptions about a reporting unit's future financial results and cost of capital. The Company determines the cost of capital for each reporting unit giving consideration to a number of factors including the discount rates estimated by a third-party valuation firm. All key assumptions and valuations are determined by and are the responsibility of management. If it is determined that the fair value of the reporting unit is less than its carrying value, the Company proceeds to step two of the impairment test which requires the Company to estimate the fair value of all of the reporting unit's assets and liabilities and calculate an implied fair value of goodwill, which is the difference between the reporting unit's fair value and the fair value of all its other assets and liabilities. If the implied fair value of goodwill is less than its carrying value, the shortfall is recognized as an impairment. The methodology for estimating fair value in step two varies by asset; however, the most significant assets are intangible assets. The Company estimates the fair value of the intangible assets using the excess earnings method, royalty savings method, or cost savings method, all of which are a form of a discounted cash flow analysis. An impairment charge of a reporting unit's goodwill could have a material adverse effect on the Company's financial results. Changes in the underlying business and economic conditions could affect these estimates used in the analysis discussed above, which in turn could affect the fair value of the reporting unit. Thus, it is possible for reporting units that record impairments to record additional impairments in the future.

The Company did not record any goodwill impairment charges in 2011 or 2010. As of October 1, 2012, the most recent impairment analysis date, the fair value of each reporting unit substantially exceeded its carrying value. As of December 31, 2012, these balances had not materially changed.

Discussion of impairments that were recorded is included in Note 7 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K.

Transactions with related parties. A substantial portion of the Company's business within the Retail and Alliance Services and International segments is conducted through merchant alliances. Merchant alliances are alliances between the Company and financial institutions. If the Company has majority ownership and management control over an alliance, then the alliance's financial statements are consolidated with those of the Company and the related processing fees are treated as an intercompany transaction and eliminated upon consolidation. If the Company does not have a controlling ownership interest in an alliance, it uses the equity method of accounting to account for its investment in the alliance. As a result, the Company's consolidated revenues include processing fees charged to alliances accounted for under the equity method. No directors or officers of the Company have ownership interests in any of the alliances. The formation of each of these alliances generally involves the Company and the bank contributing contractual merchant relationships to the alliance and a cash payment from one owner to the other to achieve the desired ownership percentage for each. The Company and the bank contract a long-term processing service agreement as part of the negotiation process. This agreement governs the Company's provision of transaction processing services to the alliance.

The Company negotiated all agreements with the alliance banks. Therefore, all transactions between the Company and its alliances were conducted at arm's length; nevertheless, accounting guidance defines a transaction between the Company and an equity method investee as a related party transaction requiring separate disclosure in the financial statements of the Company. Accordingly, the revenue associated with these related party transactions are presented on the face of the Consolidated Statements of Operations.

All members of the Company's Board of Directors are affiliated with KKR. In addition, First Data has a management agreement with affiliates of KKR pursuant to which such entities or their affiliates provide management services to the Company. Pursuant to such agreement, the Company pays an aggregate annual base management fee and reimburses out-of-pocket expenses incurred in connection with the provision of services pursuant to the agreement. The agreement provides that the Company will pay fees in connection with certain subsequent financing, acquisition, disposition and change of control transactions, as well as a termination fee based on the net present value of future payment obligations under the management agreement, in the event of an initial public offering or under certain other circumstances. The agreement also includes customary exculpation and indemnification provisions in favor of KKR and its affiliates. The Company also paid fees to an affiliate of KKR for services in extending maturities under its senior secured lending facility and issuing new secured notes.

Refer to Note 10 to the Company's Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding transactions with related parties.

New Accounting Guidance

In July 2012, the Financial Accounting Standards Board issued guidance related to testing indefinite-lived intangibles for impairment. Under the amended guidance, an entity has the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If it is determined that the fair value is more likely than not greater than the carrying amount, then quantitative impairment testing is unnecessary. The Company adopted the amendments for its 2012 annual impairment test. After performing a qualitative assessment, the Company proceeded to a quantitative impairment test.

Forward-Looking Statements

Certain matters the Company discusses in this Annual Report on Form 10-K and in other public statements may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," or "anticipates" or similar expressions which concern the Company's strategy, plans, projections or intentions. Examples of forward-looking statements include, but are not limited to, all statements the Company makes relating to revenue, EBITDA, earnings, margins, growth rates and other financial results for future periods. Forward-looking statements are based on the Company's current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. The Company's actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include:

(a) no adverse impact on the Company's business as a result of its high degree of leverage;

(b) no adverse impacts from any increase or spread of the European crisis involving sovereign debt and the Euro;

(c) no adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise;

(d) successful conversions under service contracts with major clients;

(e) successfully adjusting to the new U.S. financial regulatory reform legislation and regulations;

(f) successful implementation and improvement of processing systems to provide new products, improved functionality and increased efficiencies;

(g) anticipation of and response to technological changes, particularly with respect to e-commerce and mobile commerce;

(h) no further consolidation among client financial institutions or other client groups which has a significant impact on Company 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 alliances 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 e-commerce and mobile markets;

(k) no material breach of security of any of the Company's systems;

(l) 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;

(m) no unanticipated changes in laws, regulations, credit card association rules or other industry standards affecting the Company'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 unanticipated increases in interest on the Company's borrowings;

(o) no significant adverse movement in foreign currency exchange rates;

(p) no unanticipated developments relating to lawsuits, investigations or similar matters;

(q) 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; and

(r) successfully managing the potential both for patent protection and patent liability.

Variations from these assumptions or failure to achieve these objectives could cause actual results to differ from those projected in the forward-looking statements. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. Any forward-looking statement made by the Company speaks only as of the date on which it was made. The Company assumes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events, or changes to projections over time, except as may be required by law. Due to the uncertainties inherent in forward-looking statements, readers are urged not to place undue reliance on these statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates. The Company's assets include both fixed and floating rate interest-bearing securities. These investments arise primarily from settlement funds held by the Company associated with the official check business and merchant acquiring business. The Company invests these funds pending settlement. The Company has classified these investments as available-for-sale. Accordingly, they are carried on the Company's Consolidated Balance Sheets at fair market value. The continued wind-down of the official check business resulted in a decrease in its investment portfolio balance during the year ended December 31, 2012.

The Company's interest rate-sensitive liabilities are its debt instruments. The Company's senior secured term loan facility is subject to variable interest rates. The Company has interest rate swaps on $5.0 billion of the variable rate debt that convert it to fixed rates that expire in September 2016. In addition, the Company has a fixed to floating interest rate swap with a notional value of $750 million expiring in June 2019, to maintain its ratio of fixed to floating rate debt. Therefore, as of December 31, 2012, the Company had approximately $4.1 billion of variable rate debt that is not subject to a fixed rate swap and includes the fixed to floating interest rate swap.

Using the December 31, 2012 balances, a 10% proportionate increase in short-term interest rates on an annualized basis compared to the interest rates as of December 31, 2012, which for the three month LIBOR was 0.3060%, and a corresponding and parallel shift in the remainder of the yield curve, would result in a decrease to pretax income of $0.5 million. The $0.5 million decrease to pretax income (due to a 10% increase in variable rates as of December 31, 2012) is a combination of the following: a) $1.1 million increase in interest expense related to the Company's balance of variable interest rate debt, net of interest rate swaps, and b) $0.6 million increase in interest income associated with operating cash balances, settlement related cash balances, and investment positions. Conversely, a corresponding decrease in interest rates would result in a comparable increase to pretax income. Actual interest rates could change significantly more than 10%. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that interest rate movements are linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Foreign Currency Risk

The Company is exposed to changes in currency rates as a result of its investments in foreign operations, revenues generated in currencies other than the U.S. dollar and foreign currency denominated loans. Revenue and profit generated by international operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates.

A hypothetical uniform 10% weakening in the value of the U.S. dollar relative to all the currencies in which the Company's revenues and profits are denominated would result in a decrease to pretax income of approximately $0.2 million. The decrease results from an $80.1 million decrease related to a euro-denominated term loan held by the Company as well as a $12.2 million decrease related to three euro-denominated cross-currency swaps held by the Company, assuming consistent operating results as the twelve months preceding December 31, 2012. This decrease is partially offset by a $77.3 million increase related to foreign exchange on intercompany loans and a $14.8 million increase related to foreign exchange on foreign currency earnings. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that foreign exchange rate movements are linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Regulatory

Through its merchant alliances, the Retail and Alliance Services segment holds an ownership interest in several competing merchant acquiring businesses while serving as the electronic processor for those businesses. In order to satisfy state and federal antitrust requirements, the Company actively maintains an antitrust compliance program.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FIRST DATA CORPORATION

INDEX TO FINANCIAL STATEMENTS COVERED BY REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

(Item 15(a))

All other schedules for First Data Corporation and subsidiaries have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the respective financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of First Data Corporation

We have audited the accompanying consolidated balance sheets of First Data Corporation as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), cash flows and equity for each of the three years in the period ended December 31, 2012. Our audits also include the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Data Corporation at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), First Data Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 19, 2013 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
March 19, 2013

FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
(in millions)	2012	2011	2010
Revenues:			
Transaction and processing service fees:			
Merchant related services (a)	$ 3,896.3	$ 3,692.8	$ 3,521.3
Check services	313.9	338.2	378.8
Card services	1,737.7	1,750.6	1,735.8
Other services	504.2	548.4	545.6
Product sales and other (a)	866.7	852.1	809.3
Reimbursable debit network fees, postage and other	3,361.5	3,531.5	3,389.6
	10,680.3	10,713.6	10,380.4
Expenses:			
Cost of services (exclusive of items shown below)	2,863.5	2,888.4	3,023.3
Cost of products sold	336.3	369.6	375.2
Selling, general and administrative	1,825.4	1,693.7	1,579.7
Reimbursable debit network fees, postage and other	3,361.5	3,531.5	3,389.6
Depreciation and amortization	1,191.6	1,245.0	1,414.4
Other operating expenses:			
Restructuring, net	23.1	46.4	72.0
Impairments	5.1	—	11.5
Litigation and regulatory settlements	—	(2.5)	(2.0)
	9,606.5	9,772.1	9,863.7
Operating profit	1,073.8	941.5	516.7
Interest income	8.8	7.9	7.8
Interest expense	(1,897.8)	(1,833.1)	(1,796.6)
Other income (expense)	(94.3)	124.1	(15.9)
	(1,983.3)	(1,701.1)	(1,804.7)
Loss before income taxes and equity earnings in affiliates	(909.5)	(759.6)	(1,288.0)
Income tax benefit	(224.0)	(270.1)	(323.8)
Equity earnings in affiliates	158.2	153.4	117.3
Net loss	(527.3)	(336.1)	(846.9)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	173.6	180.0	174.9
Net loss attributable to First Data Corporation	$ (700.9)	$ (516.1)	$ (1,021.8)

(a) Includes processing fees, administrative service fees and other fees charged to merchant alliances accounted for under the equity method of $159.8 million, $146.0 million and $134.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.

See Notes to Consolidated Financial Statements.

FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31,		
(in millions)	2012	2011	2010
Net loss	$ (527.3)	$ (336.1)	$ (846.9)
Other comprehensive income (loss), net of tax:			
Unrealized gains on securities	0.2	0.8	27.5
Unrealized gains on hedging activities	72.2	99.6	70.3
Pension liability adjustments	(38.6)	(23.9)	28.5
Foreign currency translation adjustment	15.7	(44.9)	(84.6)
Total other comprehensive income, net of tax	49.5	31.6	41.7
Comprehensive loss	(477.8)	(304.5)	(805.2)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests	176.9	173.1	171.8
Comprehensive loss attributable to First Data Corporation	$ (654.7)	$ (477.6)	$ (977.0)

See Notes to Consolidated Financial Statements.

FIRST DATA CORPORATION
CONSOLIDATED BALANCE SHEETS

(in millions, except common stock share amounts)	As of December 31, 2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 608.3	$ 485.7
Accounts receivable, net of allowance for doubtful accounts of $33.3 (2012) and $18.1 (2011)	1,847.7	1,848.6
Settlement assets	9,173.8	10,658.3
Other current assets	253.6	322.9
Total current assets	11,883.4	13,315.5
Property and equipment, net of accumulated depreciation of $1,024.3 (2012) and $842.9 (2011)	855.8	935.9
Goodwill	17,282.5	17,204.6
Customer relationships, net of accumulated amortization of $3,839.0 (2012) and $3,212.7 (2011)	3,756.3	4,425.4
Other intangibles, net of accumulated amortization of $1,544.0 (2012) and $1,282.2 (2011)	1,828.6	1,879.2
Investment in affiliates	1,413.1	1,490.6
Long-term settlement assets	54.3	181.0
Other long-term assets	825.0	844.1
Total assets	$ 37,899.0	$ 40,276.3
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 260.9	$ 205.9
Short-term and current portion of long-term borrowings	257.1	133.4
Settlement obligations	9,226.3	10,837.8
Other current liabilities	1,600.6	1,643.1
Total current liabilities	11,344.9	12,820.2
Long-term borrowings	22,528.9	22,521.7
Long-term deferred tax liabilities	509.5	695.4
Other long-term liabilities	821.9	763.6
Total liabilities	35,205.2	36,800.9
Commitments and contingencies (See Note 11)		
Redeemable noncontrolling interest	67.4	67.4
First Data Corporation stockholder's (deficit) equity:		
Common stock, $.01 par value; authorized and issued 1,000 shares (2012 and 2011)	—	—
Additional paid-in capital	7,341.5	7,375.2
Paid-in capital	7,341.5	7,375.2
Accumulated loss	(7,387.8)	(6,680.2)
Accumulated other comprehensive loss	(552.2)	(598.4)
Total First Data Corporation stockholder's (deficit) equity	(598.5)	96.6
Noncontrolling interests	3,224.9	3,311.4
Total equity	2,626.4	3,408.0
Total liabilities and equity	$ 37,899.0	$ 40,276.3

See Notes to Consolidated Financial Statements.

FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year ended December 31, 2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (527.3)	$ (336.1)	$ (846.9)
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	1,330.9	1,344.2	1,526.0
Charges (gains) related to other operating expenses and other income (expense)	122.5	(77.7)	97.4
Other non-cash and non-operating items, net	(40.2)	27.7	265.6
Increase (decrease) in cash, excluding the effects of acquisitions and dispositions, resulting from changes in:			
Accounts receivable, current and long-term	(49.8)	256.7	224.7
Other assets, current and long-term	260.0	239.3	298.3
Accounts payable and other liabilities, current and long-term	(34.6)	(1.2)	(386.1)
Income tax accounts	(294.1)	(337.3)	(424.3)
Net cash provided by operating activities	767.4	1,115.6	754.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Current year acquisitions, net of cash acquired	(32.9)	(19.2)	(1.8)
Contributions to equity method investments	(7.9)	(161.5)	(1.4)
Payments related to other businesses previously acquired	(4.4)	3.2	(1.4)
Proceeds from dispositions, net of expenses paid and cash disposed	—	1.7	21.2
Proceeds from sale of property and equipment	8.0	17.1	5.5
Additions to property and equipment	(193.1)	(202.9)	(210.1)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(177.2)	(201.9)	(159.6)
Other investing activities	10.4	4.9	18.4
Net cash used in investing activities	(397.1)	(558.6)	(329.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings, net	99.1	(107.3)	75.1
Accrued interest funded upon issuance of notes	6.5	—	—
Debt modification proceeds (payments) and related financing costs	10.8	(39.7)	(61.2)
Principal payments on long-term debt	(83.3)	(104.5)	(220.4)
Proceeds from sale-leaseback transactions	13.8	14.2	—
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	(261.9)	(327.3)	(216.1)
Contributions from noncontrolling interests	—	0.8	—
Purchase of noncontrolling interests	(25.1)	—	(213.3)
Redemption of Parent's redeemable common stock	(1.7)	(0.5)	(2.5)
Cash dividends	(6.7)	(0.2)	(14.9)
Net cash used in financing activities	(248.5)	(564.5)	(653.3)
Effect of exchange rate changes on cash and cash equivalents	0.8	(16.3)	0.3
Change in cash and cash equivalents	122.6	(23.8)	(227.5)
Cash and cash equivalents at beginning of period	485.7	509.5	737.0
Cash and cash equivalents at end of period	$ 608.3	$ 485.7	$ 509.5

See Notes to Consolidated Financial Statements.

FIRST DATA CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY

		First Data Corporation Shareholder				
(in millions)	Total	Accumulated Loss	Accumulated Other Comprehensive Income (Loss)	Common Shares	Paid-In Capital	Noncontrolling Interests
Balance, December 31, 2009	$ 5,100.1	$ (5,127.3)	$ (681.7)	—	$ 7,394.3	$ 3,514.8
Distributions and dividends paid to noncontrolling interests	(188.5)					(188.5)
Purchase of noncontrolling interest	(5.0)				(7.5)	2.5
Net (loss) income (a)	(881.9)	(1,021.8)				139.9
Other comprehensive income (loss)	41.7		44.8			(3.1)
Adjustment to redemption value of redeemable noncontrolling interests	(7.0)				(7.0)	
Stock compensation expense and other	15.4	0.1			15.3	
Cash dividends paid by First Data Corporation to Parent	(14.9)	(14.9)				
Balance, December 31, 2010	4,059.9	(6,163.9)	(636.9)	—	7,395.1	3,465.6
Distributions and dividends paid to noncontrolling interests	(296.1)					(296.1)
Contributions from noncontrolling interests	0.8					0.8
Net (loss) income (a)	(368.1)	(516.1)				148.0
Other comprehensive income (loss)	31.6		38.5			(6.9)
Adjustments to redemption value of redeemable noncontrolling interest	(38.6)				(38.6)	
Stock compensation expense and other	18.7				18.7	
Cash dividends paid by First Data Corporation to Parent	(0.2)	(0.2)				
Balance, December 31, 2011	3,408.0	(6,680.2)	(598.4)	—	7,375.2	3,311.4
Distributions and dividends paid to noncontrolling interests	(225.9)					(225.9)
Net (loss) income (a)	(563.3)	(700.9)				137.6
Other comprehensive income	49.5		46.2			3.3
Stock compensation expense and other	12.4				12.4	
Cash dividends paid by First Data Corporation to Parent	(6.7)	(6.7)				
Purchase of noncontrolling interest	(47.6)				(46.1)	(1.5)
Balance, December 31, 2012	$ 2,626.4	$ (7,387.8)	$ (552.2)	—	$ 7,341.5	$ 3,224.9

(a) The total net loss presented in the Consolidated Statements of Equity for the twelve months ended December 31, 2012, 2011 and 2010 is $36.0 million, $32.0 million and $35.0 million, respectively, greater than the amount presented on the Consolidated Statements of Operations due to the net income attributable to the redeemable noncontrolling interests not included in equity.

See Notes to Consolidated Financial Statements.

Note 1: Summary of Significant Accounting Policies

Business Description

First Data Corporation ("FDC" or "the Company") operates electronic commerce businesses providing a variety of services to financial institutions, commercial establishments and consumers. Such services include merchant transaction processing and acquiring; credit, retail and debit card issuing and processing; prepaid services and check verification, settlement and guarantee services.

Consolidation

The accompanying Consolidated Financial Statements of FDC include the accounts of FDC and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. Investments in unconsolidated affiliated companies are accounted for under the equity method and are included in "Investment in affiliates" in the accompanying Consolidated Balance Sheets. The Company generally utilizes the equity method of accounting when it has an ownership interest of between 20% and 50% in an entity, provided the Company is able to exercise significant influence over the investee's operations.

The Company consolidates an entity's financial statements when the Company either will absorb a majority of the entity's expected losses or residual returns, in the case of a variable interest entity, or has the ability to exert control over a subsidiary. Control is normally established when ownership interests exceed 50% in an entity; however, when the Company does not exercise control over a majority-owned entity as a result of other investors having rights over the management and operations of the entity, the Company accounts for the entity under the equity method. As of December 31, 2012 and 2011, there were no greater-than-50%-owned affiliates whose financial statements were not consolidated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

Presentation

Depreciation and amortization presented as a separate line item on the Company's Consolidated Statements of Operations does not include amortization of initial payments for new contracts which is recorded as a contra-revenue within "Transaction and processing service fees." Also not included is amortization related to equity method investments which is netted within the "Equity earnings in affiliates" line. The following table presents the amounts associated with such amortization:

	Year ended December 31,		
(in millions)	2012	2011	2010
Amortization of initial payments for new contracts	$ 44.5	$ 42.5	$ 38.6
Amortization related to equity method investments	$ 94.8	$ 56.7	$ 73.0

In 2011, the Company recorded a net $58.5 million pretax ($35.2 million after tax) benefit in the Consolidated Statement of Operations to correct cumulative depreciation and amortization errors related to purchase accounting associated with the Company's 2007 merger with an affiliate of Kohlberg Kravis Roberts & Co. The corrections impacted "Costs of services" ($10.2 million expense), "Depreciation and amortization" ($57.7 million benefit) and amortization of equity method investments within "Equity earnings in affiliates" ($11.0 million benefit). The errors and the cumulative correction, which totaled $58.5 million in aggregate and occurred over a four year period, were deemed immaterial to prior years and the current year, respectively.

Revenue Recognition

The majority of the Company's revenues are comprised of transaction-based fees, which typically constitute a percentage of dollar volume processed, or a fee per transaction processed, or account on file or some combination thereof. In limited circumstances, revenue is allocated to the separate units of accounting in a multiple element transaction based on relative selling prices, provided each element has stand alone value to the customer, and delivery of any undelivered items is probable and substantially within the Company's control.

In the case of merchant contracts that the Company owns and manages, revenue is primarily comprised of fees charged to the merchant, net of interchange and assessments charged by the credit card associations, and is recognized at the time of sale. The fees charged to the merchant are a percentage of the credit card and signature based debit card transaction's dollar value, a fixed amount or a combination of the two. Personal identification number based debit ("PIN-debit") network fees are recognized in "Reimbursable debit network fees, postage and other" revenues and expenses in the Consolidated Statements of Operations. STAR network access fees charged to merchants are assessed on a per transaction basis.

Interchange fees and assessments charged by credit card associations to the Company's consolidated subsidiaries and network fees related to PIN-debit transactions charged by debit networks are as follows:

	Year ended December 31,		
(in millions)	2012	2011	2010
Interchange fees and assessments	$ 18,373.0	$ 18,826.1	$ 17,834.8
Debit network fees	2,786.3	2,959.1	2,798.3

The Company charges processing fees to its merchant alliances. In situations where an alliance is accounted for under the equity method, the Company's consolidated revenues include the processing fees charged to the alliance, as presented on the face of the Consolidated Statements of Operations.

Revenue from check verification, settlement and guarantee services is recognized at the time of sale less the fair value of the guarantee. The fair value of the guarantee is deferred until the later of the Company being called upon to honor the guarantee or the expiration of the guarantee. Check verification fees generally are a fixed amount per transaction while check guarantee fees generally are a percentage of the check amount.

The purchase and sale of merchant contracts is an ordinary element of the Company's Retail and Alliance Services and International businesses, and therefore, the gains from selling these revenue-generating assets are included within the "Product sales and other" component of revenues.

Fees based on cardholder accounts on file, both active and inactive, are recognized after the requisite services or period has occurred. Fees for PIN-debit transactions where the Company is the debit card processor for the financial institution are recognized on a per transaction basis. Revenues for output services are derived primarily on a per piece basis and consist of fees for the production, materials and postage related to mailing finished products.

Software licensing revenue, which is reported in the "Product sales and other" line item of the Consolidated Statements of Operations, is not recognized until each of the following four criteria are met: evidence of an agreement exists, delivery and acceptance has occurred or services have been rendered, the selling price is fixed or determinable, and collection of the selling price is reasonably assured.

The sale and leasing of point-of-sale ("POS") devices ("terminals") are also reported in "Product sales and other". Revenue for terminals sold or sold under a sales-type lease transaction is recognized when the following four criteria are met: evidence of an agreement exists, delivery has occurred, the selling price or minimum lease payments are fixed or determinable, and collection of the selling price or minimum lease payments is reasonably assured. Revenue for operating leases is recognized on a straight-line basis over the lease term.

The official check and money order services and merchant acquiring business generate revenue through the ability to invest funds pending settlement. Gains and losses associated with the above noted investments are recognized in revenue.

Services not specifically described above are generally transaction based fees that are recognized at the time the transactions are processed or programming services that are recorded as work is performed.

Stock-Based Compensation

Stock-based compensation to employees is measured at the grant date fair values of the respective stock options and restricted stock awards and expensed over the requisite service periods. An estimate of forfeitures is applied when calculating compensation expense. The Company recognizes compensation cost on awards with graded vesting on a straight-line basis over the requisite service period for the entire award. During 2010, the Company modified the terms of its plan and, due to the nature of call rights and vesting conditions associated with the options and awards, the Company will recognize expense associated with the modifications and grants subsequent to the modifications only upon the occurrence of certain liquidity or employment termination events. Refer to Note 13 of these Consolidated Financial Statements for details regarding the Company's stock-based compensation plan.

Foreign Currency Translation

The U.S. dollar is the functional currency for most of the Company's U.S. based businesses and certain foreign based businesses. Significant operations with a local currency as their functional currency include operations in the United Kingdom, Australia, Germany, Ireland, Greece and Argentina. Foreign currency denominated assets and liabilities for these units and other less significant operations are translated into U.S. dollars based on exchange rates prevailing at the end of the period, and revenues and expenses are translated at average exchange rates during each monthly period. The effects of foreign exchange gains and losses arising from the translation of assets and liabilities of those entities where the functional currency is not the U.S. dollar are included as a component of Other Comprehensive Income ("OCI"). Intercompany loans are generally not considered invested on a long-term basis and such foreign currency gains and losses are recorded in income. Transaction gains and losses related to operating assets and liabilities are included in the "Cost of services" and "Selling, general and administrative" lines of the Consolidated Statements of Operations and were immaterial. Non-operating transaction gains and losses derived from non-operating assets and liabilities are included in the "Other income (expense)" line of the Consolidated Statements of Operations and are separately disclosed in Note 9 of these Consolidated Financial Statements.

Derivative Financial Instruments

The Company utilizes derivative instruments to enhance its ability to manage interest rate risk and foreign exchange risk. The Company recognizes all derivative financial instruments in the Consolidated Balance Sheets as assets or liabilities at fair value. Such amounts are recorded in either the "Other current assets", "Other long-term assets", "Other current liabilities" or "Other long-term liabilities" captions in the Consolidated Balance Sheets. The Company's policy is to present all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements. Changes in fair value of derivative instruments are recognized immediately in earnings unless the derivative is designated and qualifies as a hedge of future cash flows or a hedge of a net investment in a foreign operation. For derivatives that qualify as hedges of future cash flows, the effective portion of changes in fair value is recorded temporarily in equity as a component of OCI and then recognized in earnings in the same period or periods during which the hedged item affects earnings. For derivatives that qualify as a hedge of a net investment in a foreign operation, the gain or loss is reported in OCI as part of the cumulative translation adjustment to the extent the hedge is effective. Any ineffective portions of cash flow hedges and net investment hedges are recognized in the "Other income (expense)" line in the Consolidated Statements of Operations during the period of change. Additional discussion of derivative instruments is provided in Note 6 of these Consolidated Financial Statements.

Noncontrolling and Redeemable Noncontrolling Interests

Noncontrolling interests represent the minority shareholders' share of the net income or loss and equity in consolidated subsidiaries. Substantially all of the Company's noncontrolling interests are presented pretax in the Consolidated Statements of Operations as "Net income attributable to noncontrolling interests" since the majority of the Company's non-wholly owned consolidated subsidiaries are flow through entities for tax purposes. Noncontrolling interests are presented as a component of equity in the Consolidated Balance Sheets and reflect the original investments by these noncontrolling shareholders in the consolidated subsidiaries, along with their proportionate share of the earnings or losses of the subsidiaries, net of dividends or distributions. Noncontrolling interests that are redeemable at the option of the holder are presented outside of equity and are carried at their estimated redemption value. A noncontrolling interest is recorded on the date of acquisition based on the total fair value of the acquired entity and the noncontrolling interest's share of that value.

Reserve for Merchant Credit Losses and Check Guarantees

With respect to the merchant acquiring business, the Company's merchant customers (or those of its unconsolidated alliances) have the liability for any charges properly reversed by the cardholder. In the event, however, that the Company is not able to collect such amounts from the merchants due to merchant fraud, insolvency, bankruptcy or another reason, the Company may be liable for any such reversed charges. The Company's risk in this area primarily relates to situations where the cardholder has purchased goods or services to be delivered in the future such as airline tickets.

The Company's obligation to stand ready to perform is minimal in relation to the total dollar volume processed. The Company requires cash deposits, guarantees, letters of credit or other types of collateral from certain merchants to minimize this obligation. Collateral held by the Company is classified within "Settlement assets" and the obligation to repay the collateral if it is not needed is classified within "Settlement obligations" on the Company's Consolidated Balance Sheets. The Company also utilizes a number of systems and procedures to manage merchant risk. Despite these efforts, the Company historically has experienced some level of losses due to merchant defaults.

The Company's contingent obligation relates to imprecision in its estimates of required collateral. A provision for this obligation is recorded based primarily on historical experience of credit losses and other relevant factors such as economic downturns or increases in merchant fraud. Merchant credit losses are included in "Cost of services" in the Company's Consolidated Statements of

Operations. The amount of the reserves attributable to entities consolidated by the Company was $23.4 million and $31.6 million as of December 31, 2012 and 2011, respectively.

The majority of the TeleCheck Services, Inc. ("TeleCheck") business involves the guarantee of checks received by merchants. If the check is returned, TeleCheck is required to purchase the check from the merchant at its face value and pursue collection from the check writer. A provision for estimated check returns, net of anticipated recoveries, is recorded at the transaction inception based on recent history. The following table presents the accrued warranty and recovery balances:

(in millions)	As of December 31, 2012	As of December 31, 2011
Accrued warranty balances	$ 10.9	$ 11.4
Accrued recovery balances	$ 24.8	$ 26.8

Accrued warranties are included in "Other current liabilities" and accrued recoveries are included in "Accounts receivable" in the Consolidated Balance Sheets. The maximum potential future payments under the guarantees were estimated by the Company to be approximately $1.3 billion as of December 31, 2012 which represented an estimate of the total uncleared checks at that time.

Income Taxes

The Company and its domestic subsidiaries file a consolidated U.S. income tax return with their parent, First Data Holdings, Inc. ("Holdings"). The Company's foreign operations file income tax returns in their local jurisdictions. Income taxes are computed in accordance with current accounting guidance and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. The Company has deferred tax assets and liabilities and maintains valuation allowances where it is more likely than not that all or a portion of deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, then these deferred tax assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made.

The Company recognizes the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position, that the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

Cash and Cash Equivalents

Investments (other than those included in settlement assets) with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates market value. Cash and cash equivalents that were restricted from use due to regulatory requirements are included in "Other long-term assets" in the Consolidated Balance Sheets and were immaterial as of December 31, 2012 and 2011.

Accounts Receivable and Leasing Receivables

Accounts receivable balances are stated net of allowance for doubtful accounts. Historically, the Company has not incurred significant write-offs. The Company records allowances for doubtful accounts when it is probable that the accounts receivable balance will not be collected. Long-term accounts receivable balances are included in "Other long-term assets" in the Consolidated Balance Sheets.

The Company has receivables associated with its point-of-sale ("POS") terminal leasing businesses. Leasing receivables are included in "Accounts receivable" and "Other long-term assets" in the Consolidated Balance Sheets. The Company recognizes interest income on its leasing receivables using the effective interest method. Interest income from leasing receivables is included in "Product Sales and Other" in the Consolidated Statements of Operations. For direct financing leases, the interest rate used incorporates initial direct costs included in the net investment in the lease. For sales type leases, initial direct costs are expensed as incurred.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed using the straight-line method over the lesser of the estimated useful life of the related assets (generally three to 10 years for equipment, furniture and leasehold improvements, and 30 years for buildings) or the lease term. Maintenance and repairs which do not extend the useful life of the respective assets are charged to expense as incurred. The following table presents the amounts charged to expense for the depreciation and amortization of property and equipment, including equipment under capital lease:

Year ended December 31, (in millions)	Amount
2012	$ 284.5
2011	292.1
2010	320.4

Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over tangible and intangible assets acquired less liabilities assumed arising from business combinations. Goodwill is generally allocated to reporting units based upon relative fair value (taking into consideration other factors such as synergies) when an acquired business is integrated into multiple reporting units. The Company's reporting units are at the operating segment level or businesses one level below the operating segment level for which discrete financial information is prepared and regularly reviewed by management. When a business within a reporting unit is disposed of, goodwill is allocated to the disposed business using the relative fair value method. Relative fair value is estimated using a discounted cash flow analysis.

The Company tests goodwill annually for impairment, as well as upon an indicator of impairment, using a fair value approach at the reporting unit level. The Company estimates the fair value of each reporting unit using a discounted cash flow analysis. The Company performed its annual goodwill impairment test in the fourth quarters of 2012, 2011 and 2010. As of October 1, 2012, the most recent impairment analysis date, the fair value of each reporting unit substantially exceeded its carrying value. The Company did not record any goodwill impairment charges in 2011 or 2010. Discussion of impairments that were recorded in 2012 is included in Note 7 of these Consolidated Financial Statements.

Customer relationships represent the estimated value of the Company's relationships with customers, primarily merchants and financial institutions, to which it provides services. Customer relationships are amortized based on the pattern of undiscounted cash flows for the period as a percentage of total projected undiscounted cash flows. The Company selected this amortization method for these customer relationships based on a conclusion that the projected undiscounted cash flows could be reliably determined.

The Company capitalizes initial payments for new contracts, contract renewals and conversion costs associated with customer processing relationships to the extent recoverable through future operations, contractual minimums and/or penalties in the case of early termination. The Company's accounting policy is to limit the amount of capitalized costs for a given contract to the lesser of the estimated ongoing future cash flows from the contract or the termination fees the Company would receive in the event of early termination of the contract by the customer. The initial payments for new contracts and contract renewals are amortized over the term of the contract as a reduction of the associated revenue (transaction and processing service fees). Conversion costs are also amortized over the term of the contract but are recorded as an expense in "Depreciation and amortization" in the Consolidated Statements of Operations.

The Company develops software that is used in providing processing services to customers. To a lesser extent, the Company also develops software to be sold or licensed to customers. Software development costs are capitalized once technological feasibility of the software has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed all planning, designing, coding and testing activities that are necessary to determine that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is available for general use. Software development costs are amortized using the straight-line method over the estimated useful life of the software, which is generally five years. Software acquired in connection with business combinations is amortized using the straight-line method over the estimated useful life of the software which generally ranges from three to 10 years.

In addition to capitalized contract and software development costs, other intangibles include copyrights, patents, purchased software, trademarks and non-compete agreements acquired in business combinations. Other intangibles, except for the First Data trade name discussed below, are amortized on a straight-line basis over the length of the contract or benefit period, which generally ranges from three to 25 years. The intangible amortization expense associated with customer relationships and other intangibles, including amortization associated with investments in affiliates, was as follows:

Year ended December 31, (in millions)	Amount
2012	$ 1,046.4
2011	1,052.1
2010	1,205.6

The value of the First Data trade name is $603.5 million as of December 31, 2012 and 2011. Upon consideration of many factors, including the determination that there are no legal, regulatory or contractual provisions that limit the useful life of the First Data trade name, the Company determined that the First Data trade name had an indefinite useful life. The Company also considered the effects of obsolescence, demand, competition, other economic factors and ability to maintain and protect the trade name without significant expenditures. The First Data trade name is expected to contribute directly or indirectly to the future cash flows of the Company for an indefinite period. As an indefinite lived asset, the First Data trade name is not amortized but is reviewed annually for impairment until such time as it is determined to have a finite life. The First Data trade name was not impaired as of December 31, 2012 or 2011.

The following table provides the components of other intangibles:

	As of December 31,					
(in millions)	2012 Cost	2012 Accumulated Amortization	2012 Net of Accumulated Amortization	2011 Cost	2011 Accumulated Amortization	2011 Net of Accumulated Amortization
Customer relationships	$ 7,595.3	$ (3,839.0)	$ 3,756.3	$ 7,638.1	$ (3,212.7)	$ 4,425.4
Other intangibles:						
Conversion costs	$ 154.3	$ (56.7)	$ 97.6	$ 120.9	$ (38.9)	$ 82.0
Contract costs	222.2	(119.6)	102.6	189.9	(88.3)	101.6
Software	1,544.7	(1,098.0)	446.7	1,402.4	(933.0)	469.4
Other, including trade names	1,451.4	(269.7)	1,181.7	1,448.2	(222.0)	1,226.2
Total other intangibles	$ 3,372.6	$ (1,544.0)	$ 1,828.6	$ 3,161.4	$ (1,282.2)	$ 1,879.2

The estimated future aggregate amortization expense for the next five years is as follows:

Year ended December 31, (in millions)	Amount
2013	$ 833.7
2014	748.0
2015	662.7
2016	507.5
2017	427.9

The Company tests contract and conversion costs greater than $1 million for recoverability on an annual basis by comparing the remaining expected undiscounted cash flows under the contract to the net book value. Any assets that are determined to be unrecoverable are written down to their fair value. In addition to this annual test, these assets and all other long lived assets are tested for impairment upon an indicator of potential impairment. The Company recorded impairment charges relating to other intangibles in 2012 and 2010 as described in Note 7 of these Consolidated Financial Statements.

Inventory

Inventories are stated at lower of cost or market and consist primarily of POS terminals, forms and envelopes. The cost of inventory is determined using average cost for POS terminals and first-in first-out ("FIFO") for forms.

Investment Securities

The Company maintains investments in marketable and non-marketable securities, the majority of which are carried at fair value. These are included in the "Settlement assets", "Other current assets", "Long-term settlement assets" and "Other long-term assets" line items of the Consolidated Balance Sheets.

The specific identification method is used to determine the cost basis of securities sold. As of December 31, 2012 and 2011, all of the debt and equity securities were classified as available-for-sale. Unrealized gains and losses on these investments are included as a separate component of OCI, net of any related tax effect. The Company assesses marketable securities for impairment quarterly. Cost method investments are evaluated for impairment upon an indicator of impairment such as an event or change in circumstances that may have a significant adverse effect on the fair value of the investment. If no such events or changes in circumstances have occurred, the fair value is estimated only if practicable to do so.

For equity securities, declines in value that are judged to be other than temporary in nature are recognized in the Consolidated Statements of Operations. For public company equity securities, the Company's policy is to treat a decline in the investment's quoted market value that has lasted for more than six months as an other than temporary decline in value.

For debt securities, when the Company intends to sell an impaired debt security or it is more likely than not it will be required to sell prior to recovery of its amortized cost basis, an other-than-temporary-impairment ("OTTI") has occurred. The impairment is recognized in earnings equal to the entire difference between the debt security's amortized cost basis and its fair value. When the Company does not intend to sell an impaired debt security and it is not more likely than not it will be required to sell prior to recovery of its amortized cost basis, the Company assesses whether it will recover its amortized cost basis. If the entire amortized cost will not be recovered, a credit loss exists resulting in the credit loss portion of the OTTI being recognized in earnings and the amount related to all other factors recognized in OCI. Refer to Note 7 of these Consolidated Financial Statements for a detailed discussion regarding the fair value of the Company's investments.

New Accounting Guidance

In July 2012, the Financial Accounting Standards Board issued guidance related to testing indefinite-lived intangibles for impairment. Under the amended guidance, an entity has the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If it is determined that the fair value is more likely than not greater than the carrying amount, then quantitative impairment testing is unnecessary. The Company adopted the amendments for its 2012 annual impairment test. After performing a qualitative assessment, the Company proceeded to a quantitative impairment test.

Note 2: Restructuring

The Company recorded restructuring charges during the three years ended December 31, 2012. Restructuring accruals are reviewed each period and balances in excess of anticipated requirements are reversed through the same Consolidated Statements of Operations caption in which they were originally recorded. Such reversals resulted from the favorable resolution of contingencies and changes in facts and circumstances.

A summary of net pretax benefits (charges), incurred by segment, for each period is as follows:

	Pretax Benefit (Charge)				
(in millions)	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Year ended December 31, 2012					
Restructuring charges	$ (7.5)	$ —	$ (18.5)	$ (2.2)	$ (28.2)
Restructuring accrual reversals	1.0	—	2.8	1.3	5.1
Total pretax charge, net of reversals	$ (6.5)	$ —	$ (15.7)	$ (0.9)	$ (23.1)
Year ended December 31, 2011					
Restructuring charges	$ (2.8)	$ (10.5)	$ (34.2)	$ (3.8)	$ (51.3)
Restructuring accrual reversals	1.1	—	2.5	1.3	4.9
Total pretax charge, net of reversals	$ (1.7)	$ (10.5)	$ (31.7)	$ (2.5)	$ (46.4)
Year ended December 31, 2010					
Restructuring charges	$ (20.3)	$ (11.3)	$ (28.2)	$ (27.7)	$ (87.5)
Restructuring accrual reversals	0.7	0.8	10.9	3.1	15.5
Total pretax charge, net of reversals	$ (19.6)	$ (10.5)	$ (17.3)	$ (24.6)	$ (72.0)

2012. The Company recorded restructuring charges during 2012 primarily related to employee reduction and certain employee relocation efforts in Germany. The Company expects to record approximately $2 million of additional restructuring charges in 2013 in connection with the restructuring event in Germany. Additional restructuring charges were recorded in 2012 in connection with management's alignment of the business with strategic objectives as well as refinements of estimates. Approximately 650 employees were impacted by the 2012 restructurings. The Company expects to record additional restructuring charges in 2013 associated with similar events and the departure of executive officers.

2011. The 2011 restructurings resulted from the elimination of management and other positions, approximately 750 employees, as part of the Company aligning the business with strategic objectives. Partially offsetting the charges were reversals of excess 2009 and 2010 restructuring accruals as well as reversals resulting from the refinement of 2011 estimates.

2010. The 2010 restructurings resulted from the elimination of management and other positions, approximately 1,200 employees, as part of the Company aligning the business with strategic objectives as well as domestic site consolidations and the reorganization of executive officers. Partially offsetting the charges were reversals of excess 2008 and 2009 restructuring accruals as well as reversals resulting from the refinement of 2010 estimates.

The following table summarizes the Company's utilization of restructuring accruals for the years ended December 31, 2011 and 2012:

(in millions)	Employee Severance	Facility Closure
Remaining accrual as of January 1, 2011	$ 38.7	$ 0.2
Expense provision	45.0	6.3
Cash payments and other	(62.2)	(5.5)
Changes in estimates	(4.8)	(0.1)
Remaining accrual as of December 31, 2011	16.7	0.9
Expense provision	28.2	—
Cash payments and other	(26.8)	(0.8)
Changes in estimates	(5.0)	(0.1)
Remaining accrual as of December 31, 2012	$ 13.1	$ —

Note 3: Business Combinations, Asset Acquisitions and Dispositions

Businesses and Assets Acquired (a)	Month	Initial Consideration (b) Total (in millions)	Cash
2012:			
Purchase of noncontrolling interest in Omnipay	April	$ 49.0	$ 25.1
Clover Network, Inc.	December	56.1	36.1
Merchant portfolio acquisitions		1.9	1.9
		$ 107.0	$ 63.1
2011:			
Merchant portfolio acquisitions		$ 19.2	$ 19.2
2010:			
Redemption of Rockmount Investments, LLC ("Rockmount") put in BAMS (c)		$ 213.3	$ 213.3
Merchant portfolio acquisitions		1.8	1.8
		$ 215.1	$ 215.1

(a) Includes businesses and assets consolidated by the Company upon acquisition. For information related to equity method investments refer to Note 18 of these Consolidated Financial Statements.
(b) Includes cash acquired and debt assumed.
(c) Banc of America Merchant Services, LLC ("BAMS")

2012 Acquisitions

In April 2012, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in April 2013.

In December 2012, the Company acquired 100% of Clover Network, Inc., a provider of payment network services for total consideration of $54.1 million, net of cash acquired. The transaction consisted of net cash consideration of $34.1 million as well as a series of contingent payments based on the achievement of specified sales targets. These contingent payments are classified as purchase consideration if made to outside investors and compensation if made to current and future employees. As part of the purchase price, the Company recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments. The acquisition will be reported as part of the Retail and Alliance Services segment.

2012 Disposition

During the year ended December 31, 2012, contingent consideration was recorded related to a small divestiture. The transaction called for a series of contingent payments based on revenue over three years. As part of the sale price, the Company recorded a $14 million asset for the contingent consideration due based upon the net present value of the Company's estimate of future receipts from the buyer.

2011 Disposition

In November 2011, the Company contributed the assets of its transportation business to an alliance in exchange for a 30% noncontrolling interest in that alliance, as discussed in further detail in Note 18 of these Consolidated Financial Statements, and accordingly, the transportation business was deconsolidated.

2010 Redemption

On June 26, 2009, Bank of America N.A. ("BofA") and the Company, together with Rockmount, an investment vehicle controlled by a third-party investor, formed a new company, BAMS. BAMS provides clients with a comprehensive suite of acquiring and processing payment products for credit and debit cards as well as merchant loyalty, prepaid, check and e-commerce solutions.

At the time of the formation, the Company owned a 48.45% direct voting interest in BAMS and Bank of America N.A. ("BofA") owned a 46.55% direct voting interest. The remaining stake in BAMS was a 5% non-voting interest held by Rockmount. The Company owned a 40% noncontrolling interest in Rockmount. In May 2010, the third party owning a controlling interest in Rockmount exercised a put right on Rockmount's beneficial interest in BAMS requiring net cash payments from FDC of $213 million. The redemption amount was based on Rockmount's capital account balance in BAMS immediately prior to the redemption with an additional adjustment paid by the Company and Bank of America N.A. based on the level of BAMS revenues for the trailing 12 month period ended March 31, 2010. After redemption by Rockmount, the Company owns 51% of BAMS and Bank of America N.A. owns 49%.

2010 Disposition

During 2010, the Company received a contingent payment in connection with the November 2009 sale of a merchant acquiring business.

Other Information

The following table outlines the net assets acquired and net cash paid for acquisitions (at date of acquisition) for businesses and assets other than equity method investments:

	Year ended December 31,		
(in millions)	2012	2011	2010
Fair value of net assets acquired	$ 107.0	$ 19.2	$ 215.1
Less non-cash consideration	(43.9)	—	—
Less cash acquired	(2.0)	—	—
Net cash paid for acquisitions	$ 61.1	$ 19.2	$ 215.1

The following table presents changes to goodwill for the years ended December 31, 2011 and 2012:

(in millions)	Retail and Alliance Services	Financial Services	International	All Other and Corporate	Divested Operations	Totals
Balance as of January 1, 2011						
Goodwill	$ 14,065.7	$ 3,451.4	$ 2,657.1	$ 177.0	$ 181.3	$ 20,532.5
Accumulated impairment losses	(1,106.5)	(1,395.2)	(375.6)	(177.0)	(181.3)	(3,235.6)
	12,959.2	2,056.2	2,281.5	—	—	17,296.9
Deconsolidation (a)	(42.8)	—	—	—	—	(42.8)
Purchase price adjustments	—	—	(4.5)	—	—	(4.5)
Other adjustments (primarily foreign currency)	—	—	(45.0)	—	—	(45.0)
Balance as of December 31, 2011						
Goodwill	14,022.9	3,451.4	2,607.6	177.0	181.3	20,440.2
Accumulated impairment losses	(1,106.5)	(1,395.2)	(375.6)	(177.0)	(181.3)	(3,235.6)
	12,916.4	2,056.2	2,232.0	—	—	17,204.6
Acquisitions	48.9	—	—	—	—	48.9
Impairments	—	(4.5)	—	—	—	(4.5)
Other adjustments (primarily foreign currency)	—	—	33.5	—	—	33.5
Balance as of December 31, 2012						
Goodwill	14,071.8	3,451.4	2,641.1	177.0	181.3	20,522.6
Accumulated impairment losses	(1,106.5)	(1,399.7)	(375.6)	(177.0)	(181.3)	(3,240.1)
	$ 12,965.3	$ 2,051.7	$ 2,265.5	$ —	$ —	$ 17,282.5

(a) Relates to the deconsolidation of the Company's transportation business. Refer to Note 18 of these Consolidated Financial Statements for additional information.

Note 4: Settlement Assets and Obligations

Settlement assets and obligations result from FDC's processing services and associated settlement activities, including settlement of payment transactions. Settlement assets are generated principally from merchant services transactions. Certain merchant settlement assets that relate to settlement obligations accrued by the Company are held by partner banks to which the Company does not have legal ownership but has the right to use to satisfy the related settlement obligation. FDC records corresponding settlement obligations for amounts payable to merchants and for payment instruments not yet presented for settlement. The difference in the aggregate amount of such assets and liabilities is primarily due to unrealized net investment gains and losses, which are reported as OCI in equity. The principal components of FDC's settlement assets and obligations are as follows:

(in millions)	As of December 31, 2012	2011
Settlement assets:		
Current settlement assets:		
Cash and cash equivalents	$ 3,790.4	$ 1,650.3
Investment securities	125.6	105.7
Due from card associations and bank partners	4,523.4	8,353.3
Due from merchants	734.4	549.0
	9,173.8	10,658.3
Long-term settlement assets:		
Investment securities	54.3	181.0
	$ 9,228.1	$ 10,839.3
Settlement obligations:		
Current settlement obligations:		
Payment instruments outstanding	$ 289.9	$ 459.6
Card settlements due to merchants	8,936.4	10,378.2
	$ 9,226.3	$ 10,837.8

Refer to Note 5 of these Consolidated Financial Statements for information concerning the Company's investment securities.

Note 5: Investment Securities

The majority of the Company's investment securities are a component of settlement assets and represent the investment of funds received by the Company from prior sales of payment instruments (official checks and financial institution money orders) by authorized agents. The Company's investment securities, excluding those classified as cash equivalents, within current settlement assets primarily consisted of municipal obligations as of December 31, 2012 and of municipal obligations and corporate bonds as of December 31, 2011. The Company's long-term settlement assets were primarily comprised of student loan auction rate securities ("SLARS") as of December 31, 2012 and of SLARS and U.S. Government guaranteed securities as of December 31, 2011. Realized gains and losses and OTTI on investments classified as settlement assets are recorded in the "Product sales and other" line item of the Consolidated Statements of Operations. The Company carried other investments, primarily cost method investments, which are included in the "Other current assets" and "Other long-term assets" line items of the Consolidated Balance Sheets and are discussed further below. Realized gains and losses on these investments are recorded in the "Other income (expense)" line item of the Consolidated Statements of Operations described in Note 9 of these Consolidated Financial Statements.

The principal components of the Company's investment securities are as follows:

(in millions)	Cost (a)	Gross Unrealized Gain	Gross Unrealized (Loss) excluding OTTI (b)	OTTI Recognized in OCI (b)/(c)	Fair Value (d)
As of December 31, 2012					
Student loan auction rate securities	$ 37.6	$ 1.2	$ —	$ —	$ 38.8
Corporate bonds	6.6	—	—	—	6.6
State and municipal obligations	134.5	—	(0.1)	—	134.4
Other	0.1	0.5	—	—	0.6
Total available-for-sale securities	178.8	1.7	(0.1)	—	180.4
Cost method investments	13.4	—	—	—	13.4
Totals	$ 192.2	$ 1.7	$ (0.1)	$ —	$ 193.8
As of December 31, 2011					
Student loan auction rate securities	$ 169.3	$ 1.2	$ —	$ —	$ 170.5
Corporate bonds	10.3	—	(0.1)	—	10.2
State and municipal obligations	96.0	—	—	—	96.0
U.S. Government guaranteed securities	10.0	—	—	—	10.0
Other	0.1	0.4	—	—	0.5
Total available-for-sale securities	285.7	1.6	(0.1)	—	287.2
Cost method investments	23.7	—	—	—	23.7
Totals	$ 309.4	$ 1.6	$ (0.1)	$ —	$ 310.9

(a) Represents amortized cost for debt securities.
(b) "OTTI" refers to other-than-temporary impairments.
(c) For debt securities, represents the fair value adjustment excluding that attributable to credit losses.
(d) Represents cost for cost method investments.

The following table presents the gross unrealized losses and fair value of the Company's investments with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less than 12 months		More than 12 months			
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Total Fair Value	Total Unrealized Losses
As of December 31, 2012						
State and municipal obligations (a)	$ 45.3	$ —	$ 0.1	$ —	$ 45.4	$ (0.1)
As of December 31, 2011						
Corporate bonds	$ 10.2	$ (0.1)	$ —	$ —	$ 10.2	$ (0.1)

(a) Unrealized losses less than and greater than 12 months are less than $50,000, respectively.

All of the above investments, with the exception of cost method investments, were classified as available-for-sale. The Company uses specific identification to determine the cost of a security sold and the amount of gains and losses reclassified out of

OCI into the Consolidated Statements of Operations. Unrealized gains and losses on investments carried at fair value are included as a separate component of OCI, net of any related tax effects.

The following table presents additional information regarding available-for-sale securities:

(in millions)	Year ended December 31, 2012	2011	2010
Proceeds from sales (a)	$ 156.6	$ 283.2	$ 138.1
Gross realized gains included in earnings as a result of sales (a)	4.4	3.6	6.2
Gross realized (losses) included in earnings as a result of sales (a)	—	(2.9)	(3.3)
Gross losses included in earnings as a result of impairment (b)	—	(5.2)	(28.2)
Net unrealized gains or (losses) included in OCI, net of tax	2.9	(2.0)	7.7
Net gains or (losses) reclassified out of OCI into earnings, net of tax	2.7	(2.8)	(19.8)

(a) Includes activity resulting from sales, redemptions, liquidations and related matters.
(b) In the fourth quarter of 2010, due to new and existing state laws and regulations as well as the Company's changing views of its use of capital, the Company determined it could no longer assert that it will not more likely than not be required to sell the SLARS prior to the recovery of their fair value to amortized cost.

In January 2013, the company sold approximately $21 million of its holdings in SLARS resulting in a realized gain of $1.0 million.

The following table presents maturity information for the Company's investments in debt securities as of December 31, 2012:

(in millions)	Fair Value
Due within one year	$ 125.6
Due after one year through five years	15.3
Due after five years through 10 years	—
Due after 10 years	38.9
Total debt securities	$ 179.8

The Company also maintained investments in non-marketable securities, held for strategic purposes (collectively referred to as "cost method investments") which are carried at cost and included in "Other long-term assets" in the Company's Consolidated Balance Sheets. These investments are evaluated for impairment upon an indicator of impairment such as an event or change in circumstances that may have a significant adverse effect on the fair value of the investment. During the third quarter of 2012, the Company recognized an impairment of $8.7 million related to a cost method investment due to uncertainty regarding the investee's viability as a going concern. Where there are no indicators of impairment present, the Company estimates the fair value for the cost method investments only if it is practicable to do so. As of December 31, 2012, it was deemed impracticable to estimate the fair value on $8.0 million of cost method assets due to the lack of sufficient data upon which to develop a valuation model and the costs of obtaining an independent valuation in relation to the size of the investments.

Note 6: Derivative Financial Instruments

Risk Management Objectives and Strategies

The Company is exposed to various financial and market risks, including those related to changes in interest rates and foreign currency exchange rates, that exist as part of its ongoing business operations. The Company utilizes certain derivative financial instruments to enhance its ability to manage these risks.

The Company uses derivative instruments (i) to mitigate cash flow risks with respect to changes in interest rates (forecasted interest payments on variable rate debt), (ii) to maintain a desired ratio of fixed rate and floating rate debt, and (iii) to protect the net investment in certain foreign subsidiaries and/or affiliates and intercompany loans with respect to changes in foreign currency exchange rates.

Derivative instruments are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company applies strict policies to manage each of these risks, including prohibition against derivatives trading, derivatives market-making or any other speculative activities. Although most of the Company's derivatives do not qualify for hedge accounting, they are maintained for economic hedge purposes and are not considered speculative.

The Company's policy is to manage its cash flow and net investment exposures related to adverse changes in interest rates and foreign currency exchange rates. The Company's objective is to engage in risk management strategies that provide adequate downside protection.

Accounting for Derivative Instruments and Hedging Activities

With respect to derivative instruments that are afforded hedge accounting, the effective portion of changes in the fair value of a derivative that is designated as a cash flow hedge is recorded in OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of a net investment hedge that qualifies for hedge accounting are recorded as part of the cumulative translation adjustment in OCI to the extent the hedge is effective. Any ineffectiveness associated with designated cash flow hedges, as well as any change in the fair value of a derivative that is not designated as a hedge, is recorded immediately in "Other income (expense)" in the Consolidated Statements of Operations.

The Company formally documents all relationships between hedging instruments and the underlying hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that have been designated as cash flow hedges to forecasted transactions and net investment hedges to the underlying investment in a foreign subsidiary or affiliate. The Company formally assesses, both at inception of the hedge and on an ongoing basis, whether the hedge is highly effective in offsetting changes in cash flows or foreign currency exposure of the underlying hedged items. The Company also performs an assessment of the probability of the forecasted transactions on a periodic basis. If it is determined that a derivative ceases to be highly effective during the term of the hedge or if the forecasted transaction is no longer probable, the Company discontinues hedge accounting prospectively for such derivative.

Credit Risk

The Company monitors the financial stability of its derivative counterparties and all counterparties remain highly-rated (in the "A" category or higher). The credit risk inherent in these agreements represents the possibility that a loss may occur from the nonperformance of a counterparty to the agreements. The Company performs a review at inception of the hedge, as circumstances warrant, and at least on a quarterly basis of the credit risk of these counterparties. The Company also monitors the concentration of its contracts with individual counterparties. The Company's exposures are in liquid currencies (primarily in U.S. dollars, euros and Australian dollars), so there is minimal risk that appropriate derivatives to maintain the hedging program would not be available in the future.

Summary of Derivative Instruments

The Company's derivative instruments portfolio was comprised of the following:

Notional value (in millions)	As of December 31, 2012		As of December 31, 2011	
Interest rate contracts	USD	5,750	USD	5,750
Foreign exchange contracts	EUR	91.1	EUR	91.1
Foreign exchange contracts	AUD	115	AUD	115
Forward-starting interest rate contracts	USD	—	USD	3,000

In January of 2013, the Company's cross-currency swap with an aggregate notional value of 69.6 million euro expired. In January and February of 2013, the Company entered into cross-currency swaps with aggregate notional values of 100.0 million Australian dollars and 200.0 million euro that were designated as hedges of net investments in foreign operations.

Derivatives Not Qualifying For Hedge Accounting. During the twelve months ended December 31, 2012 and 2011, the Company held certain derivative instruments that functioned as economic hedges but no longer qualified or were not designated to qualify for hedge accounting. Such instruments included cross-currency swaps held in order to mitigate foreign currency exposure on intercompany loans and a portion of the Company's net investment in its European operations, interest rate swaps held in order to mitigate the exposure to interest rate fluctuations on interest payments related to variable rate debt and a fixed to floating interest rate swap held to maintain a desired ratio of fixed and variable rate debt.

Interest rate swaps with a combined notional value of $5.0 billion expired in September 2012. During the third quarter of 2011 and the first quarter of 2012, the Company entered into forward-starting interest rate swaps with a combined notional value of $3.0 billion and $2.0 billion, respectively, all of which became effective upon expiration of the existing instruments. The interest rate swaps are intended to mitigate exposure to fluctuations in interest rates and will expire in September 2016. The Company did not designate the swaps as hedges for accounting purposes.

During 2011, the Company entered into a fixed to floating interest rate swap in order to preserve the ratio of fixed and floating debt. The swap has a notional value of $750.0 million and expires on June 15, 2019, but is subject to a mandatory put that will result in cash settlement on June 15, 2015.

During the three months ended March 31, 2011, the Company held a foreign exchange rate collar with a notional value of $1.9 million that expired on March 31, 2011.

During the third quarter of 2010, five interest rate swaps with a total notional balance of $2.5 billion and one basis rate swap with a notional balance of $1.0 billion expired.

As of December 31, 2012 and 2011, the Company held cross-currency swaps not qualifying for hedge accounting with a total notional value of 91.1 million euro (approximately $120.5 million at December 31, 2012). In January of 2013, the Company's cross-currency swap with an aggregate notional value of 69.6 million euro expired.

During 2012, 2011, and 2010, certain interest rate swaps previously designated as hedges for accounting purposes ceased to qualify for hedge accounting treatment. The Company therefore de-designated the hedges and ceased to apply hedge accounting from the beginning of the quarter during which the respective de-designations occurred. The amount carried in OCI as of the date of de-designation was subsequently reclassified into earnings in the same periods during which the forecasted transactions affect earnings. As of December 31, 2012, there are no longer any losses carried in OCI related to interest rate swaps that are expected to be reclassified into the Consolidated Statements of Operations.

For information on the location and amounts of derivative fair values in the Consolidated Balance Sheets, derivative gains and losses in the Consolidated Statements of Operations and accumulated derivative gains and losses in OCI, refer to the tables presented below.

Derivatives That Qualify for Hedge Accounting.

Hedge of a net investment in a foreign operation. As of December 31, 2012 and 2011, the Company held a cross-currency swap with an aggregate notional value of 115.0 million Australian dollars (approximately $119.3 million at December 31, 2012) that was designated as a hedge of a net investment in a foreign operation.

In January and February of 2013, the Company entered into cross-currency swaps that were designated as hedges of net investments in foreign operations, as discussed above.

Cash flow hedges. As of December 31, 2012, the Company did not have any interest rate swaps that were designated as cash flow hedges of the variability in the interest payments on its debt. As of December 31, 2011, the Company held interest rate swaps which were designated as cash flow hedges of the variability in the interest payments on $500 million of variable rate senior secured term loans which expired in September 2012. Since December 31, 2011, these designated cash flow hedges ceased to be highly effective in offsetting the variability in the interest payments, due in part to their approaching maturity dates, and were de-designated. Until the de-designation date of these cash flow hedges, the Company followed the hypothetical derivative method to measure hedge ineffectiveness which resulted mostly from the hedges being off-market at the time of designation, and any ineffectiveness was recognized immediately in the Consolidated Statements of Operations.

During the third quarter of 2010, two basis rate swaps with a total notional balance of $3.0 billion expired.

For information on the location and amounts of derivative fair values in the Consolidated Balance Sheets, derivative gains and losses in the Consolidated Statements of Operations and accumulated derivative gains and losses in OCI, refer to the tables presented below.

Fair Value of Derivative Instruments

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

(in millions)		As of December 31, 2012 Assets (a)(c)		Liabilities (b)(c)
Derivatives designated as hedging instruments				
Foreign exchange contract	$	—	$	(32.8)
Derivatives not designated as hedging instruments				
Interest rate contracts		90.8		(137.7)
Foreign exchange contracts		10.1		(1.6)
Total derivatives not designated as hedging instruments		100.9		(139.3)
Total derivatives	$	100.9	$	(172.1)

(in millions)		As of December 31, 2011 Assets (a)(c)		Liabilities (b)(c)
Derivatives designated as hedging instruments				
Interest rate contract	$	—	$	(12.8)
Foreign exchange contract		—		(27.1)
Total derivatives designated as hedging instruments		—		(39.9)
Derivatives not designated as hedging instruments				
Interest rate contracts	$	65.4	$	(143.9)
Foreign exchange contracts		10.9		(0.7)
Forward-starting interest rate contracts		—		(11.9)
Total derivatives not designated as hedging instruments		76.3		(156.5)
Total derivatives	$	76.3	$	(196.4)

(a) Derivative assets are included in the "Other current assets" and "Other long-term assets" lines of the Consolidated Balance Sheets.

(b) Derivative liabilities are included in the "Other current liabilities" and "Other long-term liabilities" lines of the Consolidated Balance Sheets.

(c) The Company's policy is to present all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements.

The Effect of Derivative Instruments on the Consolidated Statements of Operations

(in millions, pretax)	Year ended December 31, 2012 Interest Rate Contracts	2012 Foreign Exchange Contracts	2011 Interest Rate Contracts	2011 Foreign Exchange Contracts	2010 Interest Rate Contracts	2010 Foreign Exchange Contracts
Derivatives in cash flow hedging relationships:						
Amount of gain or (loss) recognized in OCI (effective portion)	$ —	—	$ 61.3	—	$ (26.2)	—
Amount of gain or (loss) reclassified from accumulated OCI into income (a)	(114.9)	—	(93.0)	—	(145.7)	—
Amount of gain or (loss) recognized in income (ineffective portion) (b)	—	—	(2.3)	—	(6.3)	—
Derivatives in net investment hedging relationships:						
Amount of gain or (loss) recognized in OCI (effective portion)	$ —	(9.2)	$ —	(9.4)	$ —	(14.8)
Amount of gain or (loss) recognized in income (ineffective portion) (b)	—	—	—	—	—	0.5
Derivatives not designated as hedging instruments						
Amount of gain or (loss) recognized in income (b)	$ (89.9)	(1.5)	$ 58.0	2.5	$ (61.6)	9.1

(a) Gain (loss) is recognized in the "Interest expense" line of the Consolidated Statements of Operations.
(b) Gain (loss) is recognized in the "Other income (expense)" line of the Consolidated Statements of Operations.

Accumulated Derivative Gains and Losses

The following table summarizes activity in other comprehensive income for the years ended December 31, 2012 and 2011 related to derivative instruments classified as cash flow hedges and a net investment hedge held by the Company:

(in millions, after tax)	Year ended December 31, 2012	2011
Accumulated loss included in other comprehensive income (loss) at beginning of the period	$ (87.6)	$ (181.3)
Less: Reclassifications into earnings from other comprehensive income (loss)	72.2	60.2
	(15.4)	(121.1)
Increase in fair value of derivatives that qualify for hedge accounting (a)	(5.7)	33.5
Accumulated loss included in other comprehensive income (loss) at end of the period	$ (21.1)	$ (87.6)

(a) Gains and losses are included in "Unrealized gains on hedging activities" and in "Foreign currency translation adjustment" on the Consolidated Statements of Comprehensive Income (Loss).

Note 7: Fair Value Measurement

Fair value of financial instruments

Carrying amounts for certain of the Company's financial instruments (cash and cash equivalents and short-term borrowings) approximate fair value due to their short maturities. Accordingly, these instruments are not presented in the following table. The following table provides the estimated fair values of the remaining financial instruments:

(in millions)	As of December 31, 2012 Carrying Value	Fair Value (a)	As of December 31, 2011 Carrying Value	Fair Value (a)
Financial instruments:				
Settlement assets:				
Short-term investment securities	$ 125.6	$ 125.6	$ 105.7	$ 105.7
Long-term investment securities	$ 54.3	$ 54.3	$ 181.0	$ 181.0
Other current assets:				
Derivative financial instruments	$ 11.1	$ 11.1	$ —	$ —
Other long-term assets:				
Long-term investment securities	$ 0.5	$ 0.5	$ 0.5	$ 0.5
Cost method investments	$ 13.4	$ 13.4	$ 23.7	$ 23.7
Derivative financial instruments	$ 89.8	$ 89.8	$ 76.3	$ 76.3
Other current liabilities:				
Derivative financial instruments	$ 0.3	$ 0.3	$ 156.7	$ 156.7
Long-term borrowings:				
Long-term borrowings	$ 22,528.9	$ 22,732.6	$ 22,521.7	$ 20,189.8
Other long-term liabilities:				
Derivative financial instruments	$ 171.8	$ 171.8	$ 39.7	$ 39.7

(a) Represents cost for cost method investments. Refer to Note 5 of these Consolidated Financial Statements for a more detailed discussion of cost method investments.

The estimated fair values of investment securities and derivative financial instruments are described below. Refer to Notes 5 and 6 of these Consolidated Financial Statements for additional information regarding the Company's investment securities and derivative financial instruments, respectively.

The estimated fair market value of FDC's long-term borrowings was primarily based on market trading prices and is considered to be a level 2 measurement. For additional information regarding the Company's borrowings, refer to Note 8 of these Consolidated Financial Statements.

Concentration of credit risk

The Company's investment securities are diversified across multiple issuers within its investment portfolio (investment securities plus cash and cash equivalents). In addition to investment securities, the Company maintains other financial instruments with various financial institutions. The Company's largest single issuer represents less than 15% of the total carrying value of the investment portfolio and the Company limits its derivative financial instruments credit risk by maintaining contracts with counterparties having a credit rating of "A" or higher. The Company periodically reviews the credit standings of these institutions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Fair value is defined by accounting guidance as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the hierarchy prescribed in the accounting guidance for fair value measurements, based upon the available inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- Level 1 Inputs—Quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- Level 2 Inputs—Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including but not limited to quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities and observable inputs other than quoted prices such as interest rates or yield curves.
- Level 3 Inputs—Unobservable inputs reflecting the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The Company maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Financial instruments carried and measured at fair value on a recurring basis are classified in the table below according to the fair value hierarchy described above:

	As of December 31, 2012			
	Fair Value Measurement Using			
(in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Settlement assets:				
Student loan auction rate securities	$ —	$ —	$ 38.8	$ 38.8
Corporate bonds	—	6.6	—	6.6
State and municipal obligations	—	133.9	—	133.9
Preferred stock	0.6	—	—	0.6
Total settlement assets	0.6	140.5	38.8	179.9
Other current assets:				
Interest rate swap contracts	—	1.0	—	1.0
Foreign currency derivative contracts	—	10.1		10.1
Other long-term assets:				
Available-for-sale securities	—	0.5	—	0.5
Interest rate swap contracts	—	89.8	—	89.8
Total assets at fair value	$ 0.6	$ 241.9	$ 38.8	$ 281.3
Liabilities:				
Other current liabilities:				
Interest rate swap contracts	$ —	$ 0.3	$ —	$ 0.3
Other long-term liabilities:				
Foreign currency derivative contracts	—	34.4	—	34.4
Interest rate swap contracts	—	137.4	—	137.4
Contingent consideration	—	—	20.0	20.0
Total liabilities at fair value	$ —	$ 172.1	$ 20.0	$ 192.1

	As of December 31, 2011			
	Fair Value Measurement Using			
(in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Settlement assets:				
Student loan auction rate securities	$ —	$ —	$ 170.5	$ 170.5
Corporate bonds	—	10.2	—	10.2
State and municipal obligations	—	95.5	—	95.5
U.S. Government guaranteed agency securities	—	10.0	—	10.0
Preferred stock	0.5	—	—	0.5
Total settlement assets	0.5	115.7	170.5	286.7
Other long-term assets:				
Available-for-sale securities	—	0.5	—	0.5
Interest rate swap contracts	—	65.4	—	65.4
Foreign currency derivative contracts	—	10.9	—	10.9
Total other long-term assets	—	76.8	—	76.8
Total assets at fair value	$ 0.5	$ 192.5	$ 170.5	$ 363.5
Liabilities:				
Other current liabilities:				
Interest rate swap contracts	$ —	$ 156.7	$ —	$ 156.7
Other long-term liabilities:				
Foreign currency derivative contracts	—	27.8	—	27.8
Forward-starting interest rate contracts	—	11.9	—	11.9
Total liabilities at fair value	$ —	$ 196.4	$ —	$ 196.4

Settlement assets - student loan auction rate securities. Due to the lack of observable market activity for the SLARS held by the Company as of December 31, 2012, the Company, with the assistance of a third-party valuation firm upon which the Company in part relied, made certain assumptions, primarily relating to estimating both the weighted-average life for the securities held by the Company and the impact on the fair value of the current inability to redeem the securities at par value. All key assumptions and valuations were determined by and are the responsibility of management. The securities were valued using an income approach based on a probability-weighted discounted cash flow analysis. The Company considered each security's key terms including date of issuance, date of maturity, auction intervals, scheduled auction dates, maximum auction rates, as well as underlying collateral, ratings, and guarantees or insurance. The impact of the Company's judgment in the valuation was significant and, accordingly, the resulting fair value was classified as Level 3 within the fair value hierarchy. A 50 basis point change in liquidity risk premium, as well as slight changes in other unobservable inputs including default probability and default recovery rate assumptions and the probability of an issuer call prior to maturity, would impact the value of the SLARS by approximately $1 million. For additional information regarding sales, settlements and impairments of the SLARS, refer to Note 5 of these Consolidated Financial Statements.

(in millions)	Fair Value Measurement Using Significant Unobservable Inputs (Level 3) Student loan auction rate securities
Beginning balance as of January 1, 2011	$ 341.1
Total gains or losses (realized or unrealized):	
Included in other comprehensive income	1.2
Included in product sales and other (a)	(4.5)
Sales	(158.4)
Settlements	(8.9)
Transfers in (out) of Level 3	—
Ending balance as of December 31, 2011	170.5
Total realized gains included in product sales and other	4.4
Sales	(135.6)
Settlements	(0.5)
Transfers in (out) of Level 3	—
Ending balance as of December 31, 2012	$ 38.8

(a) Includes impairments of $5.2 million for the year ended December 31, 2011.

Settlement assets - other available-for-sale securities. Prices for the municipal, corporate, and U.S. Government securities are not quoted on active exchanges but are priced through an independent third-party pricing service based on quotations from market-makers in the specific instruments or, where appropriate, from other market inputs. Bonds were valued under a market approach using observable inputs including reported trades, benchmark yields, broker/dealer quotes, issuer spreads and other standard inputs. Municipal paper was valued under a market approach using observable inputs including maturity date, issue date, credit rating, current commercial paper rates and settlement date.

The Company's experience with these types of investments and the expectations of the current investments held is that they will be satisfied at the current carrying amount. These securities were classified as Level 2.

Derivative financial instruments. The Company uses derivative instruments to mitigate certain risks. The Company's derivatives are not exchange listed and therefore the fair value is estimated under an income approach using Bloomberg analytics models that are based on readily observable market inputs. These models reflect the contractual terms of the derivatives, such as notional value and expiration date, as well as market-based observables including interest and foreign currency exchange rates, yield curves and the credit quality of the counterparties. The models also incorporate the Company's creditworthiness in order to appropriately reflect non-performance risk. Inputs to the derivative pricing models are generally observable and do not contain a high level of subjectivity and, accordingly, the Company's derivatives were classified within Level 2 of the fair value hierarchy. While the Company believes its estimates result in a reasonable reflection of the fair value of these instruments, the estimated values may not be representative of actual values that could have been realized or that will be realized in the near future. Refer to Note 6 of these Consolidated Financial Statements for additional information regarding the Company's derivative financial instruments.

Contingent liabilities. As discussed in Note 3 of these Consolidated Financial Statements, during the year ended December 31, 2012, contingent consideration was recorded related to the acquisition of Clover Network, Inc. The transaction called for cash consideration as well as a series of contingent payments based on the achievement of specified sales targets. These contingent payments are classified as purchase consideration if made to outside investors and compensation if made to current and future employees. As part of the purchase price, the Company recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments. This fair value measurement represents a Level 3 measurement as it is based on significant inputs not observable in the market. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date. The primary assumption is the estimated number of merchant locations that will be using the software in the next four years.

(in millions)		Fair Value Measurement Using Significant Unobservable Inputs (Level 3) Contingent consideration
Beginning balance as of January 1, 2012	$	—
Initial estimate of contingent consideration		20.0
Contingent consideration payments		—
Change in fair value of contingent consideration		—
Ending balance as of December 31, 2012	$	20.0

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

During the year ended December 31, 2012, the Company recorded impairments totaling approximately $22 million on assets with a total carrying value of approximately $42 million due to the sale, expected sale or discontinued use of certain assets. Approximately $5 million of the total impairments related to one business in the Financial Services segment and was recorded in the "Impairments" line in the Consolidated Statement of Operations, while the remaining amounts were individually insignificant and were recorded in the "Cost of services" line. The impairments related to property and equipment, customer relationships, software, and goodwill. In addition, the Company impaired a strategic investment with a total carrying value of $8.7 million within the Retail and Alliance Segment as discussed in Note 5. The impairment was recorded in the "Other income (expense)" line in the Consolidated Statement of Operations.

During the year ended December 31, 2011, the Company did not record any adjustments to the carrying value of existing assets based on non-recurring fair value measurements.

During the year ended December 31, 2010, the Company recorded impairments in the Retail and Alliance and International segments totaling $11.5 million on assets with a total carrying value of $11.7 million, as a result of changes in management's expectations with respect to projected cash flows, ongoing negative cash flows for certain assets or asset groups or due to the discontinued use of certain assets. The impairments related to property and equipment, customer relationships, software, other intangibles, and other long-term assets and were recorded in the "Impairments" line in the Consolidated Statement of Operations.

The fair values of the impaired assets were estimated primarily using a discounted cash flow analysis for 2012 and an income approach for 2010, both based on management's current cash flow projections and using assumptions that management believed were consistent with market participant assumptions. The inputs to the valuations were largely unobservable, and the measurements were accordingly classified as Level 3. The majority of these assets were deemed fully impaired. All key assumptions and valuations were determined by and are the responsibility of management. This fair value measurement represents a Level 3 measurement as it is based on significant inputs not observable in the market. The fair value will be measured on a non-recurring basis. Significant judgment is employed in determining the appropriateness of these assumptions.

Also during the year ended December 31, 2012, contingent consideration was recorded related to a small divestiture. The transaction called for a series of contingent payments based on revenue over three years. As part of the sale price, the Company recorded a $14 million asset for the contingent consideration due based upon the net present value of the Company's estimate of future receipts from the buyer.

Note 8: Borrowings

(in millions)	As of December 31, 2012	2011
Short-term borrowings		
Senior secured revolving credit facility	$ —	$ —
Foreign lines of credit and other arrangements	177.2	76.4
Total short-term borrowings	177.2	76.4
Current portion of long-term borrowings (a):		
4.70% Unsecured notes due 2013, net of unamortized discount of $0.4	14.7	—
Capital lease obligations	65.2	57.0
Total current portion of long-term borrowings	79.9	57.0
Long-term borrowings (a):		
Senior secured term loan facility due 2014, net of unamortized discount of $1.3 and $9.8	253.9	6,554.9
Senior secured term loan facility due 2017, net of unamortized discount of $12.7	2,658.6	—
Senior secured term loan facility due March 2018, net of unamortized discount of $27.3 and $27.2	4,633.3	4,626.2
Senior secured term loan facility due September 2018, net of unamortized discount of $21.4	728.6	—
7.375% Senior secured first lien notes due 2019, net of unamortized discount of $27.0 and $15.0	1,568.0	735.0
8.875% Senior secured first lien notes due 2020, net of unamortized discount of $13.6 and $15.4	496.4	494.6
6.75% Senior secured first lien notes due 2020, net of unamortized discount of $29.4	2,120.6	—
8.25% Senior secured second lien notes due 2021, net of unamortized discount of $14.3 and $16.1	1,985.4	1,983.6
8.75%/10.00% PIK toggle senior secured second lien notes due 2022 (b), net of unamortized discount of $7.3 and $8.1	992.7	991.9
12.625% Senior unsecured notes due 2021, net of unamortized discount of $21.5 and $24.2	2,978.5	2,975.8
9.875% Senior unsecured notes due 2015	783.5	783.5
10.55% Senior unsecured notes due 2015 (previously senior PIK notes (b))	748.4	748.4
11.25% Senior unsecured subordinated notes due 2016	2,500.0	2,500.0
4.70% Unsecured notes due 2013, net of unamortized discount of $1.1	—	14.0
4.85% Unsecured notes due 2014, net of unamortized discount of $0.3 and $0.5	3.5	3.3
4.95% Unsecured notes due 2015, net of unamortized discount of $1.0 and $1.5	8.8	8.3
Capital lease obligations	68.7	102.2
Total long-term borrowings	22,528.9	22,521.7
Total borrowings	$ 22,786.0	$ 22,655.1

(a) Unamortized discount amounts are as of December 31, 2012 and 2011, respectively.
(b) Payment In-Kind ("PIK")

Short-Term Borrowings

FDC had approximately $346 million and $341 million available under short-term lines of credit and other arrangements with foreign banks and alliance partners primarily to fund settlement activity, as of December 31, 2012 and 2011, respectively. These arrangements are primarily associated with international operations and are in various functional currencies, the most significant of which are the Australian dollar, the euro and the Polish zloty. The total amounts outstanding against short-term lines of credit and other arrangements were $177.2 million and $76.4 million as of December 31, 2012 and 2011, respectively. Certain of these arrangements are uncommitted but FDC had $130.0 million and $74.0 million of borrowings outstanding against them as of December 31, 2012 and 2011, respectively. The weighted average interest rates associated with these arrangements were 3.9% and 5.0% for the years ended December 31, 2012 and 2011, respectively. Commitment fees for the committed lines of credit range from 0.156% to 0.8%.

Senior Secured Credit Facilities

Senior Secured Revolving Credit Facility. As of December 31, 2012, FDC's senior secured revolving credit facility had commitments from financial institutions to provide $1,515.3 million of credit. A portion of the revolving credit facility, $499.1 million, matures on September 24, 2013 while the remaining $1,016.2 million matures between June 24, 2015 and September 24, 2016 subject to certain conditions.

Up to $500 million of the senior secured revolving credit facility is available for letters of credit (of which $45.1 million and $45.0 million of letters of credit were issued under the facility as of December 31, 2012 and 2011, respectively). As of December 31, 2012, $1,470.2 million remained available.

Interest is payable at a rate equal to, at FDC's option, either (a) LIBOR for deposits in the applicable currency plus an applicable margin or (b) the higher of (1) the prime rate of Credit Suisse and (2) the federal funds effective rate plus 0.50%, plus an applicable margin. The weighted-average interest rates were 5.25% and 5.8% for the years ended December 31, 2012 and 2011, respectively. The commitment fee rate for the unused portion of this facility ranges from 0.50% to 0.75% per year.

Senior Secured Term Loan Facility. The Company has amounts outstanding under its senior secured term loan facility under separate tranches as shown in the table below. A portion of each tranche is denominated in euro with the exception of the September 2018 term loan. Interest is payable based upon LIBOR or euro LIBOR plus an applicable margin as shown in the table below.

	U.S. dollar-denominated term loan			Euro-denominated term loan (U.S. dollar equivalent)			Totals	
	As of December 31,			As of December 31,			As of December 31,	
(in millions)	2012	2011	Rate	2012	2011	Rate	2012	2011
Due September 24, 2014	$ 130.7	$ 6,154.2	LIBOR + 275 bps	$ 123.2	$ 400.7	euro LIBOR + 275 bps	$ 253.9	$ 6,554.9
Due March 24, 2017	$ 2,424.2		LIBOR + 500 bps	$ 234.4		euro LIBOR + 500 bps	$ 2,658.6	
Due March 24, 2018	$ 4,225.1	$ 4,225.3	LIBOR + 400 bps	$ 408.2	$ 400.9	euro LIBOR + 400 bps	$ 4,633.3	$ 4,626.2
Due September 24, 2018	$ 728.6		LIBOR + 500 bps				$ 728.6	

As of December 31, 2012, FDC held interest rate swaps to mitigate exposure to variability in interest payments on the outstanding variable rate senior secured term loan. Refer to Note 6 of these Consolidated Financial Statements for a discussion of the Company's derivatives.

The original terms of FDC's senior secured term loan facility required the Company to pay equal quarterly installments in aggregate annual amounts equal to 1% of the original principal amount. However, in conjunction with debt modifications and amendments over the last several years, proceeds from the issuance of the notes were used to prepay portions of the principal balances of FDC's senior secured term loans which satisfied the future quarterly principal payments until September 2018. Therefore, the Company made no principal payments during 2011 or 2012. During 2010, the Company paid $96.2 million of principal payments on the senior secured term loan facility in accordance with the original provisions, of which $89.2 million related to the U.S. dollar-denominated loan and $7.0 million related to the euro-denominated loan.

The senior secured term loan facility also requires mandatory prepayments based on a percentage of excess cash flow generated by FDC. All obligations under the senior secured loan facility are fully and unconditionally guaranteed by substantially all domestic, wholly-owned subsidiaries of FDC, subject to certain exceptions.

2012 Modifications and Amendments to the Senior Secured Credit Facilities. On March 13, 2012, FDC amended its credit agreement to, among other things:

(i) convert approximately $3.2 billion of the existing term loans maturing in 2014 (the "2014 Term Loans") under FDC's senior secured term credit facilities into a new dollar-denominated term loan tranche and a new euro-denominated term loan tranche, which will each mature on March 24, 2017 (collectively, the "2017 Term Loans");

(ii) permit FDC to provide a loan extension request upon such shorter notice period as may be agreed by the administrative agent;

(iii) permit the deduction of fees and expenses related to any loan extensions from the net cash proceeds of any substantially concurrent debt offering related thereto that are being used to repay term loans under its senior secured credit facilities;

(iv) increase the Maximum Incremental Facilities Amount (as defined in the Amended Credit Agreement) by the amount of outstanding 2014 Term Loans, provided such increased amount may only be used for the incurrence of indebtedness the net cash proceeds of which are substantially concurrently used to prepay 2014 Term Loans;

(v) increase the Maximum Incremental Facilities Amount by the amount of any permanent reduction and/or termination of the revolving credit commitments after the effectiveness date of the Amendment Agreement;

(vi) permit voluntary prepayments of term loans to be directed to a class of Extended Term Loans (as defined in the Amended Credit Agreement) without requiring a prepayment of existing term loans from which such Extended Term Loans were converted; and

(vii) provide for an increase in the interest applicable to the 2017 Term Loans to a rate equal to, at FDC's option, either (i) LIBOR for deposits in the applicable currency plus 500 basis points or (ii) with regard to dollar-denominated borrowings, a base rate plus 400 basis points.

The amendment became effective on March 23, 2012 when FDC issued $845 million aggregate principal amount of additional 7.375% senior secured notes due June 15, 2019 (refer to the "7.375% Senior Secured First Lien Notes" section below) and, using the net proceeds therefrom, effected a prepayment of the outstanding 2017 Term Loans under the Amended Credit Agreement of approximately $807 million.

In connection with the debt modification and amendments and the debt offering discussed above, FDC incurred costs of $31.5 million, $27.0 million of which was recorded as discounts on the debt and are being amortized to interest expense over the remaining terms of the loans.

On August 16, 2012, FDC amended its credit agreement to, among other things:

(i) convert approximately $295 million of the existing term loans maturing in 2014 under FDC's senior secured term credit facilities into a new dollar-denominated term loan tranche and a new euro-denominated term loan tranche, each of which will mature on March 24, 2017; and

(ii) provide for an increase in the interest applicable to these 2017 Term Loans to a rate equal to, at FDC's option, either (a) LIBOR for deposits in the applicable currency plus 500 basis points or (b) with regard to dollar-denominated borrowings, a base rate plus 400 basis points.

In addition on August 16, 2012, the Company issued $1,300 million of 6.75% senior secured notes due November 1, 2020 described below. In accordance with the terms of FDC's Amended Credit Agreement, FDC used the net proceeds from the issue and sale of approximately $1,266 million to repay a portion of its outstanding senior secured term loans.

FDC incurred costs of $23.2 million related to the August 2012 amendment and debt offering, $17.8 million of which was recorded as discounts on the debt and are being amortized to interest expense or over the remaining terms of the loans.

Additionally, on September 27, 2012, FDC entered into an Incremental Joinder Agreement relating to its credit agreement, pursuant to which FDC incurred $750 million in new term loans maturing on September 24, 2018 ("September 2018 Term Loans"). The term loans were issued at 98.250% of the par amount for a discount totaling $13.1 million. The interest rate applicable to the September 2018 Term Loans is a rate equal to, at FDC's option, either (a) LIBOR for deposits in U.S. dollars plus 500 basis points or (b) a base rate plus 400 basis points.

Also on September 27, 2012, FDC issued and sold $850 million aggregate principal amount of 6.75% senior secured notes due November 1, 2020 described below.

In connection with the September 2012 Joinder Agreement and debt offering, FDC used the net cash proceeds to repay approximately $1,573 million of its outstanding dollar-denominated term loan borrowings maturing in 2014 and to pay related fees and expenses. FDC incurred costs of $21.0 million, $16.3 million of which was recorded as discounts on the debt and are being amortized to interest expense over the remaining terms of the loans.

7.375% Senior Secured First Lien Notes

On March 23, 2012, FDC issued and sold $845 million aggregate principal amount of additional 7.375% senior secured notes due June 15, 2019 in connection with the March 2012 amendment to its Senior Secured Credit Facilities discussed above. The additional notes were issued at 99.5% of the par amount for a discount totaling $4.2 million. The additional notes are treated as a single series with and have the same terms as the previously existing 7.375% notes. The additional notes and the previously existing

7.375% notes vote as one class under the related indenture. Interest on the notes is payable semi-annually on June 15 and December 15 of each year.

FDC may redeem these notes, in whole or in part, at any time on or after June 15, 2015 at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium. Thereafter, FDC may redeem the notes, in whole or in part, at established redemption prices. In addition, on or prior to June 15, 2014, FDC may redeem up to 35% of the aggregate principal amount of notes with the net cash proceeds from certain equity offerings at established redemption prices.

8.875% Senior Secured First Lien Notes

FDC's 8.875% senior secured notes due August 15, 2020 require the payment of interest semi-annually on February 15 and August 15 of each year. The notes were issued at 98.387% of the par amount for a discount totaling $8.2 million.

FDC may redeem the notes, in whole or in part, at any time prior to August 15, 2015 at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and an additional premium as defined. Thereafter, FDC may redeem the notes, in whole or in part, at established redemption prices, plus accrued and unpaid interest to the redemption date. In addition, on or prior to August 15, 2013, FDC may redeem up to 35% of the notes with the net cash proceeds from certain equity offerings at established redemption prices plus accrued and unpaid interest to the redemption date.

6.75% Senior Secured First Lien Notes

On August 16, 2012, FDC issued and sold $1,300 million aggregate principal amount of 6.75% senior secured notes due November 1, 2020. The notes were issued at 99.193% of the par amount for a discount totaling $10.5 million. Interest on the notes will be payable semi-annually on May 1 and November 1 of each year, commencing on May 1, 2013.

On September 27, 2012, FDC issued and sold $850 million aggregate principal amount of additional 6.75% senior secured notes pursuant to the indenture governing the 6.75% senior secured notes that were issued on August 16, 2012. The additional notes were treated as a single series with the existing 6.75% notes and have the same terms as those notes. The notes were issued at 100.75% of the par amount for a premium totaling $6.4 million.

FDC may redeem the notes, in whole or in part, at any time prior to November 1, 2015, at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium." Thereafter, FDC may redeem the notes, in whole or in part, at established redemption prices. In addition, on or prior to November 1, 2015, FDC may redeem up to 35% of the aggregate principal amount of notes with the net cash proceeds from certain equity offerings at established redemption prices.

Senior Secured Second Lien Notes

Interest on the 8.25% cash-pay notes is payable in cash, accrues interest at the rate of 8.25% per annum and is payable semi-annually in arrears on January 15 and July 15. The 8.25% cash-pay notes mature on January 15, 2021.

Cash interest on the PIK toggle notes accrues at a rate of 8.75% per annum and PIK interest accrues at a rate of 10.00% per annum. The initial interest payment on the PIK toggle notes was payable in cash. For any interest period thereafter through and including the interest period ending January 15, 2014, FDC may elect to pay interest on the PIK toggle notes (i) entirely in cash, (ii) entirely by increasing the aggregate principal amount of the outstanding PIK toggle notes or by issuing PIK notes ("PIK Interest"), or (iii) on 50% of the outstanding aggregate principal amount of the PIK toggle notes in cash and on 50% of the outstanding aggregate principal amount of the outstanding PIK toggle notes by increasing the aggregate principal amount of the outstanding PIK toggle notes or by issuing PIK notes ("Partial PIK Interest"). After January 15, 2014, all interest on the PIK toggle notes will be payable in cash. If FDC elects to pay PIK Interest or Partial PIK Interest, FDC will increase the principal amount of the PIK toggle notes or issue PIK toggle notes in an amount equal to the amount of PIK Interest or the portion of Partial PIK Interest payable in PIK toggle notes for the applicable interest payment period to holders of the PIK toggle notes on the relevant record date. As of December 31, 2012 and 2011, FDC elected to pay interest on the notes entirely in cash. The PIK toggle notes mature on January 15, 2022.

FDC may redeem the second lien notes, in whole or in part, at any time prior to January 15, 2016, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest to the redemption date and a "make-whole premium." Thereafter, FDC may redeem the second lien notes, in whole or in part, at established redemption prices. In addition, on or prior to January 15, 2014, FDC may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at established redemption prices.

12.625% Senior Unsecured Notes

Interest on the 12.625% senior notes is payable in cash, accrues at the rate of 12.625% per annum, and is payable semi-annually in arrears on January 15 and July 15. The 12.625% senior notes mature on January 15, 2021.

Effective December 2011, FDC exchanged substantially all of its 12.625% senior notes due 2021 for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes are freely tradable. FDC may redeem the senior notes, in whole or in part, at any time prior to January 15, 2016, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest to the redemption date and a "make-whole premium." Thereafter, FDC may redeem the senior notes, in whole or in part, at established redemption prices. In addition, on or prior to January 15, 2014, FDC may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at established redemption prices.

9.875% Senior Unsecured Notes and 10.55% Senior Unsecured Notes

FDC's 9.875% senior notes due September 24, 2015 are publicly tradable and require the payment of interest semi-annually on March 31 and September 30.

FDC's 10.55% senior notes due September 24, 2015 are publicly tradable and require the payment of interest semi-annually on March 31 and September 30. The terms require that interest on these notes up to an including September 30, 2011 be paid entirely by increasing the principal amount of the outstanding notes or by issuing senior PIK notes. Beginning October 1, 2011, interest was payable in cash and the first such payment was in April 2012. During 2011, FDC increased the principal amount of these notes by $73.1 million in accordance with this provision.

11.25% Senior Unsecured Subordinated Notes

FDC's publicly tradable 11.25% senior subordinated notes due March 31, 2016 require the payment of interest semi-annually on March 31 and September 30.

Deferred Financing Costs

Deferred financing costs were capitalized in conjunction with certain of FDC's debt issuances and totaled $218.2 million and $269.8 million, as of December 31, 2012 and 2011, respectively. Deferred financing costs are reported in the "Other long-term assets" line of the Consolidated Balance Sheets and are being amortized on a straight-line basis, which approximates the interest method, over the remaining term of the respective debt, with a weighted-average period of 6 years. In addition, lender fees associated with debt modifications and amendments were capitalized as discounts on the debt and are similarly being amortized on a straight-line basis over the remaining term of the respective debt.

Guarantees and Covenants

All obligations under the senior secured revolving credit facility and senior secured term loan facility are unconditionally guaranteed by substantially all existing and future, direct and indirect, wholly-owned, material domestic subsidiaries of FDC other than Integrated Payment Systems Inc. The senior secured facilities contain a number of covenants that, among other things, restrict FDC's ability to incur additional indebtedness; create liens; enter into sale and leaseback transactions; engage in mergers or consolidations; sell or transfer assets; pay dividends and distributions or repurchase FDC's or its parent company's capital stock; make investments, loans or advances; prepay certain indebtedness; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing certain indebtedness and change its lines of business. The senior secured facilities also require FDC to not exceed a maximum senior secured leverage ratio and contain certain customary affirmative covenants and events of default, including a change of control. FDC is in compliance with all applicable covenants.

All senior secured notes are guaranteed on a senior secured basis by each of FDC's existing and future direct and indirect wholly owned domestic subsidiaries that guarantees FDC's senior secured credit facilities. Each of the guarantees of the notes is a general senior obligation of each guarantor and rank senior in right of payment to all existing and future subordinated indebtedness of the guarantor subsidiary, including FDC's existing senior subordinated notes. The notes rank equal in right of payment with all existing and future senior indebtedness of the guarantor subsidiary but are effectively senior to the guarantees of FDC's existing senior unsecured notes and FDC's existing senior secured second lien notes to the extent of the guarantor subsidiary's value of the collateral securing the notes. The 7.375% Senior Secured First Lien Notes, 8.875% Senior Secured First Lien Notes, and 6.75% Senior Secured First Lien Notes are effectively equal in right of payment with each other and the guarantees of FDC's senior secured credit facilities. Each series of notes are effectively subordinated to any obligations secured by liens permitted under the indenture for the particular series of notes and structurally subordinated to any existing and future indebtedness and other liabilities of any subsidiary of a guarantor that is not also a guarantor of the notes.

All senior unsecured notes (i) rank senior in right of payment to all of FDC's existing and future subordinated indebtedness, (ii) rank equally in right of payment to all of the existing and future senior indebtedness, (iii) are effectively subordinated in right of payment to all existing and future secured debt to the extent of the value of the assets securing such debt, and (iv) are structurally subordinated to all obligations of each subsidiary that is not a guarantor of the senior notes.

The senior subordinated notes are unsecured and (i) rank equally in right of payment with all of the existing and future senior subordinated debt, (ii) rank senior in right of payment to all future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior subordinated notes, (iii) are effectively subordinated in right of payment to all existing and future secured debt to the extent of the value of the assets securing such debt, and (iv) are structurally subordinated to all obligations of each subsidiary that is not a guarantor of the senior subordinated notes.

All obligations under the senior secured notes, senior secured second lien notes, PIK toggle senior second lien notes, senior unsecured notes, and senior unsecured subordinated notes also contain a number of covenants similar to those described for the senior secured obligations noted above. FDC is in compliance with all applicable covenants.

Debt transactions effected subsequent to December 31, 2012

Debt Offering and Debt Repurchase. On January 30, 2013, FDC commenced a tender offer to purchase for cash any and all of its outstanding 10.55% senior unsecured notes. The tender offer expired on February 27, 2013. Noteholders that validly tendered their notes on or before February 12, 2013 received an early tender premium. The completion of the tender offer was subject to the debt offering described below and certain other conditions. In addition, on March 1, 2013, FDC redeemed the outstanding 10.55% senior unsecured notes that were not repurchased upon completion of the tender offer.

On February 13, 2013, the Company issued $785 million aggregate principal amount of 11.25% senior unsecured notes due January 15, 2021. Interest on the notes will be payable in cash semi-annually on May 15 and November 15 of each year, commencing on November 15, 2013. FDC used the proceeds from the offering to repurchase all of its outstanding 10.55% senior unsecured notes as described above and to pay related fees and expenses.

The notes are unsecured and (i) rank senior in right of payment to any existing and future subordinated indebtedness, including the existing senior subordinated notes; (ii) rank equally in right of payment to any existing and future senior indebtedness; (iii) be effectively junior to all existing and future secured indebtedness, including indebtedness under the senior secured credit facilities, existing senior secured notes, existing senior secured second lien notes and capital leases to the extent of the collateral securing such indebtedness; and (iv) be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of the non-guarantor subsidiaries (other than indebtedness and liabilities owed to the Company or one of its subsidiary guarantors).

The notes are similarly guaranteed in accordance with their terms by each of FDC's domestic subsidiaries that guarantee obligations under FDC's senior secured term loan facility described above. The notes also contain a number of covenants similar to those described for the senior secured obligations noted above.

FDC may redeem the notes, in whole or in part, at any time prior to January 15, 2016, at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium." Thereafter, FDC may redeem the notes, in whole or in part, at established redemption prices. In addition, until January 15, 2016, FDC may redeem up to 35% of the aggregate principal amount of the notes at 111.25% with the net cash proceeds of one or more equity offerings.

FDC has agreed to use its reasonably best efforts to register notes with the SEC having substantially identical terms as the 11.25% senior unsecured notes, as part of an offer to exchange freely tradable exchange notes for the 11.25% senior unsecured notes within 360 days after the issue date. If FDC fails to complete the exchange or, if required, to have a shelf registration statement declared effective within that time period (''registration default''), the annual interest rate on the notes will increase by 0.25%. The annual interest rate on the notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 0.50% per year. FDC may subsequently cure the registration default and the applicable interest rate on the unsecured notes will revert to the original rate. If FDC must pay additional interest, it will be paid in cash on the same dates that other interest payments on the notes are made, until the registration default is corrected.

Joinder Agreement to the Senior Secured Credit Facilities. On February 13, 2013, FDC entered into a February 2013 Joinder Agreement relating to its credit agreement, pursuant to which FDC incurred $258 million in new term loans maturing on September 24, 2018. The interest rate applicable to the new September 2018 Term Loans is a rate equal to, at FDC's option, either (a) LIBOR for deposits in U.S. dollars plus 500 basis points or (b) a base rate plus 400 basis points. FDC used the net cash proceeds from the new term loans to repay all of its outstanding term loan borrowings maturing in 2014 and to pay related fees and expenses.

Related Financing Costs. In connection with the debt offering and amendment to the senior secured credit facilities discussed above, the Company incurred lender fees and other expenses of approximately $14 million, excluding premiums paid of approximately $21 million related to the tender offer and debt repurchase.

Other

In November 2011, FDC paid off its 5.625% notes due 2011 for $32.6 million.

In June 2010, FDC paid off its 4.50% notes due 2010 for $13.1 million.

Maturities

The following table presents the future aggregate annual maturities of long-term debt:

Year ended December 31, (in millions)		Par Amount
2013	$	80.3
2014		294.0
2015		1,568.0
2016		2,506.6
2017		2,672.0
Thereafter		15,665.4

Note 9: Supplemental Financial Information

Supplemental Statements of Operations Information

The following table details the components of "Other income (expense)" on the Consolidated Statements of Operations:

(in millions)	Year ended December 31, 2012	2011	2010
Investment (losses) and gains	$ (7.7)	$ —	$ 2.5
Derivative financial instruments (losses) and gains	(91.4)	58.2	(58.3)
Divestitures, net	—	57.4	18.7
Non-operating foreign currency gains	4.8	5.3	21.2
Other	—	3.2	—
Other income (expense)	$ (94.3)	$ 124.1	$ (15.9)

Supplemental Balance Sheet Information

(in millions)	As of December 31, 2012	2011
Current assets:		
Accounts receivable:		
Customers	$ 1,713.8	$ 1,682.8
Due from unconsolidated merchant alliances	37.0	36.8
Leasing receivables	99.8	93.1
Interest and other receivables	30.4	54.0
	1,881.0	1,866.7
Less allowance for doubtful accounts-other receivables	(29.9)	(14.2)
Less allowance for doubtful accounts-leasing receivables	(3.4)	(3.9)
	$ 1,847.7	$ 1,848.6
Other current assets:		
Prepaid expenses	$ 92.0	$ 113.5
Inventory	72.2	89.3
Deferred and other income tax assets	78.3	120.1
Derivative financial instruments	11.1	—
	$ 253.6	$ 322.9

(in millions)	As of December 31, 2012	2011
Property and equipment:		
Land	$ 88.6	$ 95.8
Buildings	319.4	322.2
Leasehold improvements	51.9	56.1
Equipment and furniture	1,103.4	1,026.2
Equipment under capital lease	316.8	278.5
	1,880.1	1,778.8
Less accumulated depreciation	(1,024.3)	(842.9)
	$ 855.8	$ 935.9
Other long-term assets:		
Accounts receivable, net of allowance for doubtful accounts of $2.1(2012)	$ 180.7	$ 160.3
Leasing Receivables, net of allowance for doubtful accounts of $10.6 (2012) and $10.3 (2011)	277.7	257.6
Investments	13.9	24.2
Regulatory and escrowed cash	5.1	13.9
Derivative financial instruments	89.8	76.3
Deferred financing costs, net of amortization	218.2	269.8
Deferred income tax assets	10.4	10.5
Pension assets	—	13.7
Other	29.2	17.8
	$ 825.0	$ 844.1
Other current liabilities:		
Accrued interest expense	$ 496.0	$ 439.5
Other accrued expenses	554.8	537.5
Compensation and benefit liabilities	307.2	284.6
Derivative financial instruments	0.3	156.7
Due to unconsolidated merchant alliances	8.7	6.9
Other	233.6	217.9
	$ 1,600.6	$ 1,643.1
Other long-term liabilities:		
Pension obligations	$ 103.3	$ 91.1
Derivative financial instruments	171.8	39.7
Income taxes payable	353.0	475.6
Other	193.8	157.2
	$ 821.9	$ 763.6

Supplemental Cash Flow Information

Supplemental cash flow information is summarized as follows:

(in millions)	Year ended December 31, 2012	2011	2010
Income tax payments, net of refunds received	$ 70.1	$ 67.2	$ 100.5
Interest paid	$ 1,793.9	$ 1,458.2	$ 1,494.9
Distributions received from equity method investments	$ 244.5	$ 194.8	$ 194.1

Significant non-cash transactions. During 2011 and 2010, the principal amount of FDC's senior notes due 2015 increased by $73.1 million and $362.5 million, respectively, resulting from the "payment" of accrued interest expense. The decrease in the amount of interest expense accrued during 2011 is due to the December 2010 exchange of notes discussed below. The terms of FDC's senior unsecured notes due 2015 require interest to be paid in cash for all periods after October 1, 2011.

In December 2011, the Company exchanged substantially all of its aggregate principal amounts of $3.0 billion of its 12.625% senior notes due 2021 for publicly tradable notes having substantially identical terms and guarantees, except that the exchange notes will be freely tradable.

In December 2010, the Company exchanged $3.0 billion of its 9.875% senior notes due 2015 and $3.0 billion of its 10.550% senior PIK notes due 2015 for $2.0 billion of 8.25% senior second lien notes due 2021, $1.0 billion of 8.75%/10.00% PIK toggle senior second lien notes due 2022 and $3.0 billion of 12.625% senior notes due 2021.

There were no expenditures, other than professional fees, or receipts of cash associated with the registration statement or exchange offer described above.

During 2012, 2011 and 2010, the Company entered into capital leases, net of trade-ins, totaling approximately $55 million, $106 million and $65 million, respectively.

As discussed in Note 3 of these Consolidated Financial Statements, the Company acquired 100% of Clover Network, Inc. and recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments.

Also discussed in Note 3 of these Consolidated Financial Statements, the Company acquired the remaining approximately 30 percent noncontrolling interest in Omnipay for approximately 37.1 million euro, of which 19.0 million euro ($25.1 million) was paid in April 2012 with the remainder to be paid in April 2013.

In November 2011, the Company contributed the assets of its transportation business to an alliance in exchange for a 30% interest in the alliance. Refer to Note 18 of these Consolidated Financial Statements for additional information.

Refer to Note 13 of these Consolidated Financial Statements for information concerning the Company's stock-based compensation plans.

Note 10: Related Party Transactions

Merchant Alliances

A substantial portion of the Company's business within the Retail and Alliance Services and International segments is conducted through merchant alliances. Merchant alliances are alliances between the Company and financial institutions. If the Company has majority ownership and management control over an alliance, then the alliance's financial statements are consolidated with those of the Company and the related processing fees are treated as an intercompany transaction and eliminated upon consolidation. If the Company does not have a controlling ownership interest in an alliance, it uses the equity method of accounting to account for its investment in the alliance. As a result, the Company's consolidated revenues include processing fees charged to alliances accounted for under the equity method. No directors or officers of the Company have ownership interests in any of the alliances. The formation of each of these alliances generally involves the Company and the bank contributing contractual merchant relationships to the alliance and a cash payment from one owner to the other to achieve the desired ownership percentage for each. The Company and the bank contract a long-term processing service agreement as part of the negotiation process. This agreement governs the Company's provision of transaction processing services to the alliance.

The Company negotiated all agreements with the alliance banks. Therefore, all transactions between the Company and its alliances were conducted at arm's length; nevertheless, accounting guidance defines a transaction between the Company and an equity method investee as a related party transaction requiring separate disclosure in the financial statements of the Company. Accordingly, the revenue associated with these related party transactions are presented on the face of the Consolidated Statements of Operations.

Management Agreement

First Data has a management agreement with affiliates of KKR (the "Management Agreement") pursuant to which KKR provides management, consulting, financial and other advisory services to the Company. Pursuant to the Management Agreement, KKR receives an aggregate annual management fee and reimbursement of out-of-pocket expenses incurred in connection with the provision of services. The Management Agreement has an initial term expiring on December 31, 2019, provided that the term will be extended annually thereafter unless the Company provides prior written notice of its desire not to automatically extend the term. The Management Agreement provides that KKR also is entitled to receive a fee equal to a percentage of the gross transaction value in connection with certain subsequent financing, acquisition, disposition and change of control transactions, as well as a termination fee based on the net present value of future payment obligations under the Management Agreement in the event of an initial public offering or under certain other circumstances. The Management Agreement terminates automatically upon the consummation of an initial public offering and may be terminated at any time by mutual consent of the Company and KKR. The Management Agreement also contains customary exculpation and indemnification provisions in favor of KKR and its affiliates. During 2012, 2011 and 2010, the Company incurred $20.1 million, $20.0 million and $20.5 million, respectively, of management fees.

All members of the Company's Board of Directors are affiliated with KKR.

Transactions and Balances Involving Company Affiliates

In August 2010, the Company paid KKR Capital Markets LLC ("KCM"), an affiliate of KKR, $5 million for services rendered in arranging for the amendment of the Company's credit agreement.

On November 17, 2010, the Company entered into a dealer manager agreement and fee letter (collectively the "Dealer Manager Agreement") with, among others, KCM, pursuant to which KCM agreed to act as a dealer manager for the exchange of certain of the Company's existing notes for new securities (the "Exchange"). Under the terms of the Dealer Manager Agreement, upon completion of the Exchange in December 2010, the Company paid $26.1 million to KCM.

On April 12, 2011, the Company entered into an Amended and Restated Engagement Letter with KCM and others, pursuant to which KCM agreed to assist in arranging and coordinating the Company's request for an extension of the maturity of certain commitment and loans under its senior secured lending facility. The Company paid KCM $1.25 million in April 2011 for such services.

On April 13, 2011, the Company entered into a Purchase Agreement with, among others, KCM, in which KCM agreed to serve as one of the initial purchasers for an offering of secured notes and receive a portion of the underwriting commission for the offering. Under the terms of the agreement, the Company paid underwriting commissions of $0.5 million to KCM.

On February 28, 2012, the Company entered into an Amended and Restated Engagement Letter with KCM and others, pursuant to which KCM agreed to assist in arranging and coordinating the Company's request for an extension of the maturity of certain commitments and loans under its senior secured lending facility. The Company paid KCM $0.6 million for such services.

In 2012 and January 2013, KCM assisted the Company in arranging and coordinating the Company's request for an extension of the maturity of certain commitments and loans under its senior secured lending facility. The Company paid KCM $2.4 million for such services. Also during 2012 and January 2013, the Company entered into purchase agreements in which KCM agreed to serve as one of the initial purchasers for offerings of secured notes and receive a portion of the underwriting commissions for the offerings. Under the terms of the agreements, the Company paid underwriting commissions to KCM of $8.6 million.

During 2012, 2011 and 2010, the Company paid $12.3 million, $12.0 million and $7.3 million, respectively, of expenses to Capstone Consulting LLC, a consulting company that works exclusively with KKR's portfolio companies, for consulting, financial and other advisory services provided to the Company.

Note 11: Commitments and Contingencies

Operating Leases

The Company leases certain of its facilities and equipment under operating lease agreements, substantially all of which contain renewal options and escalation provisions. The following table presents the amounts associated with total rent expense for operating leases:

Year ended December 31, (in millions)	Amount
2012	$ 72.4
2011	81.3
2010	83.7

Future minimum aggregate rental commitments as of December 31, 2012 under all noncancelable operating leases, net of sublease income, were $293.3 million and are due in the following years:

Year ended December 31, (in millions)	Amount
2013	$ 57.3
2014	47.1
2015	37.8
2016	34.4
2017	26.8
Thereafter	89.9

Sublease income is earned from leased space which FDC concurrently subleases to third parties with comparable time periods. As of December 31, 2012, there were no sublease amounts in FDC obligations. In addition, the Company has certain guarantees imbedded in leases and other agreements wherein the Company is required to relieve the counterparty in the event of changes in the tax code or rates. The Company believes the fair value of such guarantees is insignificant due to the likelihood and extent of the potential changes.

Letters of Credit

The Company has $45.1 million in outstanding letters of credit as of December 31, 2012, all of which were issued under the Company's senior secured revolving credit facility and expire prior to December 10, 2013 with a one-year renewal option. The letters of credit are held in connection with lease arrangements, bankcard association agreements and other security agreements. The Company expects to renew most of the letters of credit prior to expiration.

Contingencies

The Company is involved in various legal proceedings. Accruals have been made with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. The Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. The matters discussed below, if decided adversely to or settled by the Company, individually or in the aggregate, may result in liability material to the Company's financial condition and/or results of operations.

On July 2, 2004, a class action complaint was filed against the Company, its subsidiary Concord EFS, Inc., and various financial institutions. Plaintiffs claim that the defendants violated antitrust laws by conspiring to artificially inflate foreign ATM fees that were ultimately charged to ATM cardholders. Plaintiffs seek a declaratory judgment, injunctive relief, compensatory damages, attorneys' fees, costs and such other relief as the nature of the case may require or as may seem just and proper to the court. Similar suits were filed and served in July, August and October 2004 (referred to collectively as the "ATM Fee Antitrust Litigation"). The Court granted judgment in favor of the defendants, dismissing the case on September 17, 2010. On October 14, 2010, the plaintiffs appealed the summary judgment. On July 12, 2012, the United States Court of Appeals for the Ninth Circuit affirmed the Northern District Court of

California's dismissal of all the claims against the defendants. On July 26, 2012, the plaintiffs petitioned the Ninth Circuit for rehearing en banc. The Company continues to believe the complaints are without merit and intends to vigorously defend them.

There are asserted claims against the Company where an unfavorable outcome is considered to be reasonably possible. These claims can generally be categorized in the following areas: (1) patent infringement which results from claims that the Company is using technology that has been patented by another party; (2) Merchant customer matters often associated with alleged processing errors or disclosure issues and claims that one of the subsidiaries of the Company has violated a federal or state requirement regarding credit reporting or collection in connection with its check verification guarantee, and collection activities; and (3) other matters which may include issues such as employment. The Company's estimates of the possible ranges of losses in excess of any amounts accrued are $0 to $6 million for patent infringement, $0 to $75 million for merchant customer matters and $0 to $4 million for other matters, resulting in a total estimated range of possible losses of $0 to $85 million for all of the matters described above.

The estimated range of reasonably possible losses is based on currently available information and involves elements of judgment and significant uncertainties. As additional information becomes available and the resolution of the uncertainties becomes more apparent, it is possible that actual losses may exceed even the high end of the estimated range.

Other

In the normal course of business, the Company is subject to claims and litigation, including indemnification obligations to purchasers of former subsidiaries. Management of the Company believes that such matters will not have a material adverse effect on the Company's results of operations, liquidity or financial condition.

As discussed in Note 3 of these Consolidated Financial Statements, during the year ended December 31, 2012, contingent consideration was recorded related to the acquisition of Clover Network, Inc. The transaction called for cash consideration as well as a series of contingent payments based on the achievement of specified sales targets. These contingent payments are classified as purchase consideration if made to outside investors and compensation if made to current and future employees. As part of the purchase price, the Company recorded a $20 million liability for the contingent consideration due to outside investors based upon the net present value of the Company's estimate of the future payments.

Also during the year ended December 31, 2012, contingent consideration was recorded related to a small divestiture. The transaction called for a series of contingent payments based on revenue over three years. As part of the sale price, the Company recorded a $14 million asset for the contingent consideration due based upon the net present value of the Company's estimate of future receipts from the buyer.

Note 12: First Data Corporation Stockholder's Equity and Redeemable Noncontrolling Interests

Dividends

The Company's senior secured revolving credit facility, senior secured term loan facility, senior secured notes, senior second lien notes, PIK toggle senior second lien notes, senior notes and senior subordinated notes contain restrictions on the Company's ability to pay dividends. The restrictions are subject to numerous qualifications and exceptions, including an exception that allows the Company to pay a dividend to repurchase, under certain circumstances, the equity of Parent held by employees, officers and directors that were obtained in connection with the stock compensation plan. The Company paid cash dividends to its parent totaling $6.7 million during 2012, $0.2 million during 2011, and $14.9 million during 2010.

Other Comprehensive Income

The income tax effects allocated to and the cumulative balance of each component of OCI are as follows:

(in millions)	Beginning Balance	Pretax Gain (Loss) Amount	Tax (Benefit) Expense	Net-of-Tax Amount	Ending Balance
As of December 31, 2012					
Unrealized gains (losses) on securities	$ 0.9	$ 0.3	$ 0.1	$ 0.2	$ 1.1
Unrealized gains (losses) on hedging activities	(72.2)	114.9	42.7	72.2	—
Foreign currency translation adjustment	(438.3)	28.4	16.0	12.4	(425.9)
Pension liability adjustments	(88.8)	(61.8)	(23.2)	(38.6)	(127.4)
	$ (598.4)	$ 81.8	$ 35.6	$ 46.2	$ (552.2)
As of December 31, 2011					
Unrealized gains (losses) on securities	$ 0.1	$ 1.3	$ 0.5	$ 0.8	$ 0.9
Unrealized gains (losses) on hedging activities	(171.8)	158.6	59.0	99.6	(72.2)
Foreign currency translation adjustment	(400.3)	(79.0)	(41.0)	(38.0)	(438.3)
Pension liability adjustments	(64.9)	(38.8)	(14.9)	(23.9)	(88.8)
	$ (636.9)	$ 42.1	$ 3.6	$ 38.5	$ (598.4)
As of December 31, 2010					
Unrealized gains (losses) on securities	$ (27.4)	$ 44.0	$ 16.5	$ 27.5	$ 0.1
Unrealized gains (losses) on hedging activities	(242.1)	115.2	44.9	70.3	(171.8)
Foreign currency translation adjustment	(318.8)	(65.5)	16.0	(81.5)	(400.3)
Pension liability adjustments	(93.4)	44.9	16.4	28.5	(64.9)
	$ (681.7)	$ 138.6	$ 93.8	$ 44.8	$ (636.9)

The net-of-tax Foreign currency translation adjustment presented above for the year ended December 31, 2012, 2011 and 2010 is different than the amount presented on the Consolidated Statements of Comprehensive Income (Loss) by $3.3 million, $6.9 million and $3.1 million, respectively, due to the foreign currency translation adjustment related to noncontrolling interests not included above.

Other First Data Corporation Stockholder's Equity Transactions

The following table presents the effects of changes in FDC's ownership interest in Omnipay and its BAMS alliance on FDC's equity:

(in millions)	Year ended December 31, 2012	2011	2010
Net loss attributable to FDC	$ (700.9)	$ (516.1)	$ (1,021.8)
Transfers from noncontrolling interests:			
Decrease in FDC's paid-in capital for loss recognized from purchase of noncontrolling interest, including tax effect	(46.1)	—	(7.5)
Change in net loss attributable to FDC and transfers from noncontrolling interests	$ (747.0)	$ (516.1)	$ (1,029.3)

Redeemable Noncontrolling Interest

The following table presents a summary of the redeemable noncontrolling interest activity in 2012 and 2011:

(in millions)	Redeemable Noncontrolling Interest
Balance as of January 1, 2011	$ 28.1
Distributions	(31.2)
Share of income	32.0
Adjustment to redemption value of redeemable noncontrolling interest	38.6
Other	(0.1)
Balance as of December 31, 2011	67.4
Distributions	(36.0)
Share of income	36.0
Balance as of December 31, 2012	$ 67.4

Note 13: Stock Compensation Plans

The Company's parent, Holdings, has a stock incentive plan for certain management employees of FDC and its affiliates ("stock plan"). The stock plan provides the opportunity for certain management employees to purchase shares in Holdings and then receive a number of options or restricted stock based on a multiple of their investment in such shares. The plan also allows for the Company to award shares and options to management employees. The participants of the stock plan enter into a management stockholders' agreement. Principal terms of the management stockholders' agreement include restrictions on transfers, lock ups, right of first refusal, registration rights, and a confidentiality, non-solicitation and non-compete covenant. The expense associated with this plan is recorded by FDC. The number of shares authorized under the stock plan is 119.5 million, 83 million of which are authorized for options.

The participants of the stock plan have the right to require Holdings to repurchase the shares and options upon the employee's termination due to death or disability. The put rights expire one year after the termination event or upon a change in control. The repurchase price for the shares is their fair market value at the time of repurchase. The repurchase price for the options is their intrinsic value at the time of repurchase.

Total stock-based compensation expense recognized in the "Selling, general and administrative" line item of the Consolidated Statements of Operations resulting from stock options, non-vested restricted stock awards and non-vested restricted stock units was as follows:

Year ended December 31, (in millions)	Amount
2012	$ 12.4
2011	17.6
2010	17.1

The Company has a deferred compensation plan for non-employee directors that allows each of these directors to defer their annual compensation. The plan is unfunded. For purposes of determining the investment return on the deferred compensation, each director's account is treated as if credited with a number of shares of Holdings stock determined by dividing the deferred compensation amount by the first Board approved fair value of the stock during the year. The account balance will be paid in cash upon termination of Board service, certain liquidity events or other certain events at the fair value of the stock at the time of settlement. Due to the cash settlement provisions, the account balances are recorded as a liability and are adjusted to fair value quarterly. As of December 31, 2012, the balance of this liability was $0.8 million.

Stock Options

During the years ended December 31, 2012, 2011 and 2010, time-based options were granted under the stock plan and during the years ended December 31, 2011 and 2010, performance-based options were granted under the stock plan. The time-based options and performance-based options have a contractual term of 10 years. Time-based options vest equally over a three to five year period from the date of issuance and performance-based options vest based upon the Company achieving certain EBITDA targets. The options also have certain accelerated vesting provisions that become effective upon a change in control, a qualified public offering, or certain termination events.

In May 2010, the Company modified the terms of time-based options and substantially all performance-based options outstanding under the stock plan. The modifications only affected active employees as of the modification date. The exercise price on previously granted time-based options was reduced from $5 to $3. The Company is continuing to recognize expense on these options based on the original grant date fair value amortized over the remaining original vesting schedule. Subsequent to the modification, due to the nature of the call rights associated with the time-based options, which expire 180 days after certain employment termination events or the latter of September 24, 2012 or a qualified public offering, the incremental stock option fair value from the change in exercise price and the total fair value of time-based options issued since the modification date will only be recognized upon the occurrence of such events. Prior to the modifications, the call rights expired 180 days after certain employment termination events or the earlier of September 24, 2012 or a change in control. In addition, substantially all outstanding performance-based options were cancelled and reissued. The reissued performance-based options have an exercise price of $3 and a tiered vesting schedule that provides for vesting of 25%, 75% or 100% of the options if the Company achieves certain EBITDA targets in any fiscal year between January 1, 2010 and December 31, 2013. The performance-based options have the same call rights as the time-based options described above. Due to the call rights, the Company will only recognize expense on the performance-based options upon certain employment termination events or the latter of September 24, 2012 or a qualified public offering. In conjunction with the above noted modifications, stock plan participants also received a cash bonus payment in the second quarter of 2010 totaling $7.8 million.

As of December 31, 2012 there was approximately $99 million of total unrecognized compensation expense related to non-vested stock options. Approximately $5 million will be recognized over a period of approximately two years while approximately $94 million will only be recognized upon a qualified public offering or certain liquidity or employment termination events.

During 2012, 2011, and 2010, Holdings paid $3.1 million, $2.9 million, and $21.9 million, respectively, to repurchase shares from employees that terminated employment with the Company.

The fair value of Holdings stock options granted for the years ended December 31, 2012, 2011 and 2010 were estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions (excluding the effect of stock plan modifications):

	Year ended December 31,		
	2012	2011	2010
Risk-free interest rate	1.45%	2.86%	3.03%
Dividend yield	—	—	—
Volatility	51.77%	54.65%	51.40%
Expected term (in years)	7	7	7
Fair value of stock (a)	$ 3.00	$ 3.00	$ 3.00
Fair value of options	$ 1.60	$ 1.73	$ 1.66

(a) The fair value of the stock increased from $3.00 to $3.50 effective March 31, 2012.

Risk-free interest rate—The risk-free rate for stock options granted during the period was determined by using a zero-coupon U.S. Treasury rate for the periods that coincided with the expected terms listed above.

Expected dividend yield—No routine dividends are currently being paid by Holdings, or are expected to be paid in future periods.

Expected volatility—As Holdings is a non-publicly traded company, the expected volatility is based on the historical volatilities of a group of guideline companies.

Expected term—The Company estimated the expected term by considering the historical exercise and termination behavior of employees that participated in the Company's previous equity plans, the vesting conditions of options granted under the stock plan, as well as the impact of limited liquidity for common stock of a non-publicly traded company.

Fair value of stock—The Company relied in part upon a third-party valuation firm in determining the fair value of Holdings stock. All key assumptions and valuations were determined by and are the responsibility of management.

A summary of Holdings stock option activity for the year ended December 31, 2012 is as follows:

(options in millions)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding as of January 1, 2012	73.0	$ 3.00	
Granted	8.0	$ 3.00	
Exercised	(0.4)	$ 3.50	
Cancelled / Forfeited	(3.0)	$ 3.00	
Outstanding as of December 31, 2012	77.6	$ 3.00	7 years
Options exercisable as of December 31, 2012	27.5	$ 3.00	6 years

The total intrinsic value and amount paid related to stock options exercised during the twelve months ended December 31, 2012 was $0.2 million and no shares were exercised during 2011 or 2010.

Restricted Stock Awards and Restricted Stock Units

Restricted stock awards were granted under the stock plan during 2012, 2011 and 2010. Grants were made as incentive awards. The restrictions on the awards granted subsequent to the modifications described above will lapse upon a qualified public offering, a change in control or certain employment termination or liquidity events. As such, the Company is not recognizing expense on awards granted subsequent to the modifications described above. The Company is continuing to recognize expense on the restricted stock awards granted prior to the modifications described above based on the original grant date fair value amortized over the remaining original vesting schedule. As of December 31, 2012 there was approximately $41 million of total unrecognized compensation expense related to restricted stock. Approximately $0.1 million will be recognized over a period of approximately two years with the remainder recognized upon the occurrence of certain liquidity or employment termination events.

During 2012, 2011, and 2010, the Company paid $1.5 million, $0.5 million, and $2.5 million, respectively, to repurchase stock awards from employees that terminated employment with the Company.

A summary of Holdings restricted stock award and restricted stock unit activity for the year ended December 31, 2012 is as follows:

(awards/units in millions)	Awards/Units	Weighted-Average Grant-Date Fair Value
Non-vested as of January 1, 2012	10.9	$ 3.14
Granted	4.0	$ 3.00
Vested	(0.7)	$ 4.74
Cancelled / Forfeited	(0.6)	$ 3.16
Non-vested as of December 31, 2012	13.6	$ 3.00

The total fair value of shares vested (measured as of the date of vesting) during the twelve months ended December 31, 2012, 2011 and 2010 was $2.5 million, $0.5 million, and $2.4 million, respectively.

Note 14: Employee Benefit Plans

Defined Contribution Plans

FDC maintains defined contribution savings plans covering virtually all of the Company's U.S. employees and defined contribution pension plans for international employees primarily in the United Kingdom and Australia. The plans provide tax-deferred amounts for each participant, consisting of employee elective contributions, Company matching and discretionary Company contributions.

The following table presents the aggregate amounts charged to expense in connection with these plans:

Year ended December 31, (in millions)	Amount
2012	$ 45.2
2011	42.7
2010	41.1

Defined Benefit Plans

The Company has a defined benefit pension plan which is frozen and covers certain full-time employees in the U.S. The Company also has separate plans covering certain employees located primarily in the United Kingdom, Germany, Greece and Austria.

In December 2011, the Company received judicial confirmation that a change in U.K. law restricted the Company's ability to eliminate the effects of future compensation increases on the plan's benefits associated with a curtailment recorded in 2009. As a result, benefits related to future compensation increases were reinstated but the plan remained frozen to benefit accruals related to length of service and all other factors. The Company recorded a loss of approximately $7 million, net of income taxes, in other comprehensive income in 2011. In December 2012, the Company initiated actions to freeze the plan benefits related to future salary increases subject to participant approval. The Company expects to record a curtailment gain in other comprehensive income in 2013.

The Company uses December 31 as the measurement date for its plans.

The following table provides a reconciliation of the changes in the plans' projected benefit obligations and fair value of assets for the years ended December 31, 2012 and 2011, as well as a statement of the funded status as of the respective period ends.

(in millions)	As of December 31, 2012	As of December 31, 2011
Change in benefit obligation		
Benefit obligation at beginning of period	$ 798.5	$ 725.9
Service costs	5.0	6.1
Interest costs	37.7	39.8
U.K. plan benefit reinstatement	—	10.9
Actuarial (gain)/loss	79.0	35.7
Termination benefits (a)	0.1	0.9
Benefits paid	(29.8)	(27.5)
Foreign currency translation	18.6	6.7
Benefit obligation at end of period	909.1	798.5
Change in plan assets		
Fair value of plan assets at the beginning of period	721.1	656.3
Actual return on plan assets	61.0	53.9
Company contributions	31.6	29.9
Benefits paid	(26.4)	(25.7)
Foreign currency translation	18.5	6.7
Fair value of plan assets at end of period	805.8	721.1
Funded status of the plans	$ (103.3)	$ (77.4)

(a) Related to restructuring activities in Europe.

(in millions)	Year ended December 31, 2012	2011
U.K. plan:		
Plan benefit obligations	$ (659.5)	$ (574.7)
Fair value of plan assets	658.3	588.4
Net pension (liabilities) assets (a) (b)	(1.2)	13.7
U.S. and other foreign plans:		
Plan benefit obligations	(249.6)	(223.8)
Fair value of plan assets	147.5	132.7
Net pension liabilities (b)	$ (102.1)	$ (91.1)
Funded status of the plans	$ (103.3)	$ (77.4)

(a) Pension assets are included in the "Other long-term assets" line of the Consolidated Balance Sheets.
(b) Pension liabilities are included in the "Other long-term liabilities" line of the Consolidated Balance Sheets.

The accumulated benefit obligation for all defined benefit pension plans was $896.7 million and $786.8 million as of December 31, 2012 and 2011, respectively.

The following table summarizes the activity in other comprehensive income, net of tax:

(in millions)	Year ended December 31, 2012	2011	2010
Total unrecognized gain/(loss) included in other comprehensive income at the beginning of period	$ (88.8)	$ (64.9)	$ (93.4)
Unrecognized gain/(loss) arising during the period	(39.9)	(17.7)	27.1
U.K. plan benefit reinstatement	—	(7.0)	—
Amortization of deferred gains/(losses) to net periodic benefit expense (a)	1.3	0.8	1.4
Total unrecognized gain/(loss) included in other comprehensive income at end of period	$ (127.4)	$ (88.8)	$ (64.9)

(a) Expected amortization of deferred losses to net periodic benefit expense in 2013 is $4.0 million pretax.

Amounts recorded in other comprehensive income represent unrecognized net actuarial gains and losses. The Company does not have net transition assets or obligations.

The following table provides the components of net periodic benefit cost for the plans:

(in millions)	Year ended December 31, 2012	2011	2010
Service costs	$ 5.0	$ 6.1	$ 3.1
Interest costs	37.7	39.8	40.0
Expected return on plan assets	(44.7)	(46.5)	(40.4)
Amortization	2.1	1.3	2.2
Net periodic benefit expense	$ 0.1	$ 0.7	$ 4.9

Assumptions. The weighted-average rate assumptions used in the measurement of the Company's benefit obligations are as follows:

	As of December 31, 2012	2011	2010
Discount rate	4.29%	4.75%	5.40%
Rate of compensation increase (a)	3.95%	3.77%	4.00%

(a) The rate of compensation increases generally apply to active plans.

The weighted-average rate assumptions used in the measurement of the Company's net cost are as follows:

	Year ended December 31,		
	2012	2011	2010
Discount rate	4.71%	5.21%	5.55%
Expected long-term return on plan assets	6.11%	6.83%	6.86%
Rate of compensation increase (a)	3.60%	4.24%	4.00%

(a) The rate of compensation increases generally apply to active plans.

Assumptions for the U.S. plans and the foreign plans are comparable in all of the above periods. The Company employs a building block approach in determining the long-term rate of return for plan assets with proper consideration of diversification and re-balancing. Historical markets are studied and long-term historical relationships between equities and fixed-income securities are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonableness and appropriateness. All assumptions are the responsibility of management.

Plan assets. The Company's pension plan target asset allocation, based on the investment policy as of December 31, 2012, is as follows:

Asset Category	Target allocation U.S. plans	Target allocation Foreign plans
Equity securities	40%	60%
Debt securities	60%	40%

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities and plan funded status. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and global equity investments. In addition, private equity securities comprise a very small part of the equity allocation. The fixed income allocation is a combination of fixed income investment strategies designed to contribute to the total rate of return of all plan assets while minimizing risk and supporting the duration of plan liabilities.

Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset and liability studies. The general philosophy of the Benefit Committee in setting the allocation percentages for the domestic plan shown above is to adhere to the appropriate allocation mix necessary to support the underlying plan liabilities as influenced significantly by the demographics of the participants and the frozen nature of the plan.

The goal of the Board of Trustees of the United Kingdom plan is the acquisition of secure assets of appropriate liquidity which are expected to generate income and capital growth to meet, together with new contributions from the Company, the cost of current and future benefits, as set out in the Trust Deed and Rules. The Trustees, together with the plan's consultants and actuaries, further design the asset allocation shown above to limit the risk of the assets failing to meet the liabilities over the long term. Currently the equity allocation is diversified amongst both United Kingdom and non-United Kingdom equities from North America, Europe, Japan and Asia Pacific. A small portion is allocated to other global emerging market equity securities. Fixed income is allocated primarily to United Kingdom government bond securities with the remaining portion in investment-grade corporate bonds.

Fair value measurements. Financial instruments included in plan assets carried and measured at fair value on a recurring basis are classified in the table below according to the hierarchy described in Note 7 of these Consolidated Financial Statements:

	As of December 31, 2012 Fair Value Measurement Using			
(in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	$ 0.6	$ —	$ —	$ 0.6
Registered investment companies:				
Cash management fund	1.8	—	—	1.8
Equity funds	58.8	—	—	58.8
Fixed income securities	—	42.6	—	42.6
Private investment funds—redeemable (a)	—	698.6	—	698.6
Private investment funds—non-redeemable	—	—	0.1	0.1
Insurance annuity contracts	—	—	3.3	3.3
Total investments at fair value	$ 61.2	$ 741.2	$ 3.4	$ 805.8

(a) 42% of portfolio is invested in equity index funds, 57% in fixed income investments and 1% in other investments.

	As of December 31, 2011 Fair Value Measurement Using			
(in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	$ 3.2	$ —	$ —	$ 3.2
Registered investment companies:				
Cash management fund	1.0	—	—	1.0
Equity funds	49.1	—	—	49.1
Fixed income funds	14.2	—	—	14.2
Fixed income securities	—	35.1	—	35.1
Private investment funds—redeemable (a)	—	613.1	—	613.1
Private investment funds—non- redeemable	—	—	1.0	1.0
Insurance annuity contracts	—	—	4.4	4.4
Total investments at fair value	$ 67.5	$ 648.2	$ 5.4	$ 721.1

(a) 46% of portfolio is invested in equity index funds and 54% in fixed income investments.

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	
(in millions)	Insurance annuity contracts	Private investment funds non-redeemable
Beginning balance as of January 1, 2011	$ 4.4	$ 0.3
Transfer in from level 2 (a)	—	1.4
Settlements	—	(0.7)
Ending balance as of December 31, 2011	4.4	1.0
Actual return on plan assets	—	0.1
Settlements	(1.1)	(1.0)
Ending balance as of December 31, 2012	$ 3.3	$ 0.1

(a) The plans value transfers into Level 3 utilizing values as of the beginning of the period.

Registered investment companies. The Company's domestic plan has investments in shares of mutual funds, primarily large cap, international and global equity funds, that are registered with the Securities and Exchange Commission. Prices of these funds are based on Net Asset Values ("NAV") calculated by the funds and are publicly reported on national exchanges. The plan measures fair value of these investments using the NAV provided by the fund managers.

Fixed income securities. The Company's domestic plan has investments in several fixed income securities, primarily corporate bonds. The bonds were valued under a market approach using observable inputs including reported trades, benchmark yields, broker/dealer quotes, issuer spreads and other standard inputs.

Private investment funds—redeemable. The Company's domestic and United Kingdom plans are invested in shares or units of several private investment funds, not the underlying assets. Redeemable private investment funds include collective trusts, comingled funds, pooled funds, limited partnerships and limited liability corporations. The funds calculate NAV on a periodic basis and are available only from the fund managers. Private investment funds are redeemable at the NAV.

Private investment funds—non-redeemable. The Company's domestic plan has investments in several partnerships (limited partnership and limited liability corporations) for which the plan has a limited ability to redeem or transfer its interests; therefore, there is an illiquid market in which the plan can exit these investments. As a result, the plan measures fair value of these investments using estimates of fair value which come from partner capital statements provided by the partnerships.

Insurance annuity contracts. The Company's United Kingdom Plan is invested in several insurance annuity contracts. The value of these contracts is calculated by estimating future payments and discounting them to present value. As a result, there is no market for the Plan to exit these investments.

Contributions. Contributions to the plans in 2013 are expected to be approximately $42 million.

The estimated future benefit payments, which reflect expected future service, are expected to be as follows:

Year ended December 31, (in millions)	Amount
2013	$ 26.4
2014	27.3
2015	29.3
2016	32.1
2017	33.6
2018-2022	199.6

The Company's post-retirement health care and other insurance benefits for retired employees are limited and immaterial.

Note 15: Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by a company's chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. First Data's CODM is its Chief Executive Officer. The Company is organized in three segments: Retail and Alliance Services, Financial Services and International.

The business segment measurements provided to and evaluated by the CODM are computed in accordance with the principles listed below.

- The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.
- Segment results exclude divested businesses.
- Segment revenue includes equity earnings in affiliates (excluding amortization expense) and intersegment revenue. Retail and Alliance Services segment revenue does not include equity earnings because it is reported using proportionate consolidation as described below.
- Segment revenue excludes reimbursable debit network fees, postage and other revenue.
- Segment earnings before net interest expense, income taxes, depreciation and amortization ("EBITDA") includes equity earnings in affiliates and excludes depreciation and amortization expense, net income attributable to noncontrolling interests, other operating expenses and other income (expense). Retail and Alliance Services segment EBITDA does not include equity earnings because it is reported using proportionate consolidation as described below. Additionally, segment EBITDA is adjusted for items similar to certain of those used in calculating the Company's compliance with debt covenants. The additional items that are adjusted to determine segment EBITDA are:
    - stock based compensation and related expense is excluded;
    - official check and money order businesses' EBITDA are excluded;
    - expenses related to the reorganization of global application development resources (applicable to 2010), expenses associated with domestic data center consolidation initiatives and planned workforce reduction expenses (applicable to 2010), certain platform development and other costs directly associated with the termination of the Chase Paymentech Solutions alliance, and expenses related to the conversion of certain BAMS alliance merchant clients onto the Company's platforms all of which are considered nonrecurring projects (excludes costs accrued in purchase accounting). Effective October 1, 2011, First Data and Bank of America N.A. ("the Bank") jointly decided to have First Data operate the Bank's legacy settlement platform. Transition costs associated with the revised strategy are also excluded from segment EBITDA.
    - debt issuance costs are excluded and represent costs associated with issuing debt and modifying the Company's debt structure;
    - KKR related items include annual sponsor and other fees for management, consulting, financial and other advisory services.
- Retail and Alliance Services segment revenue and EBITDA are reflected based on the Company's proportionate share of the results of its investments in businesses accounted for under the equity method and consolidated subsidiaries with noncontrolling ownership interests. In addition, Retail and Alliance Services segment measures reflect commission payments to certain ISO's, which are treated as an expense in the Consolidated Statements of Operations, as contra revenue to be consistent with revenue share arrangements with other ISO's that are recorded as contra revenue.
- Corporate operations include administrative and shared service functions such as the executive group, legal, tax, treasury, internal audit, accounting, human resources, information technology and procurement. Costs incurred by Corporate that are directly attributable to a segment are allocated to the respective segment. Administrative, shared service and certain information technology costs are retained by Corporate.

The following tables present the Company's operating segment results for the years ended December 31, 2012, 2011 and 2010:

(in millions)	Year ended December 31, 2012 Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$ 3,198.8	$ 1,350.0	$ 1,291.2	$ 85.2	$ 5,925.2
Product sales and other	404.0	40.1	391.0	39.8	874.9
Equity earnings in affiliates (a)	—	—	36.2	—	36.2
Total segment reporting revenues	$ 3,602.8	$ 1,390.1	$ 1,718.4	$ 125.0	$ 6,836.3
Internal revenue	$ 20.2	$ 31.5	$ 9.9	$ —	$ 61.6
External revenue	3,582.6	1,358.6	1,708.5	125.0	6,774.7
Depreciation and amortization	520.1	337.2	282.9	45.1	1,185.3
Segment EBITDA	1,594.8	603.1	483.8	(246.0)	2,435.7
Other operating expenses and other income (expense) excluding divestitures	(29.1)	(5.1)	(24.3)	(64.0)	(122.5)
Expenditures for long-lived assets	25.1	49.2	163.9	132.1	370.3
Equity earnings in affiliates	137.8	—	20.4	—	158.2
Investment in unconsolidated affiliates	1,219.6	—	193.5	—	1,413.1

(in millions)	Year ended December 31, 2011 Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$ 2,974.5	$ 1,350.0	$ 1,337.9	$ 108.3	$ 5,770.7
Product sales and other	407.5	29.5	388.8	32.9	858.7
Equity earnings in affiliates (a)	—	—	34.6	—	34.6
Total segment reporting revenues	$ 3,382.0	$ 1,379.5	$ 1,761.3	$ 141.2	$ 6,664.0
Internal revenue	$ 17.5	$ 37.8	$ 9.8	$ —	$ 65.1
External revenue	3,364.5	1,341.7	1,751.5	141.2	6,598.9
Depreciation and amortization	571.1	347.7	222.7	45.1	1,186.6
Segment EBITDA	1,407.5	593.5	454.3	(206.8)	2,248.5
Other operating expenses and other income (expense) excluding divestitures	(0.4)	(10.5)	(12.1)	45.8	22.8
Expenditures for long-lived assets	33.4	60.0	168.0	143.4	404.8
Equity earnings in affiliates	118.5	—	34.9	—	153.4
Investment in unconsolidated affiliates	1,288.9	—	201.7	—	1,490.6

(in millions)	Year ended December 31, 2010 Retail and Alliance Services	Financial Services	International	All Other and Corporate	Totals
Revenues:					
Transaction and processing service fees	$ 2,923.9	$ 1,362.2	$ 1,237.5	$ 126.8	$ 5,650.4
Product sales and other	390.9	46.8	353.9	23.9	815.5
Equity earnings in affiliates (a)	—	—	29.4	—	29.4
Total segment reporting revenues	$ 3,314.8	$ 1,409.0	$ 1,620.8	$ 150.7	$ 6,495.3
Internal revenue	$ 18.0	$ 36.0	$ 8.4	$ —	$ 62.4
External revenue	3,296.8	1,373.0	1,612.4	150.7	6,432.9
Depreciation and amortization	676.2	362.9	289.9	51.2	1,380.2
Segment EBITDA	1,322.3	553.0	329.8	(178.1)	2,027.0
Other operating expenses and other income (expense) excluding divestitures	(60.2)	(8.5)	(26.4)	(21.0)	(116.1)
Expenditures for long-lived assets	27.9	69.9	171.3	100.6	369.7
Equity earnings in affiliates	104.8	—	12.5	—	117.3
Investment in unconsolidated affiliates	1,013.5	—	194.7	—	1,208.2

A reconciliation of reportable segment amounts to the Company's consolidated balances is as follows:

	Year ended December 31,		
(in millions)	2012	2011	2010
Segment Revenues:			
Total reported segments	$ 6,711.3	$ 6,522.8	$ 6,344.6
All Other and Corporate	125.0	141.2	150.7
Adjustments to reconcile to Adjusted revenue:			
Official check and money order revenues (b)	(12.7)	(9.9)	8.0
Eliminations of intersegment revenues	(61.6)	(65.1)	(62.4)
Adjusted revenue	6,762.0	6,589.0	6,440.9
Adjustments to reconcile to Consolidated revenues:			
Adjustments for non-wholly-owned entities (c)	73.2	179.7	224.1
Official check and money order revenues	12.7	9.9	(8.0)
ISO commission expense	470.9	403.5	333.8
Reimbursable debit network fees, postage and other	3,361.5	3,531.5	3,389.6
Consolidated revenues	$ 10,680.3	$ 10,713.6	$ 10,380.4
Segment EBITDA:			
Total reported segments	$ 2,681.7	$ 2,455.3	$ 2,205.1
All Other and Corporate	(246.0)	(206.8)	(178.1)
Adjusted EBITDA	2,435.7	2,248.5	2,027.0
Adjustments to reconcile to Net loss attributable to First Data Corporation:			
Divested businesses	—	—	1.1
Adjustments for non-wholly-owned entities (c)	6.8	59.5	34.3
Depreciation and amortization	(1,191.6)	(1,245.0)	(1,414.4)
Interest expense	(1,897.8)	(1,833.1)	(1,796.6)
Interest income	8.8	7.9	7.8
Other items (d)	(156.9)	62.4	(97.4)
Income tax benefit	224.0	270.1	323.8
Stock based compensation	(11.8)	(16.9)	(16.1)
Official check and money order EBITDA (b)	6.4	(0.5)	(21.2)
Costs of alliance conversions	(77.2)	(28.4)	(25.7)
Stock plan modification expenses	—	—	(7.8)
KKR related items	(33.6)	(37.4)	(28.5)
Debt issuance costs	(13.7)	(3.2)	(8.1)
Net loss attributable to First Data Corporation	$ (700.9)	$ (516.1)	$ (1,021.8)

(a) Excludes equity losses that were recorded in expense and the amortization related to the excess of the investment balance over the Company's proportionate share of the investee's net book value for the International segment.

(b) Represents an adjustment to exclude the official check and money order businesses from revenue and EBITDA due to the Company's wind down of these businesses.

(c) Net adjustment to reflect First Data's proportionate share of alliance revenue and EBITDA within the Retail and Alliance Services segment, equity earnings in affiliates included in International segment revenue and amortization related to equity method investments not included in segment EBITDA.

(d) Includes restructuring, litigation and regulatory settlements and impairments as applicable to the periods presented and "Other income (expense)" as presented in the Consolidated Statement of Operations.

Segment assets are as follows:

(in millions)	As of December 31, 2012	2011
Assets:		
Retail and Alliance Services	$ 25,885.7	$ 27,882.2
Financial Services	4,477.1	4,647.8
International	5,305.7	5,332.9
All Other and Corporate	2,230.5	2,413.4
Consolidated	$ 37,899.0	$ 40,276.3

A reconciliation of reportable segment depreciation and amortization amounts to the Company's consolidated balances in the Consolidated Statements of Cash Flows is as follows:

(in millions)	Year ended December 31, 2012	2011	2010
Depreciation and Amortization:			
Total reported segments	$ 1,140.2	$ 1,141.5	$ 1,329.0
All Other and Corporate	45.1	45.1	51.2
	1,185.3	1,186.6	1,380.2
Adjustments to reconcile to consolidated depreciation and amortization:			
Adjustments for non-wholly-owned entities	101.1	115.1	107.2
Amortization of initial payments for new contracts	44.5	42.5	38.6
Total consolidated depreciation and amortization	$ 1,330.9	$ 1,344.2	$ 1,526.0

Information concerning principal geographic areas was as follows:

(in millions)	United States	International	Total
Revenues			
2012	$ 9,046.0	$ 1,634.3	$ 10,680.3
2011	9,026.3	1,687.3	10,713.6
2010	8,806.8	1,573.6	10,380.4
Long-Lived Assets			
2012	$ 20,594.9	$ 3,128.3	$ 23,723.2
2011	21,154.6	3,290.5	24,445.1
2010	21,979.0	3,424.6	25,403.6

"International" represents businesses of significance, which have local currency as their functional currency regardless of the segments to which the associated revenues and long-lived assets applied.

FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16: Quarterly Financial Results (Unaudited)

Summarized quarterly results for the two years ended December 31, 2012 and 2011, respectively, are as follows:

	2012 by Quarter:			
(in millions)	First	Second	Third	Fourth (a)
Revenues	$ 2,564.0	$ 2,685.5	$ 2,674.0	$ 2,756.8
Expenses	2,347.0	2,417.6	2,422.1	2,419.8
Operating profit	217.0	267.9	251.9	337.0
Interest income	2.5	1.7	2.1	2.5
Interest expense	(461.1)	(480.7)	(488.6)	(467.4)
Other income (expense)	(8.2)	(22.6)	(52.0)	(11.5)
Loss before income taxes and equity earnings in affiliates	(249.8)	(233.7)	(286.6)	(139.4)
Income tax (benefit) expense	(108.2)	(74.7)	(69.4)	28.3
Equity earnings in affiliates	27.5	44.0	43.0	43.7
Net loss	(114.1)	(115.0)	(174.2)	(124.0)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	38.4	42.4	37.8	55.0
Net loss attributable to First Data Corporation	$ (152.5)	$ (157.4)	$ (212.0)	$ (179.0)

	2011 by Quarter:			
(in millions)	First	Second	Third (b)	Fourth (c)
Revenues	$ 2,544.2	$ 2,749.8	$ 2,731.8	$ 2,687.8
Expenses	2,437.7	2,537.8	2,438.6	2,358.0
Operating profit	106.5	212.0	293.2	329.8
Interest income	1.9	1.9	1.6	2.5
Interest expense	(442.3)	(462.3)	(466.7)	(461.8)
Other income (expense)	(26.3)	(1.4)	95.4	56.4
Loss before income taxes and equity earnings in affiliates	(360.2)	(249.8)	(76.5)	(73.1)
Income tax benefit	(148.0)	(88.1)	(18.9)	(15.1)
Equity earnings in affiliates	27.7	33.5	47.8	44.4
Net loss	(184.5)	(128.2)	(9.8)	(13.6)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	32.6	47.6	44.1	55.7
Net loss attributable to First Data Corporation	$ (217.1)	$ (175.8)	$ (53.9)	$ (69.3)

(a) In the fourth quarter of 2012, the Company recorded a valuation allowance on state net operating losses of $47.8 million in "Income tax (benefit) expense". Refer to Note 17 of these Consolidated Financial Statements for additional information.

(b) In the third quarter of 2011, the Company recorded a net $55.4 million pretax ($31.5 million after tax) benefit in the Consolidated Statement of Operations to correct cumulative depreciation and amortization errors related to purchase accounting associated with the Company's 2007 merger with an affiliate of Kohlberg Kravis Roberts & Co. The corrections impacted amortization of initial payments for new contracts within "Revenues" ($1.6 million contra-revenue), "Expenses" ($44.3 million benefit) and amortization of equity method investments within "Equity earnings in affiliates" ($12.7 million benefit). The errors and the cumulative correction, which totaled $55.4 million in aggregate and occurred over a four year period, were deemed immaterial to prior years and the current year, respectively. Additional immaterial related amounts were recorded in the fourth quarter.

(c) In the fourth quarter of 2011, the Company contributed the assets of its transportation business to an alliance in exchange for a 30% noncontrolling interest in the alliance. The Company recognized a pretax gain of $59.1 million within "Other income (expense)" as a result of this transaction. Refer to Note 18 of these Consolidated Financial Statements for additional information.

Note 17: Income Taxes

(in millions)	Year ended December 31, 2012	2011	2010
Components of pretax (loss) income:			
Domestic	$ (875.5)	$ (898.9)	$ (1,289.1)
Foreign	124.2	292.7	118.4
	$ (751.3)	$ (606.2)	$ (1,170.7)
(Benefit) provision for income taxes:			
Federal	$ (301.4)	$ (282.6)	$ (313.9)
State and local	66.0	(27.9)	(39.3)
Foreign	11.4	40.4	29.4
	$ (224.0)	$ (270.1)	$ (323.8)
Effective Income Tax Rate	29.8%	44.6%	27.7%

The Company's effective tax rates differ from statutory rates as follows:

	Year ended December 31, 2012	2011	2010
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.1	1.5	2.0
Nontaxable income from noncontrolling interests	7.9	10.2	5.2
Impact of foreign operations (a) (c)	1.5	3.9	1.5
Valuation allowances (c)	(20.2)	(12.7)	(15.1)
Liability for unrecognized tax benefits (c)	4.1	3.3	2.1
Impact of contribution to alliance (b)	0.0	(2.2)	0.0
Prior year adjustments (c)	2.0	2.5	(1.2)
Other	(1.6)	3.1	(1.8)
Effective tax rate	29.8%	44.6%	27.7%

(a) The impact of foreign operations includes the effects of tax earnings and profits adjustments, foreign losses and differences between foreign tax expense and foreign taxes eligible for the U.S. foreign tax credit.
(b) The impact of contribution to alliance represents the tax effects resulting from the gain on the contribution of the Company's transportation business in exchange for a 30% interest in an alliance.
(c) The 2012 effective tax rate was negatively impacted by a total of approximately 9% as a result of the current year cumulative correction of immaterial prior year errors. The cumulative corrections had an impact on each of the following line items above: Impact of foreign operations, Valuation allowances, Liability for unrecognized tax benefits and Prior year adjustments.

The Company's income tax (benefits) provisions consisted of the following components:

(in millions)	Year ended December 31, 2012	2011	2010
Current			
Federal	$ (60.0)	$ (54.0)	$ (27.7)
State and local	16.0	25.8	18.3
Foreign	38.6	61.8	57.7
	(5.4)	33.6	48.3
Deferred			
Federal	(241.4)	(228.6)	(286.2)
State and local	50.0	(53.7)	(57.6)
Foreign	(27.2)	(21.4)	(28.3)
	(218.6)	(303.7)	(372.1)
	$ (224.0)	$ (270.1)	$ (323.8)

Income tax payments, net of refunds received, of $70.1 million, $67.2 million and $100.5 million in 2012, 2011 and 2010, respectively, were greater than current expense primarily as a result of the decreased liability for unrecognized tax benefits reducing current expense.

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the book and tax bases of the Company's assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets are included in both "Other current assets" and "Other long-term assets" in the Company's Consolidated Balance Sheets. Deferred tax liabilities are included in "Deferred long-term tax liabilities" in the Company's Consolidated Balance Sheets. The following table outlines the principal components of deferred tax items:

	As of December 31,	
(in millions)	2012	2011(a)
Deferred tax assets related to:		
Reserves and other accrued expenses	$ 543.5	$ 450.3
Pension obligations	47.9	44.2
Employee related liabilities	75.7	64.0
Deferred revenues	30.0	26.7
Unrealized securities and hedging (gain)/loss	—	42.2
Net operating losses and tax credit carryforwards	1,383.6	1,336.5
U.S. foreign tax credits on undistributed earnings	234.8	203.2
Foreign exchange (gain)/loss	48.5	61.5
Total deferred tax assets	2,364.0	2,228.6
Valuation allowance	(896.5)	(744.6)
Realizable deferred tax assets	1,467.5	1,484.0
Deferred tax liabilities related to:		
Property, equipment and intangibles	(1,206.0)	(1,382.0)
Investment in affiliates and other	(512.3)	(532.7)
Unrealized securities and hedging (gain)/loss	(0.6)	—
U.S. tax on foreign undistributed earnings	(173.8)	(145.9)
Total deferred tax liabilities	(1,892.7)	(2,060.6)
Net deferred tax liabilities	$ (425.2)	$ (576.6)

(a) Certain amounts have been reclassified to conform to current year presentation.

The Company's deferred tax assets and liabilities were included in the Consolidated Balance Sheets as follows:

	As of December 31,	
(in millions)	2012	2011
Current deferred tax assets	$ 73.9	$ 108.3
Long-term deferred tax assets	10.4	10.5
Long-term deferred tax liabilities	(509.5)	(695.4)
Net deferred tax liabilities	$ (425.2)	$ (576.6)

As of December 31, 2012 and 2011, the Company had recorded valuation allowances of $896.5 million and $744.6 million, respectively, against federal, state and foreign net operating and capital losses, foreign tax credits and impairments. The increase to the valuation allowance of $151.9 million in 2012 was primarily due to current year foreign and state net operating losses which may not be utilized within the statute of limitations and foreign tax credits for which it is likely that no benefit will be realized in the future. In determining the necessary amount of valuation allowance, the Company has considered a tax planning strategy related to its investments in affiliates. Implementation of this strategy would result in the immediate reversal of temporary differences associated with the excess of book basis over tax basis in the investments.

The following table presents the approximate amounts of federal, state and foreign net operating loss carryforwards and foreign tax credit, general business credit and minimum tax credit carryforwards:

(in millions)	As of December 31, 2012
Federal net operating loss carryforwards (a)	$ 1,766.1
State net operating loss carryforwards (b)	2,759.2
Foreign net operating loss carryforwards (c)	2,450.0
Foreign tax credit carryforwards (d)	144.1
General business credit carryforwards (e)	11.1
Minimum tax credit carryforwards (f)	1.6

(a) If not utilized, these carryforwards will expire in years 2015 through 2032.
(b) If not utilized, these carryforwards will expire in years 2013 through 2032.
(c) Foreign net operating loss carryforwards of $137 million, if not utilized, will expire in years 2013 through 2027. The remaining foreign net operating loss carryforwards of $2,313 million have an indefinite life.
(d) If not utilized, these carryforwards will expire in years 2018 through 2022.
(e) If not utilized, these carryforwards will expire in years 2027 through 2031.
(f) These carryforwards have an indefinite life.

The Company intends to indefinitely invest its net equity in its foreign operations, with the exception of any undistributed foreign earnings. Accordingly, as of December 31, 2012, no provision had been made for U.S. federal and state income taxes on the cumulative amount of temporary differences related to investments in foreign subsidiaries, other than those differences related to the undistributed earnings. Upon sale or liquidation of these investments, the Company would potentially be subject to U.S., state and foreign income taxes and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred tax liability is not practicable because of the complexities associated with its hypothetical calculation.

A reconciliation of the unrecognized tax benefits for the year ended December 31, 2010, 2011 and 2012 is as follows:

(in millions)	Unrecognized Tax Benefits
Balance as of January 1, 2010	$ 415.0
Increases for tax positions of prior years	0.5
Decreases for tax positions of prior years	(45.4)
Increases for tax positions related to the current period	1.9
Decreases for cash settlements with taxing authorities	(1.4)
Decreases due to the lapse of the applicable statute of limitations	(2.0)
Balance as of December 31, 2010	$ 368.6
Increases for tax positions of prior years	1.3
Decreases for tax positions of prior years	(28.5)
Increases for tax positions related to the current period	1.7
Decreases for cash settlements with taxing authorities	(1.0)
Decreases due to the lapse of the applicable statute of limitations	(7.4)
Balance as of December 31, 2011	$ 334.7
Increases for tax positions of prior years	5.5
Decreases for tax positions of prior years	(57.7)
Increases for tax positions related to the current period	6.2
Decreases for cash settlements with taxing authorities	(0.1)
Decreases due to the lapse of the applicable statute of limitations	(2.4)
Balance as of December 31, 2012	$ 286.2

Most of the unrecognized tax benefits are included in the "Other long-term liabilities" line of the Consolidated Balance Sheets, net of the federal benefit on state income taxes (approximately $21 million at December 31, 2012). However, those unrecognized tax benefits that affect the federal consolidated tax years ending December 31, 2008 through December 31, 2012 are included in the "Long-term deferred tax liabilities" line of the Consolidated Balance Sheets," as these items reduce the Company's net operating loss and credit carryforwards from those periods. The unrecognized tax benefits as of December 31, 2012, 2011, and 2010 included approximately $163 million, $172 million, and $195 million, respectively, of tax positions that, if recognized, would affect the effective tax rate.

During the year ended December 31, 2012, the Company's liability for unrecognized tax benefits was reduced by $52 million upon closure of the 2003 and 2004 federal tax years and the resolution of certain state audit issues. The reduction in liabilities was recorded through a decrease to tax expense and an increase to deferred tax liabilities.

During the year ended December 31, 2011, the Company's liability for unrecognized tax benefits was reduced by $25 million after negotiating settlements with the Internal Revenue Service ("IRS") regarding specific contested issues in the 2003 through 2006 federal tax years. The reduction in liabilities was recorded through a decrease to tax expense.

During the year ended December 31, 2010, the Company's liability for unrecognized tax benefits was reduced by $39 million upon the closure of the 2002 federal tax year and after negotiating settlements with the IRS regarding specific contested issues in the 2003 and 2004 federal tax years. The reduction in the liability was recorded through a decrease to tax expense and an increase to deferred tax liabilities.

The Company recognizes interest and penalties related to unrecognized tax benefits in the "Income tax (benefit) expense" line item of the Consolidated Statements of Operations. Cumulative accrued interest and penalties (net of related tax benefits) are not included in the ending balances of unrecognized tax benefits. Cumulative accrued interest and penalties are included in the "Other long-term liabilities" line of the Consolidated Balance Sheets while the related tax benefits are included in the "Long-term deferred tax liabilities" line of the Consolidated Balance Sheets. The following table presents the approximate amounts associated with accrued interest expense and the cumulative accrued interest and penalties:

	Year ended December 31,		
	2012	2011	2010
Current year accrued interest expense (net of related tax benefits)	$ 4	$ 9	$ 14
Cumulative accrued interest and penalties (net of related tax benefits)	$ 47	$ 69	$ 67

As of December 31, 2012, the Company anticipates it is reasonably possible that its liability for unrecognized tax benefits may decrease by approximately $126 million within the next twelve months as the result of the possible closure of its 2005 through 2007 federal tax years, potential settlements with certain states and foreign countries and the lapse of the statute of limitations in various state and foreign jurisdictions. The potential decrease relates to various federal, state and foreign tax benefits including research and experimentation credits, transfer pricing adjustments and certain amortization and loss deductions.

The Company or one or more of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. As of December 31, 2012, the Company was no longer subject to income tax examination by the U.S. federal jurisdiction for years before 2005. State and local examinations are substantially complete through 2002. Foreign jurisdictions generally remain subject to examination by their respective authorities from 2005 forward, none of which are considered major jurisdictions.

Under the Tax Allocation Agreement executed at the time of the spin-off of The Western Union Company ("Western Union") on September 29, 2006, Western Union is responsible for and must indemnify the Company against all taxes, interest and penalties that relate to Western Union for periods prior to the spin-off date. If Western Union were to agree to or be finally determined to owe any amounts for such periods but were to default in its indemnification obligation under the Tax Allocation Agreement, the Company as parent of the tax group during such periods generally would be required to pay the amounts to the relevant tax authority, resulting in a potentially material adverse effect on the Company's financial position and results of operations. As of December 31, 2012, the Company had approximately $110 million of income taxes payable, including approximately $4 million of uncertain income tax liabilities, recorded related to Western Union for periods prior to the spin-off date. The Company has recorded a corresponding account receivable of equal amount from Western Union, which is included as a long-term account receivable in the "Other long-term assets" line of the Company's Consolidated Balance Sheets, reflecting the indemnification obligation. During the year ended December 31, 2012, the uncertain income tax liabilities related to Western Union decreased by approximately $14 million as a result of the closure of the 2003-2004 federal tax years. As of December 31, 2012, the Company anticipates it is reasonably possible that the uncertain tax liabilities related to Western Union may decrease by approximately $4 million within the next twelve months as the result of the possible closure of its 2005 and 2006 federal tax years. The uncertain income tax liabilities and corresponding receivable are based on information provided by Western Union regarding its tax contingency reserves for periods prior to the spin-off date. There is no assurance that a Western Union-related issue raised by the IRS or other tax authority will be finally resolved at a cost not in excess of the amount reserved and reflected in the Company's uncertain income tax liabilities and corresponding receivable from Western Union. The Western Union contingent liability is in addition to the Company's liability for unrecognized tax benefits discussed above.

The IRS completed its examination of the U.S. federal consolidated income tax returns of the Company for 2005-2007 and issued a 30-Day letter on October 31, 2012. The 30-Day letter claims that the Company and its subsidiaries, which included Western Union during some of the years at issue, owe additional taxes with respect to a variety of adjustments. The Company and Western Union agree with several of the adjustments in the 30-Day letter, such adjustments representing tax due of approximately $40 million. This undisputed tax and associated interest due (pretax) of approximately $16 million through December 31, 2012, have been fully reserved. The undisputed tax for which Western Union would be required to indemnify the Company is greater than the total tax due, such that settlement of the undisputed tax would result in a net refund to the Company. As to the adjustments that are disputed, such issues represent total taxes allegedly due of approximately $59 million, of which $40 million relates to the Company and $19 million relates to Western Union. The Company estimates that total interest due (pretax) on the disputed amounts is approximately $16 million through December 31, 2012, of which $9 million relates to the Company and $7 million relates to Western Union. As to the disputed issues, the Company and Western Union have contested the adjustments by filing a protest with the IRS. The IRS has prepared a rebuttal to the protest and has forwarded the case to Appeals. The Company believes that it has adequately reserved for the disputed issues in its liability for unrecognized tax benefits described above and that final resolution of those issues will not have a material adverse effect on its financial position or results of operations.

Note 18: Investment in Affiliates

Operating results include the Company's proportionate share of income from affiliates, which consist of unconsolidated investments accounted for under the equity method of accounting. The most significant of these affiliates are related to the Company's merchant bank alliance program.

A merchant alliance, as it pertains to investments accounted for under the equity method, is an agreement between FDC and a financial institution that combines the processing capabilities and management expertise of the Company with the visibility and distribution channel of the bank. The alliance acquires credit and debit card transactions from merchants. The Company provides processing and other services to the alliance and charges fees to the alliance primarily based on contractual pricing. These fees have been separately identified on the face of the Consolidated Statements of Operations.

In November 2011, the Company formed an alliance, TCH LLC, by contributing the assets of its transportation business (a controlling interest in a business) to the alliance in exchange for a noncontrolling 30% interest in TCH, LLC. The alliance is accounted for as an equity method investment by the Company. The Company recognized a pretax gain of $59.1 million in the "Other income (expense)" line item of the Consolidated Statement of Operations upon deconsolidation of the Company's assets associated with its transportation business and contribution of those assets to the alliance.

In the fourth quarter of 2011, the Company funded $160.0 million to one of its merchant alliance partners for referrals from bank branches contributed to the alliance as called for by the agreement that extended the term of the alliance in 2008.

At December 31, 2012, there were ten affiliates accounted for under the equity method of accounting, comprised of five merchant alliances and five strategic investments in companies in related markets.

A summary of unaudited financial information for the merchant alliances and other affiliates accounted for under the equity method of accounting is presented below.

	As of December 31,	
(in millions)	2012	2011
Total assets	$ 2,834.8	$ 2,820.3
Total liabilities	2,467.9	2,514.7

The primary components of assets and liabilities are settlement-related accounts similar to those described in Note 4 of these Consolidated Financial Statements.

	Year ended December 31,		
(in millions)	2012	2011	2010
Net operating revenues	$ 1,278.4	$ 1,114.4	$ 999.1
Operating expenses	630.2	577.4	520.6
Operating income	$ 648.2	$ 537.0	$ 478.5
Net income	$ 639.4	$ 509.8	$ 455.6
FDC equity earnings	$ 158.2	$ 153.4	$ 117.3

The formation of a merchant alliance accounted for under the equity method of accounting generally involves the Company and/or a financial institution contributing merchant contracts to the alliance and a cash payment from one owner to the other to achieve the desired ownership percentages. The asset amounts reflected above are owned by the alliances and other equity method investees and do not include any of such payments made by the Company. The amount by which the total of the Company's investments in affiliates exceeded its proportionate share of the investees' net assets was approximately $1.3 billion and $1.4 billion at December 31, 2012 and 2011, respectively.

The non-goodwill portion of this amount is considered an identifiable intangible asset that is amortized. The estimated future amortization expense for these intangible assets as of December 31, 2012 is as follows:

Year ended December 31, (in millions)	Amount
2013	$ 78.4
2014	62.2
2015	57.1
2016	52.3
2017	49.1
Thereafter	48.2

These amounts assume that these alliances continue as they currently exist. Much of the difference between FDC's proportionate share of the investees' net income and FDC's equity earnings noted above relates to this amortization.

Note 19: Supplemental Guarantor Condensed Consolidating Financial Statements

As described in Note 8 of these Consolidated Financial Statements, FDC's 9.875% senior notes, 12.625% senior notes, 10.55% senior notes and 11.25% senior subordinated notes are unconditionally guaranteed by substantially all existing and future, direct and indirect, wholly-owned, domestic subsidiaries of FDC other than Integrated Payment Systems Inc. ("Guarantors"). None of the other subsidiaries of FDC, either direct or indirect, guarantee the notes ("Non-Guarantors"). The Guarantors also unconditionally guarantee the senior secured revolving credit facility, senior secured term loan facility, the 8.875% senior secured notes, the 7.375% senior secured notes and the 6.75% senior secured notes, which rank senior in right of payment to all existing and future unsecured and second lien indebtedness of FDC's guarantor subsidiaries to the extent of the value of the collateral. The Guarantors further unconditionally guarantee the 8.25% senior second lien notes and 8.75%/10.00% PIK toggle senior second lien notes which rank senior in right of payment to all existing and future unsecured indebtedness of FDC's guarantor subsidiaries to the extent of the value of the collateral. The 9.875% senior note, 12.625% senior note, 10.55% senior note and 11.25% senior subordinated note guarantees are unsecured and rank equally in right of payment with all existing and future senior indebtedness of the guarantor subsidiaries but senior in right of payment to all existing and future subordinated indebtedness of FDC's guarantor subsidiaries. The 11.25% senior subordinated note guarantees are unsecured and rank equally in right of payment with all existing and future senior subordinated indebtedness of the guarantor subsidiaries.

During the second quarter of 2011, the Company began allocating certain general and administrative expenses of the parent company to its subsidiaries. This allocation was inadvertently not reflected in the Company's previously reported supplemental guarantor condensed consolidating financial statements. In the second quarter of 2010, the Company reorganized the ownership structure of two entities for tax purposes. The reorganization did not have any impact to the Company's consolidated financial statements, however, the impact of the reorganization was not appropriately reflected in the Company's previously reported supplemental guarantor condensed consolidating financial statements. The Company does not believe these errors were material. In addition to the items just described, the Company corrected certain other immaterial errors. The adjustments are limited to the guarantor footnote and do not affect any other reported amounts or disclosures in the Company's consolidated financial statements. A summary of the corrections is as follows:

Increase (Decrease) from Amounts Previously Reported

(in millions)	For the nine months ended September 30, 2012 FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments
(Loss) income before income taxes and equity earnings in affiliates	$ 35.3	$ (92.7)	$ (1.6)	$ 59.0
Income tax (benefit) expense	35.3	(34.7)	(0.6)	—
Net (loss) income	—	(58.0)	(1.0)	59.0
Net (loss) income attributable to First Data Corporation	—	(58.0)	(1.0)	59.0

(in millions)	Year ended December 31, 2011 FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments
(Loss) income before income taxes and equity earnings in affiliates	$ 110.4	$ (260.1)	$ (36.6)	$ 186.3
Income tax (benefit) expense	110.4	(97.9)	(12.5)	—
Net (loss) income	—	(162.2)	(24.1)	186.3
Net (loss) income attributable to First Data Corporation	—	(161.9)	(24.4)	186.3

(in millions)	Year ended December 31, 2010 FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments
(Loss) income before income taxes and equity earnings in affiliates	$ 44.0	$ (108.6)	$ (9.4)	$ 74.0
Income tax (benefit) expense	44.0	(40.4)	(3.6)	—
Net (loss) income	—	(68.2)	(5.8)	74.0
Net (loss) income attributable to First Data Corporation	—	(68.4)	(5.6)	74.0

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the nine months ended September 30, 2012							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions)	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
Selling, general and administrative	$ 110.0	$ 105.6	$ 875.7	$ 877.2	$ 387.6	$ 390.5	$ —	$ —
Operating (loss) profit	(115.8)	(111.4)	553.7	552.2	298.9	296.0	—	—
Interest income (expense) from intercompany notes	144.3	234.4	(148.6)	(240.0)	4.3	5.6	—	—
Equity earnings from consolidated subsidiaries	435.1	375.9	120.8	121.0	—	—	(555.9)	(496.9)
(Loss) income before income taxes and equity earnings in affiliates	(1,031.8)	(996.5)	512.0	419.3	305.6	304.0	(555.9)	(496.9)
Income tax (benefit) expense	(509.9)	(474.6)	234.5	199.8	23.1	22.5	—	—
Net (loss) income	(521.9)	(521.9)	390.8	332.8	283.7	282.7	(555.9)	(496.9)
Net (loss) income attributable to First Data Corporation	(521.9)	(521.9)	390.8	332.8	239.8	238.8	(630.6)	(571.6)

(in millions)	Year ended December 31, 2011							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
Cost of services	$ —	$ —	$ 1,909.8	$ 1,896.4	$ 1,141.6	$ 1,155.0	$ (163.0)	$ (163.0)
Selling, general and administrative	259.7	107.8	957.8	1,095.4	476.2	490.5	—	—
Operating (loss) profit	(264.9)	(113.0)	698.8	574.6	507.6	479.9	—	—
Interest income (expense) from intercompany notes	162.5	306.7	(176.6)	(311.9)	14.1	5.2	—	—
Equity earnings from consolidated subsidiaries	637.9	452.2	134.5	133.9	—	—	(772.4)	(586.1)
(Loss) income before income taxes and equity earnings in affiliates	(1,218.1)	(1,107.7)	718.1	458.0	512.8	476.2	(772.4)	(586.1)
Income tax (benefit) expense	(702.0)	(591.6)	341.3	243.4	90.6	78.1	—	—
Net (loss) income	(516.1)	(516.1)	530.4	368.2	422.0	397.9	(772.4)	(586.1)
Net (loss) income attributable to First Data Corporation	(516.1)	(516.1)	530.1	368.2	362.7	338.3	(892.8)	(706.5)

(in millions)	Year ended December 31, 2010							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
Cost of Services	$ —	$ —	$ 1,944.3	$ 1,949.6	$ 1,227.5	$ 1,222.2	$ (148.5)	$ (148.5)
Operating (loss) profit	(285.0)	(285.0)	475.3	470.0	326.4	331.7	—	—
Interest income (expense) from intercompany notes	112.3	230.3	(146.4)	(249.7)	34.1	19.4	—	—
Equity earnings from consolidated subsidiaries	323.8	249.8	150.2	150.2	—	—	(474.0)	(400.0)
(Loss) income before income taxes and equity earnings in affiliates	(1,620.3)	(1,576.3)	505.6	397.0	326.7	317.3	(500.0)	(426.0)
Income tax (benefit) expense	(598.5)	(554.5)	164.7	124.3	110.0	106.4	—	—
Net (loss) income	(1,021.8)	(1,021.8)	458.6	390.4	218.2	212.4	(501.9)	(427.9)
Net (loss) income attributable to First Data Corporation	(1,021.8)	(1,021.8)	458.8	390.4	168.9	163.3	(627.7)	(553.7)

CONSOLIDATED BALANCE SHEETS

(in millions)	As of December 31, 2011							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
ASSETS								
Current intercompany notes receivable	$ —	$ 12.2	$ —	$ —	$ —	$ 86.1	$ —	$ (98.3)
Total current assets	233.2	245.4	7,281.7	7,281.7	5,800.6	5,886.7	—	(98.3)
Goodwill	—	—	9,510.5	9,430.9	7,694.1	7,773.7	—	—
Long-term intercompany receivables	—	—	—	4,330.2	—	962.7	—	(5,292.9)
Long-term intercompany notes receivable	—	3,229.4	—	251.5	—	59.0	—	(3,539.9)
Investment in consolidated subsidiaries	25,242.7	23,797.4	5,396.2	5,843.0	—	—	(30,638.9)	(29,640.4)
Total assets	26,579.8	28,376.1	27,676.1	32,625.0	16,659.3	17,846.7	(30,638.9)	(38,571.5)
LIABILITIES AND EQUITY								
Current intercompany notes payable	—	62.5	—	35.8	—	—	—	(98.3)
Total current liabilities	697.9	760.4	6,790.7	6,826.5	5,331.6	5,331.6	—	(98.3)
Long-term intercompany payables	5,707.0	5,292.9	(4,618.7)	—	(1,088.3)	—	—	(5,292.9)
Long-term intercompany notes payable	(1,887.3)	260.6	1,949.9	3,196.8	(62.6)	82.5	—	(3,539.9)
Total liabilities	26,483.2	28,279.5	5,968.5	11,869.9	4,349.2	5,582.6	—	(8,931.1)
First Data Corporation stockholder's equity	96.6	96.6	21,707.5	20,755.1	5,580.5	5,534.4	(27,288.0)	(26,289.5)
Total equity	96.6	96.6	21,707.6	20,755.1	12,242.7	12,196.7	(30,638.9)	(29,640.4)
Total liabilities and equity	26,579.8	28,376.1	27,676.1	32,625.0	16,659.3	17,846.7	(30,638.9)	(38,571.5)

FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30, 2012							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions) Source/(use)	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) income	$ (521.9)	$ (521.9)	$ 390.8	$ 332.8	$ 283.7	$ 282.7	$ (555.9)	$ (496.9)
Other non-cash and non-operating items, net	(405.3)	(346.1)	(193.9)	(194.1)	5.5	5.5	555.9	496.9
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(519.1)	(483.8)	381.9	347.2	0.3	(0.3)	—	—
Net cash (used in) provided by operating activities	(1,361.8)	(1,267.3)	1,238.1	1,145.2	661.9	660.3	—	—
CASH FLOWS FROM FINANCING ACTIVITIES								
Intercompany	1,231.6	1,137.1	(1,191.1)	(1,098.2)	(40.5)	(38.9)	—	—
Net cash provided by (used in) financing activities	1,243.1	1,148.6	(1,222.2)	(1,129.3)	(550.3)	(548.7)	248.6	248.6

	Year ended December 31, 2011							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions) Source/(use)	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) income	$ (516.1)	$ (516.1)	$ 530.4	$ 368.2	$ 422.0	$ 397.9	$ (772.4)	$ (586.1)
Other non-cash and non-operating items, net	(546.0)	(360.3)	(210.1)	(209.5)	11.4	11.4	772.4	586.1
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(437.4)	(327.0)	481.7	383.8	113.2	100.7	—	—
Net cash (used in) provided by operating activities	(1,550.8)	(1,254.7)	1,584.1	1,324.6	1,082.3	1,045.7	—	—
CASH FLOWS FROM FINANCING ACTIVITIES								
Intercompany	1,516.6	1,220.5	(1,375.9)	(1,116.4)	(140.7)	(104.1)	—	—
Net cash provided by (used in) financing activities	1,443.3	1,147.2	(1,426.1)	(1,166.6)	(985.9)	(949.3)	404.2	404.2

	Year ended December 31, 2010							
	FDC Parent Company		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Consolidation Adjustments	
(in millions) Source/(use)	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected	As previously reported	As corrected
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) income	$ (1,021.8)	$ (1,021.8)	$ 458.6	$ 390.4	$ 218.2	$ 212.4	$ (501.9)	$ (427.9)
Other non-cash and non-operating items, net	(11.6)	62.4	(207.4)	(207.4)	8.8	8.8	475.8	401.8
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(608.4)	(564.4)	107.0	66.6	216.9	213.3	(2.9)	(2.9)
Net cash (used in) provided by operating activities	(1,624.3)	(1,506.3)	1,415.1	1,306.5	966.9	957.5	(3.0)	(3.0)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intercompany	1,682.5	1,564.5	(1,454.7)	(1,346.1)	(227.8)	(218.4)	—	—
Net cash provided by (used in) financing activities	1,460.1	1,342.1	(1,511.7)	(1,403.1)	(1,152.9)	(1,143.5)	551.2	551.2

As previously reported represents amounts reported in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 or Annual Report on Form 10-K for the year ended December 31, 2011.

The following tables present the results of operations, financial position and cash flows of FDC ("FDC Parent Company"), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and consolidation adjustments for the years ended December 31, 2012, 2011 and 2010 and as of December 31, 2012 and 2011 to arrive at the information for FDC on a consolidated basis.

	Year ended December 31, 2012				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
Revenues:					
Transaction and processing service fees	$ —	$ 4,180.5	$ 2,471.8	$ (200.2)	$ 6,452.1
Product sales and other	—	569.8	355.8	(58.9)	866.7
Reimbursable debit network fees, postage and other	—	2,430.3	953.8	(22.6)	3,361.5
	—	7,180.6	3,781.4	(281.7)	10,680.3
Expenses:					
Cost of services (exclusive of items shown below)	—	1,829.6	1,234.1	(200.2)	2,863.5
Cost of products sold	—	252.9	142.3	(58.9)	336.3
Selling, general and administrative	89.4	1,217.3	518.7	—	1,825.4
Reimbursable debit network fees, postage and other	—	2,430.3	953.8	(22.6)	3,361.5
Depreciation and amortization	8.1	718.9	464.6	—	1,191.6
Other operating expenses:					
Restructuring, net	(0.2)	7.6	15.7	—	23.1
Impairments	—	5.1	—	—	5.1
	97.3	6,461.7	3,329.2	(281.7)	9,606.5
Operating (loss) profit	(97.3)	718.9	452.2	—	1,073.8
Interest income	0.1	0.3	8.4	—	8.8
Interest expense	(1,880.4)	(7.3)	(10.1)	—	(1,897.8)
Interest income (expense) from intercompany notes	313.0	(320.0)	7.0	—	—
Other income (expense)	(102.1)	(8.1)	15.9	—	(94.3)
Equity earnings from consolidated subsidiaries	522.6	179.7	—	(702.3)	—
	(1,146.8)	(155.4)	21.2	(702.3)	(1,983.3)
(Loss) income before income taxes and equity earnings in affiliates	(1,244.1)	563.5	473.4	(702.3)	(909.5)
Income tax (benefit) expense	(543.2)	273.7	45.5	—	(224.0)
Equity earnings in affiliates	—	157.4	0.8	—	158.2
Net (loss) income	(700.9)	447.2	428.7	(702.3)	(527.3)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	61.9	111.7	173.6
Net (loss) income attributable to First Data Corporation	$ (700.9)	$ 447.2	$ 366.8	$ (814.0)	$ (700.9)
Comprehensive (loss) income	$ (654.7)	$ 448.6	$ 421.5	$ (693.2)	$ (477.8)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	65.2	111.7	176.9
Comprehensive (loss) income attributable to First Data Corporation	$ (654.7)	$ 448.6	$ 356.3	$ (804.9)	$ (654.7)

FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
	Year ended December 31, 2011 (As Corrected)				
Revenues:					
Transaction and processing service fees	$ —	$ 4,055.9	$ 2,437.1	$ (163.0)	$ 6,330.0
Product sales and other	—	551.4	358.2	(57.5)	852.1
Reimbursable debit network fees, postage and other	—	2,445.0	1,159.1	(72.6)	3,531.5
	—	7,052.3	3,954.4	(293.1)	10,713.6
Expenses:					
Cost of services (exclusive of items shown below)	—	1,896.4	1,155.0	(163.0)	2,888.4
Cost of products sold	—	274.7	152.4	(57.5)	369.6
Selling, general and administrative	107.8	1,095.4	490.5	—	1,693.7
Reimbursable debit network fees, postage and other	—	2,445.0	1,159.1	(72.6)	3,531.5
Depreciation and amortization	8.3	743.1	493.6	—	1,245.0
Other operating expenses:					
Restructuring, net	(0.6)	23.1	23.9	—	46.4
Litigation and regulatory settlements	(2.5)	—	—	—	(2.5)
	113.0	6,477.7	3,474.5	(293.1)	9,772.1
Operating (loss) profit	(113.0)	574.6	479.9	—	941.5
Interest income	0.3	0.6	7.0	—	7.9
Interest expense	(1,812.9)	(7.6)	(12.6)	—	(1,833.1)
Interest income (expense) from intercompany notes	306.7	(311.9)	5.2	—	—
Other income (expense)	59.0	68.4	(3.3)	—	124.1
Equity earnings from consolidated subsidiaries	452.2	133.9	—	(586.1)	—
	(994.7)	(116.6)	(3.7)	(586.1)	(1,701.1)
(Loss) income before income taxes and equity earnings in affiliates	(1,107.7)	458.0	476.2	(586.1)	(759.6)
Income tax (benefit) expense	(591.6)	243.4	78.1	—	(270.1)
Equity earnings in affiliates	—	153.6	(0.2)	—	153.4
Net (loss) income	(516.1)	368.2	397.9	(586.1)	(336.1)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	59.6	120.4	180.0
Net (loss) income attributable to First Data Corporation	$ (516.1)	$ 368.2	$ 338.3	$ (706.5)	$ (516.1)
Comprehensive (loss) income	(477.6)	418.2	319.0	(564.1)	(304.5)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	52.7	120.4	173.1
Comprehensive (loss) income attributable to First Data Corporation	$ (477.6)	$ 418.2	$ 266.3	$ (684.5)	$ (477.6)

FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
	Year ended December 31, 2010 (As Corrected)				
Revenues:					
Transaction and processing service fees	$ —	$ 4,001.7	$ 2,328.3	$ (148.5)	$ 6,181.5
Product sales and other	—	542.6	319.3	(52.6)	809.3
Reimbursable debit network fees, postage and other	—	2,299.8	1,160.3	(70.5)	3,389.6
	—	6,844.1	3,807.9	(271.6)	10,380.4
Expenses:					
Cost of services (exclusive of items shown below)	—	1,949.6	1,222.2	(148.5)	3,023.3
Cost of products sold	—	257.8	170.0	(52.6)	375.2
Selling, general and administrative	264.7	877.2	437.8	—	1,579.7
Reimbursable debit network fees, postage and other	—	2,299.8	1,160.3	(70.5)	3,389.6
Depreciation and amortization	7.6	937.9	468.9	—	1,414.4
Other operating expenses:					
Restructuring, net	12.7	46.0	13.3	—	72.0
Impairments	—	7.8	3.7	—	11.5
Litigation and regulatory settlements	—	(2.0)	—	—	(2.0)
	285.0	6,374.1	3,476.2	(271.6)	9,863.7
Operating (loss) profit	(285.0)	470.0	331.7	—	516.7
Interest income	1.0	1.1	5.7	—	7.8
Interest expense	(1,775.2)	(6.4)	(15.0)	—	(1,796.6)
Interest income (expense) from intercompany notes	230.3	(249.7)	19.4	—	—
Other income (expense)	2.8	31.8	(24.5)	(26.0)	(15.9)
Equity earnings from consolidated subsidiaries	249.8	150.2	—	(400.0)	—
	(1,291.3)	(73.0)	(14.4)	(426.0)	(1,804.7)
(Loss) income before income taxes and equity earnings in affiliates	(1,576.3)	397.0	317.3	(426.0)	(1,288.0)
Income tax (benefit) expense	(554.5)	124.3	106.4	—	(323.8)
Equity earnings in affiliates	—	117.7	1.5	(1.9)	117.3
Net (loss) income	(1,021.8)	390.4	212.4	(427.9)	(846.9)
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	49.1	125.8	174.9
Net (loss) income attributable to First Data Corporation	$ (1,021.8)	$ 390.4	$ 163.3	$ (553.7)	$ (1,021.8)
Comprehensive (loss) income	(976.8)	399.5	207.2	(435.1)	(805.2)
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest	—	—	46.0	125.8	171.8
Comprehensive (loss) income attributable to First Data Corporation	$ (976.8)	$ 399.5	$ 161.2	$ (560.9)	$ (977.0)

	As of December 31, 2012				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 228.0	$ 37.2	$ 343.1	$ —	$ 608.3
Accounts receivable, net of allowance for doubtful accounts	4.4	879.7	963.6	—	1,847.7
Settlement assets (a)	—	5,097.1	4,076.7	—	9,173.8
Intercompany notes receivable	—	—	30.8	(30.8)	—
Other current assets	73.0	145.3	35.3	—	253.6
Total current assets	305.4	6,159.3	5,449.5	(30.8)	11,883.4
Property and equipment, net of accumulated depreciation	30.7	561.4	263.7	—	855.8
Goodwill	—	9,485.3	7,797.2	—	17,282.5
Customer relationships, net of accumulated amortization	—	2,071.7	1,684.6	—	3,756.3
Other intangibles, net of accumulated amortization	605.0	619.7	603.9	—	1,828.6
Investment in affiliates	—	1,375.2	37.9	—	1,413.1
Long-term settlement assets (a)	—	—	54.3	—	54.3
Long-term intercompany receivables	—	5,501.3	1,141.1	(6,642.4)	—
Long-term intercompany notes receivable	3,397.3	270.0	8.4	(3,675.7)	—
Other long-term assets	427.1	373.5	108.2	(83.8)	825.0
Investment in consolidated subsidiaries	24,257.2	5,379.5	—	(29,636.7)	—
Total assets	$ 29,022.7	$ 31,796.9	$ 17,148.8	$ (40,069.4)	$ 37,899.0
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 13.8	$ 141.8	$ 105.3	$ —	$ 260.9
Short-term and current portion of long-term borrowings	15.1	55.1	186.9	—	257.1
Settlement obligations (a)	—	5,097.1	4,129.2	—	9,226.3
Intercompany notes payable	30.8	—	—	(30.8)	—
Other current liabilities	608.1	620.3	372.2	—	1,600.6
Total current liabilities	667.8	5,914.3	4,793.6	(30.8)	11,344.9
Long-term borrowings	22,462.3	47.8	18.8	—	22,528.9
Long-term deferred tax (assets) liabilities	(1,079.7)	1,512.7	76.5	—	509.5
Long-term intercompany payables	6,642.4	—	—	(6,642.4)	—
Long-term intercompany notes payable	276.7	3,315.6	83.4	(3,675.7)	—
Other long-term liabilities	651.7	222.7	31.3	(83.8)	821.9
Total liabilities	29,621.2	11,013.1	5,003.6	(10,432.7)	35,205.2
Redeemable equity interest	—	—	67.4	(67.4)	—
Redeemable noncontrolling interest	—	—	—	67.4	67.4
First Data Corporation stockholder's equity	(598.5)	20,783.8	5,598.9	(26,382.7)	(598.5)
Noncontrolling interests	—	—	70.5	3,154.4	3,224.9
Equity of consolidated alliance	—	—	6,408.4	(6,408.4)	—
Total equity	(598.5)	20,783.8	12,077.8	(29,636.7)	2,626.4
Total liabilities and equity	$ 29,022.7	$ 31,796.9	$ 17,148.8	$ (40,069.4)	$ 37,899.0

FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
	As of December 31, 2011 (As Corrected)				
ASSETS					
Current assets:					
Cash and cash equivalents	$ 162.2	$ 37.1	$ 286.4	$ —	$ 485.7
Accounts receivable, net of allowance for doubtful accounts	25.3	939.4	883.9	—	1,848.6
Settlement assets (a)	—	6,093.2	4,565.1	—	10,658.3
Intercompany notes receivable	12.2	—	86.1	(98.3)	—
Other current assets	45.7	212.0	65.2	—	322.9
Total current assets	245.4	7,281.7	5,886.7	(98.3)	13,315.5
Property and equipment, net of accumulated depreciation	31.4	623.5	281.0	—	935.9
Goodwill	—	9,430.9	7,773.7	—	17,204.6
Customer relationships, net of accumulated amortization	—	2,468.4	1,957.0	—	4,425.4
Other intangibles, net of accumulated amortization	606.8	638.7	633.7	—	1,879.2
Investment in affiliates	—	1,452.8	37.8	—	1,490.6
Long-term settlement assets (a)	—	—	181.0	—	181.0
Long-term intercompany receivables	—	4,330.2	962.7	(5,292.9)	—
Long-term intercompany notes receivable	3,229.4	251.5	59.0	(3,539.9)	—
Other long-term assets	465.7	304.3	74.1	—	844.1
Investment in consolidated subsidiaries	23,797.4	5,843.0	—	(29,640.4)	—
Total assets	$ 28,376.1	$ 32,625.0	$ 17,846.7	$ (38,571.5)	$ 40,276.3
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 7.1	$ 113.4	$ 85.4	$ —	$ 205.9
Short-term and current portion of long-term borrowings	0.3	39.6	93.5	—	133.4
Settlement obligations (a)	—	6,093.2	4,744.6	—	10,837.8
Intercompany notes payable	62.5	35.8	—	(98.3)	—
Other current liabilities	690.5	544.5	408.1	—	1,643.1
Total current liabilities	760.4	6,826.5	5,331.6	(98.3)	12,820.2
Long-term borrowings	22,422.4	69.0	30.3	—	22,521.7
Long-term deferred tax (assets) liabilities	(1,091.6)	1,677.5	109.5	—	695.4
Long-term intercompany payables	5,292.9	—	—	(5,292.9)	—
Long-term intercompany notes payable	260.6	3,196.8	82.5	(3,539.9)	—
Other long-term liabilities	634.8	100.1	28.7	—	763.6
Total liabilities	28,279.5	11,869.9	5,582.6	(8,931.1)	36,800.9
Redeemable equity interest	—	—	67.4	(67.4)	—
Redeemable noncontrolling interest	—	—	—	67.4	67.4
First Data Corporation stockholder's equity	96.6	20,755.1	5,534.4	(26,289.5)	96.6
Noncontrolling interests	—	—	60.8	3,250.6	3,311.4
Equity of consolidated alliance	—	—	6,601.5	(6,601.5)	—
Total equity	96.6	20,755.1	12,196.7	(29,640.4)	3,408.0
Total liabilities and equity	$ 28,376.1	$ 32,625.0	$ 17,846.7	$ (38,571.5)	$ 40,276.3

(a) The majority of the Guarantor settlement assets relate to FDC's merchant acquiring business. FDC believes the settlement assets are not available to satisfy any claims other than those related to the settlement liabilities.

(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
	Year ended December 31, 2012				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income	$ (700.9)	$ 447.2	$ 428.7	$ (702.3)	$ (527.3)
Adjustments to reconcile to net cash (used in) provided by operating activities:					
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	8.1	844.5	478.3	—	1,330.9
Charges (gains) related to other operating expenses and other income (expense)	101.9	20.8	(0.2)	—	122.5
Other non-cash and non-operating items, net	(483.9)	(265.8)	7.2	702.3	(40.2)
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(461.8)	515.0	(171.7)	—	(118.5)
Net cash (used in) provided by operating activities	(1,536.6)	1,561.7	742.3	—	767.4
CASH FLOWS FROM INVESTING ACTIVITIES					
Current year acquisitions, net of cash acquired	(33.0)	0.1	—	—	(32.9)
Contributions to equity method investments	—	(7.9)	—	—	(7.9)
Payments related to other businesses previously acquired	—	(4.4)	—	—	(4.4)
Proceeds from sale of property and equipment	—	7.1	0.9	—	8.0
Additions to property and equipment	(2.6)	(88.9)	(101.6)	—	(193.1)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(0.8)	(137.8)	(38.6)	—	(177.2)
Other investing activities	228.3	219.0	6.7	(443.6)	10.4
Net cash provided by (used in) investing activities	191.9	(12.8)	(132.6)	(443.6)	(397.1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Short-term borrowings, net	—	—	99.1	—	99.1
Accrued interest funded upon issuance of notes	6.5	—	—	—	6.5
Debt modification proceeds and related financing costs	10.8	—	—	—	10.8
Principal payments on long-term debt	(3.4)	(56.2)	(23.7)	—	(83.3)
Proceeds from sale-leaseback transactions	—	13.8	—	—	13.8
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	—	—	(54.0)	(207.9)	(261.9)
Distributions paid to equity holders	—	—	(424.0)	424.0	—
Purchase of noncontrolling interest	—	—	(25.1)	—	(25.1)
Redemption of Parent's redeemable common stock	(1.7)	—	—	—	(1.7)
Cash dividends	(6.7)	—	(227.5)	227.5	(6.7)
Intercompany	1,405.0	(1,502.2)	97.2	—	—
Net cash provided by (used in) financing activities	1,410.5	(1,544.6)	(558.0)	443.6	(248.5)
Effect of exchange rate changes on cash and cash equivalents	—	(4.2)	5.0	—	0.8
Change in cash and cash equivalents	65.8	0.1	56.7	—	122.6
Cash and cash equivalents at beginning of period	162.2	37.1	286.4	—	485.7
Cash and cash equivalents at end of period	$ 228.0	$ 37.2	$ 343.1	$ —	$ 608.3

(in millions)	Year ended December 31, 2011 (As Corrected) FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income	$ (516.1)	$ 368.2	$ 397.9	$ (586.1)	$ (336.1)
Adjustments to reconcile to net cash (used in) provided by operating activities:					
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	8.3	827.4	508.5	—	1,344.2
(Gains) charges related to other operating expenses and other income (expense)	(59.6)	(45.3)	27.2	—	(77.7)
Other non-cash and non-operating items, net	(360.3)	(209.5)	11.4	586.1	27.7
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(327.0)	383.8	100.7	—	157.5
Net cash (used in) provided by operating activities	(1,254.7)	1,324.6	1,045.7	—	1,115.6
CASH FLOWS FROM INVESTING ACTIVITIES					
Current year acquisitions, net of cash acquired	—	(19.1)	(0.1)	—	(19.2)
Contributions to equity method investments	—	(161.5)	—	—	(161.5)
Payments related to other businesses previously acquired	—	—	3.2	—	3.2
Proceeds from dispositions, net of expenses paid and cash disposed	—	—	1.7	—	1.7
Proceeds from sale of property and equipment	—	14.3	2.8	—	17.1
Additions to property and equipment	(4.6)	(101.3)	(97.0)	—	(202.9)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(1.0)	(161.6)	(39.3)	—	(201.9)
Distributions and dividends from subsidiaries	109.7	294.5	—	(404.2)	—
Other investing activities	1.5	6.9	(3.5)	—	4.9
Net cash provided by (used in) investing activities	105.6	(127.8)	(132.2)	(404.2)	(558.6)
CASH FLOWS FROM FINANCING ACTIVITIES					
Short-term borrowings, net	—	—	(107.3)	—	(107.3)
Debt modification and related financing costs	(39.7)	—	—	—	(39.7)
Principal payments on long-term debt	(32.9)	(52.7)	(18.9)	—	(104.5)
Proceeds from sale-leaseback transactions	—	2.5	11.7	—	14.2
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	—	—	(44.2)	(283.1)	(327.3)
Contributions from noncontrolling interest	—	—	0.8	—	0.8
Distributions paid to equity holders	—	—	(577.6)	577.6	—
Redemption of Parent's redeemable common stock	(0.5)	—	—	—	(0.5)
Cash dividends	(0.2)	—	(109.7)	109.7	(0.2)
Intercompany	1,220.5	(1,116.4)	(104.1)	—	—
Net cash provided by (used in) financing activities	1,147.2	(1,166.6)	(949.3)	404.2	(564.5)
Effect of exchange rate changes on cash and cash equivalents	—	(14.2)	(2.1)	—	(16.3)
Change in cash and cash equivalents	(1.9)	16.0	(37.9)	—	(23.8)
Cash and cash equivalents at beginning of period	164.1	21.1	324.3	—	509.5
Cash and cash equivalents at end of period	$ 162.2	$ 37.1	$ 286.4	$ —	$ 485.7

	Year ended December 31, 2010 (As Corrected)				
(in millions)	FDC Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidation Adjustments	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income	$ (1,021.8)	$ 390.4	$ 212.4	$ (427.9)	$ (846.9)
Adjustments to reconcile to net cash (used in) provided by operating activities:					
Depreciation and amortization (including amortization netted against equity earnings in affiliates and revenues)	7.6	1,036.9	481.5	—	1,526.0
Charges related to other operating expenses and other income (expense)	9.9	20.0	41.5	26.0	97.4
Other non-cash and non-operating items, net	62.4	(207.4)	8.8	401.8	265.6
(Decrease) increase in cash resulting from changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions	(564.4)	66.6	213.3	(2.9)	(287.4)
Net cash (used in) provided by operating activities	(1,506.3)	1,306.5	957.5	(3.0)	754.7
CASH FLOWS FROM INVESTING ACTIVITIES					
Current year acquisitions, net of cash acquired	—	(1.7)	(0.1)	—	(1.8)
Contributions to equity method investments	—	(1.4)	—	—	(1.4)
Payments related to other businesses previously acquired	—	—	(1.4)	—	(1.4)
Proceeds from dispositions, net of expenses paid and cash disposed	—	—	21.2	—	21.2
Proceeds from sale of property and equipment	—	1.4	4.1	—	5.5
Additions to property and equipment	(4.2)	(113.0)	(92.9)	—	(210.1)
Payments to secure customer service contracts, including outlays for conversion, and capitalized systems development costs	(1.7)	(116.9)	(41.0)	—	(159.6)
Distributions and dividends from subsidiaries	225.8	187.9	—	(413.7)	—
Other investing activities	3.8	135.1	14.0	(134.5)	18.4
Net cash provided by (used in) investing activities	223.7	91.4	(96.1)	(548.2)	(329.2)
CASH FLOWS FROM FINANCING ACTIVITIES					
Short-term borrowings, net	—	—	75.1	—	75.1
Debt modification and related financing costs	(61.2)	—	—	—	(61.2)
Principal payments on long-term debt	(143.8)	(57.0)	(19.6)	—	(220.4)
Distributions and dividends paid to noncontrolling interests and redeemable noncontrolling interests	—	—	(31.0)	(185.1)	(216.1)
Purchase of noncontrolling interest	—	—	—	(213.3)	(213.3)
Distributions paid to redeemable equity holders	—	—	(7.5)	7.5	—
Distributions paid to equity holders	—	—	(368.5)	368.5	—
Redemption of Parent's redeemable common stock	(2.5)	—	—	—	(2.5)
Redemption of redeemable equity of consolidated alliance	—	—	(347.8)	347.8	—
Cash dividends	(14.9)	—	(225.8)	225.8	(14.9)
Intercompany	1,564.5	(1,346.1)	(218.4)	—	—
Net cash provided by (used in) financing activities	1,342.1	(1,403.1)	(1,143.5)	551.2	(653.3)
Effect of exchange rate changes on cash and cash equivalents	—	0.9	(0.6)	—	0.3
Change in cash and cash equivalents	59.5	(4.3)	(282.7)	—	(227.5)
Cash and cash equivalents at beginning of period	104.6	25.4	607.0	—	737.0
Cash and cash equivalents at end of period	$ 164.1	$ 21.1	$ 324.3	$ —	$ 509.5

FIRST DATA CORPORATION
SCHEDULE II—Valuation and Qualifying Accounts
(dollars, in millions)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Reclassifications from Other Accounts (a)	Deductions (b)	Balance at End of Period
Year ended December 31, 2012 deducted from receivables	$ 28.4	$ 83.6	$ 8.3	$ 74.3	$ 46.0
Year ended December 31, 2011 deducted from receivables	$ 29.1	$ 61.3	$ 0.0	$ 62.0	$ 28.4
Year ended December 31, 2010 deducted from receivables	$ 22.5	$ 68.7	$ 0.0	$ 62.1	$ 29.1

(a) Amounts related to reclassifications from other current liabilities to allowance for doubtful accounts.
(b) Amounts related to business divestitures and write-offs against assets.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

The Company has evaluated, under the supervision of the Company's Chief Executive Officer and the Chief Financial Officer, the effectiveness of disclosure controls and procedures as of December 31, 2012. This is done in order to ensure that information the Company is required to disclose in reports that are filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2012, due to a material weakness, described below in Management's Report on Internal Control over Financial Reporting.

Notwithstanding the material weakness discussed below, management has concluded that the consolidated financial statements included in this form 10-K present fairly, in all material aspects, the Company's financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

Management's Report on Internal Control over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All control systems have inherent limitations so that no evaluation of controls can provide absolute assurance that all control issues are detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Framework to Internal Control Environment.

Management has concluded that it did not design and maintain effective controls relating to the accounting and reporting for income taxes and also concluded that this is a material weakness in internal control over financial reporting as of December 31, 2012. Specifically, the controls in place relating to the establishment and measurement of valuation allowances against deferred tax assets were not properly designed to provide reasonable assurance that the Company's income tax benefit and deferred tax assets and liabilities would be properly recorded and disclosed in the financial statements. The Company has an insufficient number of personnel with appropriate knowledge, experience or training in accounting for income taxes. The existing organizational structure resulted in incomplete or inadequate oversight and review of complex issues, calculations and disclosures. Although the amount of tax related adjustments recorded to the Company's financial statements have been immaterial, the absence of sufficient controls creates the risk that a material error would not be prevented or detected in a timely manner.

Based on management's evaluation under the COSO framework, management concluded that the Company's internal controls over financial reporting were not effective as of December 31, 2012.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting which is contained below.

Remediation of Material Weakness

Management has initiated a remediation plan which includes the following actions:

- The Tax Department is in the process of being restructured, key resources have been refocused on the most critical areas and additional technical resources are being added.
- Processes, procedures and controls over income tax accounting will be reviewed and modified to ensure greater oversight and transparency.
- Additional external resources will be engaged to ensure that all concepts and interpretations around income tax accounting have been appropriately considered.

Changes in Internal Control over Financial Reporting

Except for the material weakness in internal control over financial reporting related to the accounting and reporting for income taxes there were no changes in the Company's internal control over financial reporting identified in connection with the above evaluation that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of First Data Corporation

We have audited First Data Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). First Data Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls related to First Data Corporation's accounting for deferred income taxes. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of First Data Corporation as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), cash flows and equity for each of the three years in the period ended December 31, 2012. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2012 financial statements, and this report does not affect our report dated March 19, 2013, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, First Data Corporation has not maintained effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

/s/Ernst & Young LLP

Denver, Colorado
March 19, 2013

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The Company's executive officers and members of the Board of Directors (the "Board") are as follows:

Name	Age	Position
Edward A. Labry III	50	Chief Executive Officer
Peter W. Boucher	58	Executive Vice President
John Elkins	60	Executive Vice President and President, First Data International Regions
David R. Money	57	Executive Vice President, General Counsel and Secretary
Ray E. Winborne	45	Executive Vice President and Chief Financial Officer
Joe W. Forehand	64	Director and Chairman of the Board
Henry R. Kravis	69	Director
Scott C. Nuttall	40	Director
Tagar C. Olson	35	Director

Edward A. Labry III has been Chief Executive Officer since January 2013. Mr. Labry was Executive Vice President from February 2006 until January 2013 and President, First Data — North America from January 2011 until January 2013. Mr. Labry was President, Retail and Alliance Services from February 2009 until January 2011 and President, First Data USA from September 2007 to February 2009. He served as the Company's President of Commercial Services from January 2006 to September 2007. From May 2005 to January 2006 he was President of the Company's Prepaid Services business and from February 2004 to May 2005 he was special assistant to the Company's Chairman. Mr. Labry joined Concord EFS, Inc., in 1985 and served as President at the time the Company acquired Concord EFS, Inc. He is a board member of Dixon Gallery and Gardens, Hutchison School and Cumberland University.

Peter W. Boucher joined the Company as Executive Vice President of Human Resources in April 2006. From March 2003 to March 2006 he was Senior Vice President of Janus Capital Group. Mr. Boucher joined Citigroup, Inc. in January 1998 and served as Senior Human Resources Officer, Corporate Center until December 2002.

John Elkins joined the Company as Executive Vice President and Chief Marketing Officer in September 2009. In January 2011 he was appointed head of the Company's business outside North America, including the Asia Pacific, Europe, Middle East and Africa, and Latin America regions. Prior to joining the Company, Mr. Elkins served as a senior advisor to McKinsey & Company from November 2007 to September 2009. He also previously served as Executive Vice President and Chief Marketing Officer for Visa International from April 2003 to November 2007. Elkins is the founder and former Chairman and CEO of FutureBrand, a worldwide corporate brand, retail, industrial and packaging strategy and design consultancy.

David R. Money has been Executive Vice President, General Counsel and Secretary since February 2007. Mr. Money was Vice President and General Counsel of Alta Health Strategies from November 1990 to October 1995 when Alta Health Strategies was acquired by the Company. He filled a series of increasingly responsible positions in the Company's General Counsel's Office until being promoted to General Counsel-Level A in March 2001 and Deputy General Counsel in March 2004. Mr. Money was named the Company's acting general counsel in June 2006 and was subsequently named Executive Vice President, General Counsel and Secretary in February 2007. Prior to November 1990, Mr. Money was a partner in the law firm of Jones, Waldo, Holbrook and McDonough in Salt Lake City, Utah.

Ray E. Winborne has been Executive Vice President and Chief Financial Officer of the Company since November 2010. Previously, Mr. Winborne was acting Chief Financial Officer of the Company from May 2010 until November 2010 and Senior Vice

President and Controller of the Company from September 2009 until November 2010. He was the Senior Vice President-Finance and Controller of Delta Air Lines Inc. from April 2007 to September 2009 and served as the Senior Vice President, CFO Southeast Region for AT&T, Inc. from January 2007 to April 2007. Prior to that time, Mr. Winborne held various positions in the finance group of BellSouth Corporation from January 1999 to December 2006, most recently serving as BellSouth's Controller. From 1990 to 1999, Mr. Winborne was employed by the public accounting firm PricewaterhouseCoopers LLP.

Joe W. Forehand has been a member of the Board since September 2009 and Chairman of the Board since March 2010. Mr. Forehand was interim Chief Executive Officer of the Company from March 2010 until October 2010. In his more than 30 years with Accenture Ltd., Mr. Forehand served as the CEO from 1999 until 2004, prior to that, as chief executive of the Communications and High Technology Operating Group, and as Chairman of the board of directors of Accenture Ltd. from 2001 until 2006. Mr. Forehand is a member of the Portfolio Management Committee for Kohlberg Kravis Roberts & Co. ("KKR") and has also been involved with KKR's growth and emphasis on the technology industry sector. He is a board member of Aricent Inc.

Henry R. Kravis has been a member of the Board since September 2009. Mr. Kravis, a pioneer of the private equity industry, co-founded KKR in 1976 and is its Co-Chairman and Co-Chief Executive Officer. He is actively involved in managing KKR and serves on its regional Private Equity Investment and Portfolio Management Committees. In addition to serving on the board of the general partner of KKR & Co. L.P., Mr. Kravis currently serves on the board of China International Capital Corporation Limited. He also serves as a director, chairman emeritus or trustee of several cultural, professional and education institutions, including The Business Council, Claremont McKenna, Columbia Business School, the Council on Foreign Relations, Mount Sinai Hospital, the New York City Investment Fund, Partnership for New York City, Rockefeller University, and Tsinghua University School of Economics and Management. He earned a B.A. from Claremont McKenna College in 1967 and a M.B.A. from the Columbia Business School in 1969. Mr. Kravis has more than four decades of experience financing, analyzing, and investing in public and private companies, as well as serving on the boards of a number of KKR portfolio companies.

Scott C. Nuttall has been a member of the Board since September 2007 and is a Member of KKR. Mr. Nuttall joined KKR in 1996 and heads KKR's Global Capital and Asset Management Group which includes the Client and Partner Group, KKR Capital Markets and KKR Asset Management. He has played a significant role in KKR's private equity investments in Alea Group Holdings, Amphenol, Bristol West Holdings, Capmark Financial, First Data Corporation, KinderCare Learning Centers, Legg Mason, Masonite International, Walter Industries and Willis Group. Mr. Nuttall is currently a member of the board of directors of KKR Financial Holdings and Legg Mason. He is actively involved in funds affiliated with KKR and is a member of KKR's Management Committee. Prior to joining KKR, he was with the Blackstone Group where he was involved in numerous merchant banking and merger and acquisition transactions. He received a B.S., summa cum laude, from the University of Pennsylvania.

Tagar C. Olson has been a member of the Board since September 2007. Mr. Olson joined KKR in 2002 and is a Member and Co-Head of KKR's Financial Services industry team within the Private Equity platform. Mr. Olson has played a significant role in the investments in Santander Consumer USA, First Data Corporation, KKR Debt Investors, Legg Mason, Visant, Capmark, KSL Holdings, KSL Recreation, Masonite, and Yellow Pages Group. Currently, he is on the board of directors of Santander Consumer USA and Visant. Prior to joining KKR, Mr. Olson was with Evercore Partners Inc., where he was involved in a number of private equity transactions and mergers and acquisitions. He holds a B.S. and B.A.S., summa cum laude, from the University of Pennsylvania.

The Company's Governance, Compensation and Nominations Committee (the "Committee") identifies individuals qualified to become members of the Board and recommends to the Board nominees for election as directors at each annual meeting of shareholders and to fill vacancies on the Board. The Committee looks for certain qualities common to all Board members, including integrity, collegiality, and ability and willingness to make a commitment to the Company. When considering whether directors and nominees have the experience, qualifications, attributes and skills, the Committee and the Board focused primarily on the information discussed in each of the directors' individual biographies set forth above. With regard to Mr. Forehand, the Board considered his many years experience at a publicly held consulting and technology services company, including service as chairman of the board. With regard to Mr. Kravis, the Board considered his significant experience and expertise in private equity investments. With regard to Mr. Nuttall, the Board considered his broad perspective brought by Mr. Nuttall's involvement in KKR's diverse investments and his extensive knowledge of the business and capital structure of the Company through his involvement since the 2007 merger. With regard to Mr. Olson, the Board considered his expertise in the financial services industry and his extensive knowledge of the business and capital structure of the Company through his involvement since the 2007 merger.

Code of Ethics for Senior Financial Officers

The Company has adopted a Code of Ethics for Senior Financial Officers which applies to its Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer. The Code is available on the Company's web site at www.firstdata.com under "About First Data", "Investor Relations" and "Corporate Governance".

Audit Committee Financial Expert and Recommendation of Directors.

The Company's Audit Committee consists of Messrs. Nuttall and Olson. The Board of Directors has determined that Messrs. Nuttal and Olson are audit committee financial experts as defined by regulations of the Securities and Exchange Commission. The Company does not have procedures by which security holders may recommend nominees to its board of directors.

PART III

ITEM 11. EXECUTIVE COMPENSATION

FIRST DATA CORPORATION
COMPENSATION DISCUSSION AND ANALYSIS
FISCAL YEAR 2012

EXECUTIVE SUMMARY

In 2012, the Governance, Compensation and Nominations Committee (the "Committee") of First Data Corporation ("FDC" or the "Company") based funding for executive incentives on a comprehensive view of company performance, including financial and strategic achievements. During 2012, the Committee rewarded employees, including senior executives of FDC based on improved financial performance during 2012 and significant progress against First Data's six strategic pillars. Key initiatives supporting each pillar are carefully tracked and results are monitored via a balanced scorecard of related metrics. This successful overall performance was supported by financial results which, year over year, as measured by adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), were 8.3% greater than 2011.

During 2012, FDC's executive team remained unchanged in support of our customer first philosophy and further leveraged our broad global product set and positioned the company to fully take advantage of regulatory changes and emerging developments in the payments industry.

On January 9, 2013 the Company announced via an 8-K filing that Jon Judge will be resigning from the role of Chief Executive Officer. His post-termination compensation is detailed in the Retention and Transition Agreement, which was contained in the 8-K.

On January 28, 2013, the Company announced the appointment of Edward A. Labry III, 49, as interim Chief Executive Officer of the Company. And on February 4, 2013, the departure of Kevin Kern, Executive Vice President, Operations & Technology, was announced. Mr. Kern will be receiving benefits pursuant to the terms of the FDC Corporation Severance/Change in Control Policy. At this time, it was also announced that executive officer, J. Mark Herrington, First Data's Executive Vice President, Global Product, will be leaving the company.

FDC remains committed to a compensation philosophy, strategy, and process that incents and rewards both short-term and long-term company performance. Details of the compensation philosophy and programs are addressed within the appropriate sections of the following discussion.

ROLE OF THE COMMITTEE

The Committee reviews and approves all aspects of FDC's compensation programs for its executive officers. Specifically, under its charter, the Committee is tasked with:

- establishing FDC's compensation philosophy;
- evaluating performance and setting compensation for FDC's executive officers;
- overseeing regulatory compliance with respect to compensation matters; and
- delegating to and monitoring various subcommittees with responsibility for administrative and legal compliance for retirement and benefit plans.

During 2012, the Committee was comprised of Scott C. Nuttall (Chairperson), Joe W. Forehand and Henry R. Kravis. All of the foregoing individuals are affiliated with Kohlberg Kravis Roberts & Co. ("KKR") and, therefore, not deemed independent Directors. Disclosure of payments between FDC and KKR affiliates are described in Item 13 of this Form 10-K.

The equity compensation provided to the senior executives of FDC is approved by the Governance, Compensation and Nominations Committee (the "Holdings Committee") of First Data Holdings Inc. ("Holdings"), the parent corporation of FDC (the "Committee" and the "Holdings Committee" together referred to as the "Committees"). The Holdings Committee is comprised of the same individuals as are members of the Committee.

ROLE OF MANAGEMENT

FDC's management provides information, data, analysis, updates and recommendations to the Committee. Specifically, management provides recommendations on pay levels for executive officers other than the Chief Executive Officer ("CEO") as well as the design of all material compensation and benefit plans. Finally, management is responsible for the administration of FDC's executive compensation programs and policies.

EXECUTIVE COMPENSATION PROGRAM OBJECTIVES

Executive Compensation Philosophy

FDC's executive compensation philosophy and corresponding pay practices are designed to create a strong incentive for FDC executives to achieve the Company's financial and strategic objectives, resulting in increased value for shareholders.

Alignment of the executives' interests with the interest of shareholders is created via equity compensation and annual incentive compensation, the value of which is driven by company performance over the long and short term, respectively. Other than base pay, FDC offers few non-performance based elements of compensation, such as executive benefits and perquisites.

When considering the design of FDC compensation plans, incentive plan funding schemes, and individual compensation decisions, the Committee carefully considers four guiding principles. These objectives work together to bring an appropriate balance to FDC compensation programs and have remained a consistent guide for the Committee over the last several years.

- Align compensation with company performance and creation of shareholder value
- Facilitate equity ownership
- Drive behaviors consistent with FDC's core values
- Pay at a competitive market position

Align Compensation with Company Performance and Creation of Shareholder Value

The Committee places a great emphasis on the alignment of compensation with increased shareholder value. The annual cash incentive and annual equity plans described below primarily drive this alignment.

Annual cash incentives are funded each year on the basis of overall company performance, while equity-based incentives are designed to provide greater value to executives when they achieve long-term value creation. Together, these elements of compensation reinforce the relationship between pay and performance.

FDC's incentive structure creates a strong incentive for executives to drive company performance over both the short and long term, while ensuring alignment between long-term shareholder and executive interests.

Facilitate Equity Ownership

The 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates (the "2007 Equity Plan") facilitates significant equity ownership by executive officers. All executive officers have purchased shares of stock and received matching grants of stock options in Holdings. The Holdings Committee believes that by requiring a personal investment in Holdings, the 2007 Equity Plan is a powerful mechanism to facilitate equity ownership and closely align executive and shareholder interests.

To ensure ongoing competitive compensation for executives and to strengthen long-term alignment, an annual equity grant program was established in 2011 and is further described below. Initially, grants under this annual program were below typical public company market levels due to the unique nature of FDC's ownership and overall equity compensation structure. Beginning in 2013 and going forward, equity grant levels will be increased in order to further facilitate significant equity ownership and alignment.

Drive Behaviors Consistent with FDC's Core Values

FDC is entrusted with highly sensitive and confidential customer information and therefore requires the highest level of integrity from its employees. During 2012, FDC stressed its vision, mission and core values to reflect FDC's purpose, long-term vision and the global employee attitudes and attributes that drive the Company's success in the marketplace. FDC's five core values are: Put Customers First, Empower our People, Act with Integrity, Deliver Excellence and Enjoy the Journey.

Executive behavior is considered by the Committee when determining annual executive incentive awards and all other compensation decisions. Furthermore, FDC's annual objectives and strategies are closely aligned with FDC's vision, mission and values. Success against these objectives and strategies is a key consideration in the Committee's evaluation of overall company performance.

Pay at a Competitive Market Position

FDC and the Committee review the Company's executive compensation practices and targets against a peer group of companies on an annual basis. FDC's current competitive positioning and the impact future decisions may have on such positioning are carefully evaluated. The peer group used to assess competitive positioning reflects FDC's direct business competitors and companies with which FDC competes for talent.

FDC's 2012 peer group remains the same as in 2011 and is comprised of direct competitors, frequently identified peer companies to FDC's direct competitors, and other companies deemed comparable to FDC in terms of industry, pay practices, revenue and market value. The 2012 peer group includes the following 21 companies:

- Accenture
- ADP
- American Express
- Capital One Financial
- Computer Sciences Corp.
- Discover Financial
- eBay
- Fidelity Nat'l Info Services
- Fifth Third Bancorp
- Fiserv
- Mastercard
- PNC Financial Services
- SAIC
- SLM Corp.
- State Street Corp.
- SunTrust Banks
- Symantec Corp.
- Total System Services
- Visa
- Western Union
- Yahoo!

Competitive benchmarks for each of FDC's executive officers are created by utilizing available information disclosed in proxy statements of these companies in combination with generally available market compensation survey information. It is important to note that compensation data from non-peer group companies is also given significant consideration since FDC also recruits talent from organizations outside the payments industry.

In order to successfully attract and retain top performing executives, FDC annually reviews market data and aims to provide competitive base pay and short-term cash incentive opportunities. As a privately held company, competitive cash compensation programs are required for FDC to attract and retain top talent due to the uncertain time horizon and lack of liquidity associated with FDC's equity-based compensation vehicles.

ELEMENTS OF COMPENSATION

Compensation for FDC's executive officers is delivered through:

- base salary;
- annual cash incentives;
- equity;
- perquisites; and
- retirement plans.

Base Salary

Base salary forms the foundation of FDC's compensation program. Base salaries for executives reflect market competitive levels (as described above) and factors unique to each executive such as scope of responsibilities, individual skill set, experience level, time in role, individual performance, pay relative to internal peers and overall value to FDC. Another factor that may influence base salary levels is an executive's base salary prior to employment by FDC and the level of compensation required to recruit the executive.

During the 2012 annual pay review process which included consideration of individual performance, salary increase trends and competitive market pay for each executive position. For 2012, no base pay adjustments were made to executive officers with the exception of Mr. Elkins whose base pay was increased from $575,000 to $625,000 in recognition of his 2011 promotion to President, First Data International Regions.

Effective March 1, 2013, Mr. Elkins base salary will be increased to $750,000 and Mr. Winborne's base salary will be increased to $675,000. Current base salary levels for named executive officers are as follows:

	Base Salary as of December 31, 2012	Base Salary as of March 1, 2013
Jonathan J. Judge, Chief Executive Officer	$ 1,500,000	N/A
Edward A. Labry III, Executive Vice President & President, First Data — North America	$ 1,000,000	$ 1,000,000
John Elkins, Executive Vice President & President, First Data — International Regions	$ 625,000	$ 750,000
Ray E. Winborne, Executive Vice President & Chief Financial Officer	$ 600,000	$ 675,000
Kevin M. Kern, Executive Vice President, Operations & Technology	$ 575,000	N/A

Annual Cash Incentives

Plan Design and Mechanics

Executive officers are eligible to receive a performance-based annual cash incentive under the FDC Senior Executive Incentive Plan ("SEIP"). SEIP payouts to executive officers are based on target annual cash incentive levels established by the Committee on the basis of company financial performance and established strategic objectives for the year. The SEIP is an essential element of FDC's compensation program because the awards are driven by company performance.

At the beginning of 2012, the Committee approved target bonus levels for all executive officers. The Committee also approved a fully discretionary funding structure for 2012 for the SEIP. This structure was deemed most appropriate to ensure the Committee maintained the discretion and ability to appropriately incent and reward the performance of each executive based upon all factors relevant to the evaluation of company performance. Company performance was evaluated based on key financial metrics such as revenue and EBITDA and achievements which advanced progress against First Data's six strategic pillars. Non-financial progress was measured via a balanced scorecard of metrics measuring results related to each of FDC's six strategic pillars: (i) Customer First; (ii) Best Products Enabled with Best Technology; (iii) Profitable Top-Line Revenue Growth; (iv) Global Business Delivered Locally; (v) Continuous Operational Improvement; and (vi) Inter-Generational Leadership.

Determination of 2012 Awards

The 2012 awards to be paid in March of 2013 to executive officers under the SEIP were determined by the Committee after careful evaluation of FDC and executive performance during 2012. The Committee considered both financial and strategic results during the year in determining SEIP funding for 2012. The Committee established an 85% funding level for the SEIP based on a combination of strong financial performance and strong progress and accomplishments in key strategic areas such as margin improvement, customer alignment, product innovation and operational efficiency, including but certainly not limited to:

- Year-over-year EBITDA growth of 8.3%

- Implemented new service models and standardized project flows that improved customer satisfaction, which will help FDC consistently deliver to its customers going forward.
- Introduced new innovative tools and products to improve customer offerings, increase customer penetration, generate new revenue opportunities and drive speed to revenue.
- Successfully renewed contracts with several customers on a global scale; key new deals and client signings in North America and International Regions.
- Improved operations globally and stabilized infrastructure in EMEA.
- Continued progress with employee engagement, pay for performance culture and a greatly expanded emphasis on talent development.

The Committee awarded each executive 85% of their individual incentive target for the 2012 year paid in March 2013.

	2012 SEIP Target	SEIP Funding Percent	2012 SEIP Payout
Jonathan J. Judge	$ 2,250,000	85%	$ 1,912,500
Edward A. Labry III	$ 1,250,000	85%	$ 1,062,500
John Elkins	$ 781,250	85%	$ 664,063
Ray E. Winborne	$ 600,000	85%	$ 510,000
Kevin Kern	$ 575,000	85%	$ 488,750

Determination of 2013 Targets

When establishing executive officer target award levels under the SEIP, the Committee considers multiple factors including: peer group practices, each executive's base salary level and the scope and responsibilities of each executive's position. For 2013, the Committee concluded that the annual cash incentive targets for FDC's executive officers met all FDC compensation objectives and should remain unchanged from 2012 levels on a percentage of base pay basis. Incentive targets for 2013 each named executive officer are as follows:

	2013 SEIP Target as a % of Base Pay	2013 SEIP Target in $
Edward A. Labry III	125%	$ 1,250,000
John Elkins	125%	$ 937,500
Ray E. Winborne	100%	$ 675,000

Equity

The equity compensation program is intended to align long-term compensation opportunities with the interests of beneficial shareholders of the Company. Specifically, the purpose of the 2007 Equity Plan is to promote FDC's long-term financial interests and growth by:

- attracting and retaining executives with the experience and abilities required to make a substantial contribution to the success of the Company;
- rewarding executives for long-term commitment and the creation of value over the long term;
- motivating executives by means of growth-related incentives tied to achievement of long range goals; and
- aligning the interests of the Company's executives with those of the Company's majority beneficial shareholders.

2012 Equity Awards

In 2012, the Holdings Committee implemented an annual equity grant program for FDC executives in order to maintain a more competitive overall total compensation structure and promote long-term retention of key talent. Annual grants will be made on a discretionary basis, with amounts determined in the sole discretion of the Holdings Committee based on each executive's role and performance. Per his employment agreement, Mr. Judge has an annual equity award target value of $1,000,000.

2012 grants were made half in time-vested options and half in restricted stock awards, based on the grant date fair value of $3 per share of stock and a grant of two options for each share of restricted stock granted. Equity awards made pursuant to this structure in 2012 were made under the 2007 Equity Plan. Restricted shares vest upon the later of three years from grant date or a liquidity event, as defined by the plan. Time options vest one-third per year over a three year period from the grant date.

The following equity awards were approved for executive officers in March 2012:

	Stock Option Grant	Restricted Stock Award
Jonathan J. Judge	333,333	166,667
Edward A. Labry III	200,000	100,000
John Elkins	183,333	91,667
Ray E. Winborne	166,667	83,333
Kevin Kern	166,667	83,333

The Committee believes that annual equity grants in conjunction with: (1) personal investments by senior executives in Holdings stock with a long holding period, (2) making a proportional one-time grant of stock options with a relatively long five year vesting period, and (3) performance-based vesting requirements on one half of all investment-matching options granted, is an effective approach to align the interests of executives and shareholders, as well as maximize teamwork, retention and motivation within the executive team.

General Provisions for Options and Purchased Shares under the 2007 Equity Plan

Options granted in 2010 and prior: Vesting of all time options is fully accelerated upon a Change in Control or a Liquidity Event, as defined in the 2007 Equity Plan. Vesting of all performance options is fully accelerated upon a Change in Control or a Liquidity Event only if one of the following conditions is also met: (a) the Sponsor IRR (as defined in the 2007 Equity Plan) is achieved, or (b) the Sponsor Return (as defined in the 2007 Equity Plan) is achieved.

Options granted in 2012: Initial Public Offering ("IPO") or sale of First Data has no impact on options vesting unless the Sponsor's (KKR's) stake drops to a level below 10% of their original investment. If it does, then all options granted in 2012 become 100% vested. If the sale of First Data results in a Change in Control whereby the sponsor stake drops below 50% and the sponsor no longer controls a majority of the Board all call rights are eliminated and options granted in 2012 become 100% vested.

If an option holder terminates employment with FDC for any reason, all options are subject to call rights by Holdings until a Change in Control or a Liquidity Event, as defined in the 2007 Equity Plan.

If an option holder's employment is terminated due to Death, Disability, Good Reason or Not for Cause (as defined in the 2007 Equity Plan), call rights may be exercised on vested options at the fair market value share price. In this event, shares obtained through previous option exercises may be called at the fair market value share price. In the event of Death or Disability, the option holder has a put right to exchange vested options for the difference of the fair market value and the option exercise price.

If the option holder's employment is terminated voluntarily or for Cause (as defined in the 2007 Equity Plan), call rights may be exercised on vested options at the lesser of the fair market value share price or the option exercise price. In this event, shares obtained through previous option exercises may be called at the lesser of the fair market value share price or the option exercise price. This provision greatly enhances the retention of executives who participate in the 2007 Equity Plan by eliminating all potential option gains for executives who voluntarily terminate prior to a Liquidity Event.

Shares of purchased stock held by executives may not be sold prior to a Liquidity Event. If a shareholder's employment is terminated voluntarily or due to Death, Disability, Good Reason or Not for Cause (as defined in the 2007 Equity Plan), call rights may be exercised on purchased shares at the fair market value share price. In the event of Death or Disability, the shareholder has a put right to sell shares back to Holdings at the fair market value share price.

If the shareholder's employment is terminated for Cause (as defined in the 2007 Equity Plan), call rights may be exercised on purchased shares at the lesser of the fair market value share price or the original purchase price.

Restricted Stock Awards/Restricted Stock Units awarded in 2012 will have the restrictions lapse/vest at the later of: (a) three years from grant date (March 3, 2015), and (b) following an IPO plus any mandatory lock-up period (up to 180 additional days from IPO).

Grant Process

March 3, 2012 annual equity grants were made under the 2007 Equity Plan, and granted at the then-current fair market value ($3.00) on the date of each grant. Fair market value was determined by the full Holdings Board at the time of grant. Equity grants were made on the date the grants were approved by the Committee.

<u>Perquisites</u>

FDC's compensation philosophy is to focus on performance-based forms of compensation while providing only minimal, but competitive, executive benefits and perquisites. Reimbursement for relocation and moving expenses and an annual stipend for personal financial planning are offered to FDC's executive officers. Executives are also authorized to use the corporate aircraft for personal purposes in limited instances.

FDC's relocation program is required to attract and retain top talent in a competitive environment. The program ensures a new or transferred executive can transition into their new work location as quickly and efficiently as possible.

The financial planning benefit is provided as a fixed dollar benefit, grossed-up to cover taxes on the benefit. For the Chief Executive Officer, the benefit is $20,000 per year. For all other executives, the benefit is $20,000 in their first year as an executive officer and $10,000 in each subsequent year.

Competitive analysis indicates that the relocation and financial planning benefits are comparable to what is offered by other companies with whom the Company competes for talent. The Committee reviews the appropriateness of perquisites provided to executive officers on an annual basis.

<u>Retirement Plans</u>

In 2012, all employees in the U.S., including executive officers, were eligible to participate in the First Data Corporation Incentive Savings Plan ("ISP"). The ISP is a qualified 401(k) plan designed to comply with Internal Revenue Service ("IRS") safe harbor rules. FDC maintains the ISP to allow employees to save for their retirement on a pre-tax basis and provides company contributions to help employees build retirement savings. FDC offers the ISP not only because it is a market competitive practice, but it is critical to provide a vehicle for its employees to save for retirement.

The Company matches 100% of employee deferrals up to 3% of eligible pay and 50% of employee deferrals on the next 1% of eligible pay. Eligible pay includes base and incentive compensation and is capped by IRS limitations applicable to qualified plans. Company contributions become 100% vested after 2 years of service and there is no service requirement to begin receiving company matching contributions.

FDC does not currently offer defined benefit plans to new employees, nor does it offer non-qualified retirement plans to its executive officers.

SEVERANCE AND CHANGE IN CONTROL AGREEMENTS

In general, FDC does not enter into employment agreements with employees, including the Company's executive officers, except in the case of Mr. Judge and Mr. Labry. A description of these agreements is provided below. All current executive officers serve at the will of the Board.

The Company believes that reasonable and appropriate severance and Change in Control benefits are necessary in order to be competitive in the Company's executive attraction and retention efforts. The Company's severance benefits are equivalent to those typically found in other companies and reflect the fact that it may be difficult for such executives to find comparable employment within a short period of time. Information regarding applicable payments under such agreements for the named executive officers is provided in the Severance Benefit table.

The FDC Corporation Severance/Change in Control Policy (the "Policy") provides for the payment of benefits to executive officers upon severance from FDC and/or upon a change of control. The Policy is intended to promote uniform treatment of senior executives who are involuntarily terminated other than for Cause or who voluntarily leave the Company for Good Reason, as defined under the 2007 Equity Plan. Under the Policy, no benefits are provided based solely on a Change in Control. The Policy provides for payment of the following severance benefits:

(i) For executive officers appointed prior to May 1, 2011, or having 5 years or more service in such a position: total cash payments equal to the executive officer's base pay plus target bonus multiplied by 2.
For executive officers appointed on or after May 1, 2011 and having 2 to 5 years of service in such a position: total cash payments equal to the executive officer's base pay plus target bonus multiplied by 1.5.
For executive officers appointed on or after May 1, 2011 and having less than 2 years of service in such a position: total cash payments equal to the executive officer's base pay for one year.

(ii) A cash payment equal to the executive officer's prorated bonus target for the year of termination.

(iii) A cash payment equal to the financial planning benefits to which the executive officer would have been entitled to during the severance period.

(iv) Continuation of medical, dental and vision benefits coverage for the severance period, with a portion of the costs of the benefits paid by the executive officer.

(v) A "Gross Up Payment" is made if it is determined that any Internal Revenue Code Section 280G parachute payments provided by the Company to or, on behalf of, an eligible executive would be subject to the excise tax imposed by Internal Revenue Code Section 4999. The Gross-Up Payment is an amount so that after payment of all taxes, the eligible executive retains an amount equal to the Excise Tax imposed by Internal Revenue Code Section 4999. Executives are eligible for this benefit regardless of whether their employment is terminated following a Change in Control.

As a condition to receiving severance benefits under the Policy, all employees are required to release FDC and its employees from all claims they may have against them and agree to a number of restrictive covenants which are structured to protect FDC from potential loss of customers or employees and to prohibit the release of confidential company information.

OTHER BENEFIT PLANS

All executive officers are also eligible to participate in the employee benefit plans and programs generally available to FDC's employees, including participation in FDC's matching gift program and coverage under FDC's medical, dental, life and disability insurance plans.

EMPLOYMENT/ TRANSITION AND TERMINATION AGREEMENTS WITH FDC EXECUTIVES

Retention and Transition Agreement with Mr. Judge

Holdings and the Company entered into a Retention and Transition Agreement (the "Agreement") with Mr. Judge on January 9, 2013 and a copy of this Agreement, in its entirety, was included in the Current Report Form 8-K. Under the terms of the Agreement, Mr. Judge's current compensatory arrangement continued until January 31, 2013 (the "Effective Date"). Thereafter, subject to the conditions outlined in the Agreement, the Company agrees to provide to Executive the following payments and benefits: (i) Executive will receive salary continuation for a period of 24 months, with the sum total of payments equal to 2 times his base pay plus target bonus; (ii) insurance coverage in accordance with COBRA paid for by the Company and Company-funded health insurance until age 65 following the COBRA period; (iii) continued vesting in previously granted equity awards until March 31, 2014; (iv) agreement not to exercise the Company's Call Rights on Mr. Judge's equity holdings without his mutual agreement; and (v) a cash payment equal to financial planning benefits for two years following termination.

Pursuant to the terms of the Agreement, Mr. Judge is subject to covenants not to: (i) disparage FDC or interfere with existing or prospective business relationships; (ii) disclose confidential information; (iii) solicit certain employees of FDC; and (iv) compete. In the event of an alleged material breach of the covenant not to solicit certain employees of FDC, obtains employment, and/or not to compete, any unpaid severance amounts, including but not limited to the items listed in the previous paragraph, will cease and future payments will be forfeited.

Termination Agreement with Mr. Kern

Effective February 28, 2013, Holdings and the Company entered into a Termination Agreement with Mr. Kern pursuant to the terms of the FDC Corporation Severance/Change in Control Policy. Mr. Kern's Termination Agreement and any subsequent payments are conditioned upon the execution and effectiveness of a release of claims against FDC and its affiliates and in addition to certain accrued amounts, Mr. Kern is entitled to (i) payment, in installments ratably over a 24 month period, of two times the sum of his base salary and target annual bonus; (ii) a monthly amount equal to the applicable COBRA premiums until the earlier of the end of the 24 month period or the date on which Mr. Kern becomes eligible to receive comparable benefits from a subsequent employer for Mr. Kern and his eligible dependents; (iii) a pro rata portion of the annual bonus that would have otherwise been payable in respect of such year if he had remained employed through such year; and (iv) a cash payment equal to financial planning benefits for two years following termination.

Employment Agreement with Mr. Labry

In connection with the Company's merger with Concord EFS, Inc., on April 1, 2003 an employment agreement was entered into with Edward A. Labry III. The agreement provided Mr. Labry's compensation for the initial employment period and that he may be eligible for additional compensation under certain Company plans or arrangements. Under the agreement, Mr. Labry agreed not to compete with the Company, or solicit any employees or customers of the Company, during his employment with the Company and twelve months thereafter. The initial employment period was February 26, 2004 through February 26, 2006. However, the agreement automatically extends for additional thirty (30) day periods unless either party gives notice to the other party fifteen (15) days before the end of an employment period. As of the date hereof, neither party has provided notice to terminate the agreement.

TAX AND ACCOUNTING CONSIDERATIONS

During 2012, Internal Revenue Code Section 162(m) limitations on tax deductibility of compensation did not apply to FDC as the Company's common stock is not registered or publicly traded. The Committee has not considered Internal Revenue Code Section 162(m) deductibility limitations in the planning of 2012 compensation since they do not apply.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James R. Fisher (1)	175,000	0	0	0	0	0	175,000
Joe W. Forehand (2)	800,000	0	0	680,000	0	0	1,480,000
Henry R. Kravis	40,000	0	0	0	0	0	40,000
Scott C. Nuttall	40,000	0	0	0	0	0	40,000
Tagar C. Olson	40,000	0	0	0	0	0	40,000

FDC Directors do not receive compensation. However, all of the Directors of FDC are also Directors of FDC's parent company, Holdings. The Board of Directors of Holdings has approved an annual cash retainer for each non-employee director of Holdings, other than Mr. Forehand, of $40,000 per year.

All Directors other than Mr. Forehand are eligible to defer up to $40,000 of their retainer in the First Data Holdings Inc. 2008 Non-Employee Director Deferred Compensation Plan and each such Director elected to defer $40,000 of their retainer earned in 2012. Deferrals in the Non-Employee Director Deferred Compensation Plan track the value of shares of Holdings and are payable to participants only upon Separation of Service or Death.

(1) On November 8, 2012, James Fisher informed the Company, that he did not intend to run for re-election as a member of the First Data Corporation Board of Directors. His term expired on December 31, 2012.

(2) Mr. Forehand received a non-executive Chairman Compensation package from Holdings consisting of $800,000 per year payable in monthly installments and an annual bonus determined at the discretion of the Holdings Committee, with a target amount of $800,000. Based on the 85% company performance factor in 2012, his 2012 bonus was $680,000.

Reimbursements

Directors are reimbursed for their expenses incurred in attending Board, committee and shareholder meetings, including those for travel, meals and lodging. Directors are also reimbursed for their expenses incurred in attending director education programs.

Indemnification

The Company's Certificate of Incorporation provides that the Company shall indemnify and hold harmless each director to the fullest extent permitted or authorized by the General Corporation Law of the State of Delaware.

REPORT OF THE GOVERNANCE, COMPENSATION AND NOMINATIONS COMMITTEE

The Governance, Compensation and Nominations Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Governance, Compensation and Nominations Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

GOVERNANCE, COMPENSATION AND NOMINATIONS COMMITTEE
Scott C. Nuttall (Chairperson)
Henry R. Kravis
Joe W. Forehand

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non Qualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
Jonathan J. Judge, Chief Executive Officer	2012	1,500,000	1,912,500	500,001	531,333	0	0	389,841	4,833,675
	2011	1,500,000	2,137,500	125,001	146,249	0	0	662,524	4,571,274
	2010	375,000	5,567,123	0	6,304,000	0	0	147,997	12,394,120
Ray E. Winborne, Executive Vice President & Chief Financial Officer	2012	600,000	510,000	249,999	265,667	0	0	30,926	1,656,592
	2011	595,833	570,000	240,000	1,739,850	0	0	27,707	3,173,390
	2010	479,744	613,068	0	187,088	0	0	38,603	1,318,503
Edward A. Labry III, Executive Vice President	2012	1,000,000	1,062,500	300,000	318,800	0	0	209,121	2,890,421
	2011	1,000,000	1,187,500	300,000	351,000	0	0	173,243	3,011,743
	2010	812,500	2,113,281	3,750,000	14,002,500	0	0	65,634	20,743,915
John Elkins, Executive Vice President	2012	616,667	664,063	275,001	292,233	0	0	27,418	1,875,382
	2011	570,833	682,183	240,000	280,800	0	0	25,665	1,799,481
	2010	550,000	467,500	0	1,678,000	0	0	25,665	2,721,165
Kevin M. Kern, Executive Vice President	2012	575,000	488,750	249,999	265,667	0	0	31,317	1,610,733
	2011	570,833	546,250	262,500	307,125	0	0	26,066	1,712,774
	2010	487,500	478,958	300,000	1,197,825	0	0	31,514	2,495,797

(1) In 2012, payouts under the Senior Executive Incentive Plan were determined by The Committee using a Company performance factor of 85%; reported as bonus due to the discretionary nature of the funding determination for 2012.

(2) The table reflects the grant date fair value of all restricted shares used for financial reporting purposes and awarded under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. For further information on stock awards granted in 2012, see the Grant of Plan-Based Awards Table.

(3) The table reflects the grant date fair value of all stock options used for financial reporting purposes and awarded under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. See Note 13 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for the year ended December 31, 2012 for a discussion of the relevant assumptions used in calculating grant date fair value. For further information on options granted in 2012, see the Grant of Plan-Based Awards Table.

(4) During 2012, no executive officer participated in a Non-Qualified Deferred Compensation plan.

(5) Full explanation of these amounts is provided in the Perquisite and Personal Benefits Table and accompanying footnotes.

PERQUISITE AND PERSONAL BENEFITS

Name	Year	Financial Planning ($) (1)	Employee Stock Purchase Plan ($)	Defined Contribution Plans ($) (2)	Non-Qualified Deferred Compensation Earnings ($)	Life Insurance ($) (3)	Tax Gross Up Payments ($) (4)	Severance Payments ($) (5)	Relocation Benefits ($) (5)	Other Compensation ($) (6)	Total ($)
Jonathan J. Judge	2012	20,000	0	8,750	0	4,902	52,141	0	2,810	301,238	389,841
	2011	20,000	0	8,575	0	4,902	193,188	$ 0	329,191	106,668	662,524
	2010	20,000	0	5,625	0	613	20,091	$ 0	5,000	96,668	147,997
Ray E. Winborne	2012	10,000		8,750		660	8,923			2,593	30,926
	2011	10,000	0	8,575	0	570	6,963	0	0	1,599	27,707
	2010	20,000	0	8,575	0	420	9,608	0	0	0	38,603
Edward A. Labry III	2012	10,000	0	8,750	0	1,710	47,827	0	23,612	117,222	209,121
	2011	10,000	0	8,575	0	1,260	30,297	0	10,268	112,843	173,243
	2010	10,000	0	8,575	0	1,260	8,267	0	0	37,532	65,634
John Elkins	2012	10,000	0	8,750	0	4,158	4,510	0	0	0	27,418
	2011	10,000	0	8,575	0	2,580	4,510	0	0	0	25,665
	2010	10,000	0	8,575	0	2,580	4,510	0	0	0	25,665
Kevin Kern	2012	10,000	0	8,750	0	2,709	7,315	0	0	2,543	31,317
	2011	10,000	0	0	0	2,580	11,286	0	0	2,200	26,066
	2010	20,000	0	0	0	1,806	9,708	0	0	0	31,514

(1) Executive officers are eligible to receive an annual cash benefit for personal financial planning. These benefits are grossed-up for taxes and the gross-up payment is reported in the Tax Gross Up Payments column.
(2) For all Executives, this column represents company contributions in the First Data Corporation Incentive Savings Plan ("ISP"), a qualified 401(k) plan. The ISP is described in the Compensation Discussion and Analysis.
(3) Includes the value of imputed income on life insurance premiums paid by the Company.
(4) For 2012, amounts include all tax gross up payments related to financial planning, personal corporate aircraft usage and relocation. These tax gross-up amounts are respectively as follows: Mr. Judge $9,608/$40,460/$2,073; Mr. Winborne $4,804/$4,119/$0; Mr. Labry $4,804/$43,023/$0; and Mr. Elkins $4,510/$0/$0; and Mr. Kern $4,804/$2,511/$0
(5) Mr. Judge received relocation benefits in the amount of $2,810. Mr. Labry received relocation benefits in the amount of $23,612 for transportation and storage of home goods.
(6) Messrs. Judge and Labry received value from personal use of corporate aircraft in the amounts of $298,780; and $114,764 respectively. These amounts represent the incremental cost associated with the personal use of the aircraft by each of the named executive officers. The calculation of incremental cost for personal use of the corporate aircraft includes the average hourly variable costs of operating the aircraft for the year attributed to the named executive officer's personal flight activity. In addition, Messrs. Judge, Winborne, Labry, and Kern have the following amounts reported for costs associated with guests of Named Executive Officers that attended FDC's President Club, $2,458, $2,593, $2,458, and $2,543, respectively.

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plans (1)	Estimated Future Payouts Under Equity Incentive Plans (1)	All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards ($)	Grant Date Fair Value of Stock and Option Awards ($) (4)	Market Close Price per Share ($)
Jonathan J. Judge	3/3/2012			166,667			500,001	3.00
	3/3/2012				333,333	3.00	531,333	3.00
Ray E. Winborne	3/3/2012			83,333			249,999	3.00
	3/3/2012				166,667	3.00	265,667	3.00
Edward A. Labry III	3/3/2012			100,000			300,000	3.00
	3/3/2012				200,000	3.00	318,800	3.00
John Elkins	3/3/2012			91,667			275,001	3.00
	3/3/2012				183,333	3.00	292,233	3.00
Kevin Kern	3/3/2012			83,333			249,999	3.00
	3/3/2012				166,667	3.00	265,667	3.00

(1) No executive officers were eligible for any Estimated Future Payouts under Non-Equity or Equity Incentive Plans during 2012.

(2) Grants reflected in this column are grants of Restricted Stock made under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. All restricted shares granted in 2012 vest only upon the latter of three years following the grant date and the lapse of transfer restrictions under the 2007 Equity Plan.

(3) Grants reflected in this column are grants of Stock Options made under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. The grant price was determined at the time of the grant by the Board, pursuant to their authority under the plan, to be $3.00. The option grant listed vests in equal annual installments, one-third per year, over a three year period from the grant date of March 3, 2012 and have a ten-year term and applies to all grants dated March 3, 2012.

(4) Grant Date Fair Value for restricted stock and options is based on their valuation for financial reporting purposes at the time of grant.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

		Option Awards					Stock Awards			
Name	Company (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Jonathan J. Judge	Holdings	0	*2,000,000	0	3.00	11/10/2020				
	Holdings	800,000	1,200,000	0	3.00	11/10/2020				
	Holdings	27,777	55,556	0	3.00	3/8/2021				
	Holdings	0	333,333	0	3.00	3/3/2022				
	Holdings						41,667	$ 145,835		
	Holdings						166,667	$ 583,335		
Ray E. Winborne	Holdings	0	*56,250	0	3.00	6/23/2020				
	Holdings	22,500	33,750	0	3.00	6/23/2020				
	Holdings	0	*443,750	0	3.00	2/1/2021				
	Holdings	177,500	266,250	0	3.00	2/1/2021				
	Holdings	53,333	106,667	0	3.00	3/8/2021				
	Holdings	0	166,667	0	3.00	3/3/2022				
	Holdings						80,000	$ 280,000		
	Holdings						83,333	$ 291,666		
Edward A. Labry III	Holdings	3,750,000	0	0	3.00	9/24/2017				
	Holdings	750,000	1,125,000	0	3.00	5/19/2020				
	Holdings	0	*5,625,000	0	3.00	5/19/2020				
	Holdings	1,125,000	750,000	0	3.00	9/23/2019				
	Holdings	66,666	133,334	0	3.00	3/8/2021				
	Holdings		200,000	0	3.00	3/3/2022				
	Holdings						1,250,000	$ 4,375,000		

Name	Company (1)	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
	Holdings						100,000	$ 350,000		
	Holdings						100,000	$ 350,000		
	WU	30,000	0	0	19.07	12/8/2014				
	WU	200,000	0	0	20.65	2/22/2016				
John Elkins	Holdings	0	*500,000	0	3.00	5/19/2020				
	Holdings	200,000	300,000	0	3.00	5/19/2020				
	Holdings	53,333	106,667	0	3.00	3/8/2021				
	Holdings		183,333	0	3.00	3/3/2022				
	Holdings						80,000	$ 280,000		
	Holdings						91,667	$ 320,835		
Kevin Kern	Holdings	0	*337,500	0	3.00	5/12/2020				
	Holdings	0	*112,500	0	3.00	5/19/2020				
	Holdings	135,000	90,000	0	3.00	9/1/2019				
	Holdings	45,000	67,500	0	3.00	5/12/2020				
	Holdings	60,000	90,000	0	3.00	5/19/2020				
	Holdings	67,500	45,000	0	3.00	9/23/2019				
	Holdings	58,333	116,667	0	3.00	3/8/2021				
	Holdings	0	166,667	0	3.00	3/3/2022				
	Holdings						100,000	350,000		
	Holdings						87,500	306,250		

Name	Company (1)	Option Awards					Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
	Holdings						83,333	291,666		

(1) Western Union ("WU") equity awards were granted under the 1992 and/or 2002 First Data Corporation Long-Term Incentive Plans in connection with the spin-off of Western Union from FDC in September 2006. At that time, one option of WU was granted for each FDC option held and strike prices were adjusted accordingly to provide equivalent value. All unvested Western Union Equity Awards became fully vested on September 24, 2007. All Holdings equity awards were granted under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates.

(2) Grants reflected in this column are grants of Stock Options made under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. For Messrs. Judge, Winborne, Labry, Elkins, and Kern the performance option grants (noted as "*") vests contingent upon attainment of EBITDA thresholds in any fiscal year through 2013 as follows, 25% if $2.8 billion is attained, 75% if $3.1 billion is attained and 100% if $3.4 billion is attained. All other option grants listed time-vest in equal annual installments 20% each year over a five year period. Also, on May 19, 2010, the strike price on all time-vested options granted to Messrs. Labry, Kern and Elkins in 2008 was modified from $5.00 to $3.00. March 2011and March 2012 stock option award vesting terms were changed and are described in footnote 3 of the Grants of Plan-Based Awards Table.

(3) All grants reflected in this column are awards of Restricted Stock made under the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. All restricted shares granted in 2010 vest only upon the lapse of transfer restrictions under the 2007 Equity Plan. March 2011 and March 2012 Restricted Stock Award vesting terms are described in footnote 2 of the Grants of Plan-Based Awards Table. Market value of the shares is based on the per share price of $3.50 as of December 31, 2012, as determined by the Board of Directors for purposes of the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates.

OPTION EXERCISES AND STOCK VESTED

Name	Company	Option Awards		Stock Awards	
		Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)

NOTHING TO REPORT

PENSION BENEFITS

During 2012, no executive officers participated in either a qualified or non-qualified defined benefit plan sponsored by FDC.

NON QUALIFIED DEFERRED COMPENSATION

During 2012, no executive officers participated in a non-qualified deferred compensation plan sponsored by FDC.

SEVERANCE BENEFITS (1)

Name	Cash Payments ($) (2)	Health & Welfare Benefits ($) (3)	Financial Planning ($) (4)	Unvested Stock Options ($) (5)	Unvested Restricted Stock ($) (6)	Estimated 280G Tax Gross Up ($)	Total ($)
Jonathan J. Judge	7,500,000	21,085	40,000	0	230,904	0	7,791,989
Ray E. Winborne	2,400,000	21,754	20,000	0	236,250	0	2,678,004
Edward A. Labry III	4,500,000	20,747	20,000	0	4,666,667	0	9,207,414
John Elkins	2,812,500	14,158	20,000	0	243,542	0	3,090,200
Kevin Kern	2,300,000	14,357	20,000	0	601,562	0	2,935,919

(1) Benefits are determined based on an assumed termination date of December 31, 2012 and the terms of the FDC Severance/Change in Control Policy, effective September 24, 2007 and amended in 2008. Executive officers are eligible to receive benefits under this plan following three months of service and in the event of an involuntary termination Not for Cause, Death or Disability, or in the event of a voluntary termination for Good Reason.

(2) Represents two times the sum of each executive's base salary and target bonus as of December 31, 2012.

(3) Represents the company-paid portion of Medical, Dental and Vision benefits for each executive for a period of two years.

(4) Represents the cash value of the financial planning benefit for each executive for a period of two years.

(5) Stock Option vesting is not accelerated under any of the severance scenarios.

(6) The terms of the Restricted Stock Awards issued during 2010 to Messrs. Labry and Kern provide that the entire award shall vest following a severance-eligible departure from the Company. The terms of the Restricted Stock Awards issued during 2011 and 2012 to all Named Officers provide that the award will vest based on number of months completed since grant divided by 36 months following a severance-eligible departure from the Company. Value based on December 31, 2012 fair market value of $3.50, as previously determined by the Committee.

Executive officers participate in the FDC Corporation Severance/Change in Control Policy (the "Policy"), which was most recently restated in 2007 and further amended in 2008 to incorporate legislative changes under Internal Revenue Code Section 409A. The Policy provides for the payment of benefits to executive officers upon severance from FDC and/or upon a change of control.

The Policy is intended to promote uniform treatment of senior executives who are involuntarily terminated other than for cause or who voluntarily leave the Company for Good Reason as defined under the 2007 Incentive Plan for Key Employees of First Data Corporation and its Affiliates. Under the Policy, no benefits are provided based solely on a Change in Control. The Policy provides for payment of the following severance benefits:

1. A cash payment equal to the executive officer's base pay plus target bonus multiplied by 2.
2. A cash payment equal to the executive officer's prorated bonus target for the year of termination.
3. A cash payment equal to the financial planning benefits to which the executive officer would have been entitled to during the two years following termination.

4. Continuation of medical, dental and vision benefits coverage for a period of 2 years, with a portion of the cost of the benefits paid by the executive officer.
5. A "Gross Up Payment" is made if it is determined that any Internal Revenue Code Section 280G parachute payments provided by the Company to, or on behalf of, an eligible executive would be subject to the excise tax imposed by Internal Revenue Code Section 4999. The Gross-up Payment is an amount so that after payment of all taxes the eligible executive retains an amount equal to the Excise Tax imposed by Internal Revenue Code Section 4999. Executives are eligible for this benefit regardless of whether their employment is terminated following the triggering Change in Control.

As a condition to receiving severance benefits under the Policy, all employees are required to release FDC and its employees from all claims they may have against them and agree to a number of restrictive covenants which are structured to protect FDC from potential loss of customers or employees and prohibit the release of confidential company information.

The actual payments under the policy are contingent upon many factors as of the time benefits would be paid, including elections by the executive and tax rates.

Compensation Committee Interlocks and Insider Participation

None of the Company's Governance, Compensation and Nominations Committee members have been an officer or employee of the Company at any time, except for Joe W. Forehand who was appointed acting CEO prior to the nomination of Jonathan J. Judge. During 2012, the Company had no compensation committee interlocks.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The Company does not have any compensation plans under which the Company's common stock may be issued. First Data Holdings Inc., the Company's parent company, has adopted the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates. The following table contains certain information regarding options, warrants or rights under the plan as of December 31, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	91,158,174	$ 3.00	11,006,854
Equity compensation plans not approved by security holders	—	—	—
Total	91,158,174	$ 3.00	11,006,854

Beneficial Ownership

All of the outstanding stock of First Data Corporation is held by First Data Holdings Inc. The following table sets forth, as of March 1, 2013, the beneficial ownership of common stock of First Data Holdings Inc. by each person known by the Company to beneficially own more than 5% of the equity securities of First Data Holdings Inc., each director, each Named Executive Officer and all directors and executive officers as a group. Unless otherwise indicated in the footnotes to this table, the Company believes that each person has sole voting and investment power of the shares.

Name	Number of Shares Beneficially Owned (1,2)	Percent of Class
New Omaha Holdings L.P. (3)	1,266,800,220	98%
Jonathan J. Judge	2,300,000	*
John Elkins	801,110	*
Kevin M. Kern	724,721	*
Edward A. Labry III (4)	8,924,999	*
Ray E. Winborne	706,804	*
Joe W. Forehand	1,833,333	*
Henry R. Kravis (3), (5)	0	*
Scott C. Nuttall (5)	0	*
Tagar C. Olson (5)	0	*
All directors and executive officers as a group (12 persons)	18,645,361	1%

* Less than one percent

(1) The number of shares reported includes shares covered by options that are exercisable within 60 days of March 1, 2013 as follows: Mr. Elkins 467,777; Mr. Forehand,1,500,000; Mr. Judge, 966,666; Mr. Kern, 524,721; Mr. Labry, 6,424,999 ; Mr. Winborne, 373,471; and all directors and executive officers as a group, 12,652,028.

(2) No shares are pledged as security except for 2,370,000 shares held by Mr. Labry.

(3) New Omaha Holdings L.P. is a limited partnership in which investment funds associated with Kohlberg Kravis Roberts & Co. L.P. and other co-investors own the limited partner interests. New Omaha Holdings LLC is the general partner of New Omaha Holdings L.P. KKR 2006 Fund L.P. is the sole member of New Omaha Holdings LLC. KKR Associates 2006 L.P. is the general partner of KKR 2006 Fund L.P. KKR 2006 GP LLC is the general partner of KKR 2006 Associates L.P. KKR Fund Holdings L.P. is the designated member of KKR 2006 GP LLC. KKR Fund Holdings GP Limited is a general partner of KKR Fund Holdings L.P. KKR Group Holdings L.P. is a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited. KKR Group Limited is the sole general partner of KKR Group Holdings L.P. KKR & Co. L.P. is the sole shareholder of KKR Group Limited. KKR Management LLC is the sole general partner of KKR & Co. L.P. Henry R. Kravis and George R. Roberts are the designated members of KKR Management LLC. In addition, Messrs. Kravis and Roberts have been designated as managers of KKR 2006 GP LLC by KKR Fund Holdings L.P. In such capacities, each of the aforementioned entities and individuals may be deemed to have voting and dispositive power with respect to the shares held by New Omaha Holdings L.P. but each such entity and individual disclaims beneficial ownership of the shares held by New Omaha Holdings L.P. The address of each of the entities listed in this footnote is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th, Street, New York, New York 10019.

(4) Includes the Labry Family Trust-2002 holdings of 130,000 shares and 253,500 additional shares covered by options that are exercisable within 60 days. Mr. Labry disclaims beneficial ownership of any shares owned directly or indirectly by the Labry Family Trust-2002, except to the extent of his pecuniary interest therein.

(5) Each of Messrs. Kravis, Nuttall and Olson is a member of the Company's board of directors and serves as an executive of Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates. Each of Messrs. Kravis, Nuttall and Olson disclaim beneficial ownership of the shares held by New Omaha Holdings L.P.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Policies Regarding the Approval of Transactions with Related Parties

Under the Company's Director Code of Conduct, each director must report to the Company's General Counsel upon learning of any prospective transaction or relationship in which the director will have a financial or personal interest (direct or indirect) that is with the Company, involves the use of Company assets, or involves competition against the Company (consistent with any confidentiality obligation the director may have). The General Counsel must then advise the Board of any such transaction or relationship and the Board must pre-approve any material transaction or relationship.

Under the Company's Code of Conduct, executive officers may not use their personal influence to get the Company to do business with a company in which they, their family members or their friends have an interest. In situations where an executive officer is in a position of influence or where a conflict of interest would arise, the prior approval of the General Counsel is required.

Certain Relationships and Related Transactions

First Data has a management agreement with affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR") (the "Management Agreement") pursuant to which KKR provides management, consulting, financial and other advisory services to the Company. Pursuant to the Management Agreement, KKR receives an aggregate annual management fee and reimbursement of out-of-pocket expenses incurred in connection with the provision of services. The Management Agreement has an initial term expiring on December 31, 2019, provided that the term will be extended annually thereafter unless the Company provides prior written notice of its desire not to automatically extend the term. The Management Agreement provides that KKR also is entitled to receive a fee equal to a percentage of the gross transaction value in connection with certain subsequent financing, acquisition, disposition and change of control transactions, as well as a termination fee based on the net present value of future payment obligations under the Management Agreement in the event of an initial public offering or under certain other circumstances. The Management Agreement terminates automatically upon the consummation of an initial public offering and may be terminated at any time by mutual consent of the Company and KKR. The Management Agreement also contains customary exculpation and indemnification provisions in favor of KKR and its affiliates. From January 1, 2012 through December 31, 2012, the Company paid $20.1 million of management fees.

On February 28, 2012, the Company entered into an Amended and Restated Engagement Letter with KCM and others, pursuant to which KCM agreed to assist in arranging and coordinating the Company's request for an extension of the maturity of certain commitments and loans under its senior secured lending facility. The Company paid KCM $0.6 million for such services.

In August 2012, September 2012 and January 2013, KKR Capital Markets LLC ("KCM") assisted the Company in arranging and coordinating the Company's request for an extension of the maturity of certain commitments and loans under its senior secured lending facility. The Company paid KCM $2.4 million for such services.

On March 9, 2012, the Company entered into a purchase agreement in which KCM agreed to serve as one of the initial purchasers for an offering of secured notes and receive a portion of the underwriting commission for the offering. Under the terms of the agreement, the Company paid underwriting commissions of $2.1 million to KCM.

On August 2, 2012, the Company entered into a purchase agreement in which KCM agreed to serve as one of the initial purchasers for an offering of secured notes and receive a portion of the underwriting commission for the offering. Under the terms of the agreement, the Company paid underwriting commissions of $3.4 million to KCM.

On September 13, 2012, the Company entered into a purchase agreement in which KCM agreed to serve as one of the initial purchasers for an offering of secured notes and receive a portion of the underwriting commission for the offering. Under the terms of the agreement, the Company paid underwriting commissions of $1.6 million to KCM.

On January 30, 2013, the Company entered into a purchase agreement in which KCM agreed to serve as one of the initial purchasers for an offering of unsecured notes and receive a portion of the underwriting commission for the offering. Under the terms of the agreement, the Company paid underwriting commissions of $1.5 million to KCM.

From January 1, 2012 through December 31, 2012, the Company paid $12.3 million of expenses to Capstone Consulting LLC, a consulting company that works exclusively with KKR's portfolio companies, for consulting, financial and other advisory services to the Company.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company retained Ernst & Young LLP to audit the accounts of the Company and its subsidiaries for 2012 and 2011. Ernst & Young LLP has served as the independent registered public accounting firm for the Company or its predecessor entities since 1980.

Summary of Principal Accountant's Fees for 2012 and 2011

Audit Fees.

Ernst & Young LLP's fees for the Company's annual audit were $7.0 million in 2012 and $6.9 million in 2011. Audit fees primarily include fees related to the audit of the Company's annual consolidated financial statements; the review of its quarterly consolidated financial statements; statutory audits required domestically and internationally; comfort letters, consents, and assistance with and review of documents filed with the SEC; offering memoranda, purchase accounting and other accounting and financial reporting consultation and research work billed as audit fees or necessary to comply with the standards of the Public Company Accounting Oversight Board (United States).

Audit-Related Fees.

Ernst & Young LLP's fees for audit-related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements were $2.7 million in 2012 and $1.9 million in 2011. Audit-related fees primarily include fees related to service auditor examinations, due diligence related to mergers and acquisitions, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards not classified as audit fees.

Tax Fees.

Ernst & Young LLP's fees for tax compliance, tax advice and tax planning services to the Company were $0.7 million in 2012 and $0.6 million in 2011.

All Other Fees.

The Company did not pay Ernst & Young LLP any fees for all other professional services in 2012 or 2011.

Audit Committee Pre-approval of Service of Independent Registered Public Accounting Firm

The Audit Committee has established a policy to pre-approve all audit and non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pursuant to the policy, the Audit Committee annually reviews and pre-approves services that may be provided by the independent registered public accounting firm for each audit year. The pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. Once pre-approved, the services and pre-approved amounts are monitored against actual charges incurred and modified if appropriate. The Chairperson of the Committee has the authority to pre-approve such services between meetings of the Audit Committee and reports such pre-approvals to the Audit Committee at the next regularly scheduled meeting.

During 2012, all audit and non-audit services provided by Ernst & Young LLP were pre-approved by the Audit Committee of the Board of Directors or, consistent with the pre-approval policy of the Audit Committee, by the Chairperson of the Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

(1) Financial Statements

See Index to Financial Statements on page 56.

(2) Financial Statement Schedules

See Index to Financial Statements on page 56.

(3) Those exhibits required by Item 601 of Regulation S-K and by paragraph (b) below.

(b) The following exhibits are filed as part of this Annual Report or, where indicated, were heretofore filed and are hereby incorporated by reference:

EXHIBIT NO.	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of April 1, 2007, among New Omaha Holdings L.P., Omaha Acquisition Corporation and First Data Corporation (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on April 2, 2007, Commission File No. 1-11073).
3(i)	Restated Certificate of Incorporation of First Data Corporation (incorporated by reference to Exhibit 3(i) of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
3(ii)	Company's By-laws (incorporated by reference to Exhibit 3(ii) of the Company's Quarterly Report on Form 10-Q filed on May 13, 2011, Commission File No. 1-11073).
4.1	Indenture dated as of March 26, 1993 between the Company and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3 filed on June 3, 1994, Commission File No. 1-11073 (Registration No. 33-74568)).
4.2	2007 Supplemental Indenture, dated as of August 22, 2007, between First Data Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on August 28, 2007, Commission File No. 1-11073).
4.3	Indenture, dated as of October 24, 2007, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the 9.875% Senior Notes (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
4.4	Senior Indenture, dated as of September 24, 2008, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the Senior Notes due 2015 and Senior PIK Notes due 2015 (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2008, Commission File No. 1-11073).
4.5	Senior Subordinated Indenture, dated as of September 24, 2008, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the Senior Subordinated Notes due 2016 (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2008, Commission File No. 1-11073).
4.6	Indenture, dated as of August 20, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.875% Senior Secured Notes Due 2020 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 26, 2010).
4.7	Pledge Agreement, dated as of August 20, 2010, among the Company, the other pledgors named therein and Wells

Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on August 26, 2010).

4.8	Security Agreement, dated as of August 20, 2010, among the Company, the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on August 26, 2010).
4.9	Indenture, dated as of December 17, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.25% Senior Second Lien Notes due 2021 and the 8.75/10.00% PIK Toggle Senior Second Lien Notes due 2022 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.10	Indenture, dated as of December 17, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 12.625% Senior Notes due 2021 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.11	Pledge Agreement, dated as of December 17, 2010, among the Company, the other pledgors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.12	Security Agreement, dated as of December 17, 2010, among the Company, the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.13	Indenture, dated as of April 13, 2011, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 7.375% Senior Secured Notes due 2019 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 13, 2011).
4.14	2012 Extension Agreement, dated as of March 13, 2012, among the Company, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed March 26, 2012).
4.15	First Supplemental Indenture, dated as March 23, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the additional 7.375% Senior Secured Notes due 2019 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed March 26, 2012).
4.16	Indenture, dated as August 16, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 6.750% Senior Secured Notes due 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 20, 2012).
4.17	First Supplemental Indenture, dated as September 27, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the additional 6.750% Senior Secured Notes due 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 2, 2012).
4.18	Indenture, dated as of February 13, 2013, by and among First Data Corporation, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 11.25% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 13, 2013).
10.1	Credit Agreement, dated as of September 24, 2007, as amended and restated as of September 28, 2007 among First Data Corporation, the several lenders from time to time parties thereto, Credit Suisse, Cayman Islands Branch, as administrative agent, swingline lender and letter of credit issuer, Citibank, N.A., as syndication agent, and Credit Suisse Securities (USA) LLC, Citigroup Global Markets, Inc., Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P., HSBC Securities (USA) Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and bookrunners (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K filed on March 13, 2008, Commission File No. 1-11073).

10.2	Guarantee Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.3	Pledge Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein, and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.4	Security Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein, and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.5	Amendment Agreement, dated as of August 10, 2010, among First Data Corporation, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement, Exhibit B - Form of First Lien Intercreditor Agreement, Exhibit C - Form of Second Lien Intercreditor Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 16, 2010).
10.6	2011 Extension Agreement, dated as of March 24, 2011, among the Company, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 13, 2011).
10.7	2012 August Extension Agreement, dated as of August 16, 2012, among First Data Corporation, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 20, 2012).
10.8	September 2012 Joinder Agreement, dated as of September 27, 2012, among the Company, certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as initial lender, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit B - Marked Pages of the Conformed Credit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 2, 2012).
10.9	Registration Rights Agreement, dated as of February 13, 2013, by and among First Data Corporation, the guarantors named therein and the several initial purchasers with respect to the 11.25% Senior Notes due 2021 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 13, 2013).
10.10	February 2013 Joinder Agreement, dated as of February 13, 2013, among First Data Corporation, certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as initial lender, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit B - Marked Pages of the Conformed Credit Agreement (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on February 13, 2013).
10.11	Management Agreement, dated September 24, 2007, among First Data Corporation, Kohlberg Kravis Roberts & Co. L.P. and New Omaha Holdings L.P. (incorporated by reference to Exhibit 10.10 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
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(1) Filed herewith

(2) These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST DATA CORPORATION
(Registrant)

By: /S/ EDWARD A. LABRY III
Edward A. Labry III
Chief Executive Officer

Date: March 19, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/S/ EDWARD A. LABRY III **Edward A. Labry III**	Chief Executive Officer (Principal Executive Officer)	March 19, 2013
/S/ RAY E. WINBORNE **Ray E. Winborne**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 19, 2013
/S/ BARRY D. COOPER **Barry D. Cooper**	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 19, 2013
/S/ JOE W. FOREHAND **Joe W. Forehand**	Director and Chairman of the Board	March 19, 2013
/S/ HENRY R. KRAVIS **Henry R. Kravis**	Director	March 19, 2013
/S/ SCOTT C. NUTTALL **Scott C. Nuttall**	Director	March 19, 2013
/S/ TAGAR C. OLSON **Tagar C. Olson**	Director	March 19, 2013

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of April 1, 2007, among New Omaha Holdings L.P., Omaha Acquisition Corporation and First Data Corporation (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on April 2, 2007, Commission File No. 1-11073).
3(i)	Restated Certificate of Incorporation of First Data Corporation (incorporated by reference to Exhibit 3(i) of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
3(ii)	Company's By-laws (incorporated by reference to Exhibit 3(ii) of the Company's Quarterly Report on Form 10-Q filed on May 13, 2011, Commission File No. 1-11073).
4.1	Indenture dated as of March 26, 1993 between the Company and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3 filed on June 3, 1994, Commission File No. 1-11073 (Registration No. 33-74568)).
4.2	2007 Supplemental Indenture, dated as of August 22, 2007, between First Data Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on August 28, 2007, Commission File No. 1-11073).
4.3	Indenture, dated as of October 24, 2007, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the 9.875% Senior Notes (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
4.4	Senior Indenture, dated as of September 24, 2008, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the Senior Notes due 2015 and Senior PIK Notes due 2015 (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2008, Commission File No. 1-11073).
4.5	Senior Subordinated Indenture, dated as of September 24, 2008, between First Data Corporation, the subsidiaries of First Data Corporation identified therein and Wells Fargo Bank, National Association, as trustee, governing the Senior Subordinated Notes due 2016 (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2008, Commission File No. 1-11073).
4.6	Indenture, dated as of August 20, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.875% Senior Secured Notes Due 2020 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 26, 2010).
4.7	Pledge Agreement, dated as of August 20, 2010, among the Company, the other pledgors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on August 26, 2010).
4.8	Security Agreement, dated as of August 20, 2010, among the Company, the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on August 26, 2010).
4.9	Indenture, dated as of December 17, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.25% Senior Second Lien Notes due 2021 and the 8.75/10.00% PIK Toggle Senior Second Lien Notes due 2022 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.10	Indenture, dated as of December 17, 2010, among the Company, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 12.625% Senior Notes due 2021 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.11	Pledge Agreement, dated as of December 17, 2010, among the Company, the other pledgors named therein and

Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on December 22, 2010).

4.12	Security Agreement, dated as of December 17, 2010, among the Company, the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed on December 22, 2010).
4.13	Indenture, dated as of April 13, 2011, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 7.375% Senior Secured Notes due 2019 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 13, 2011).
4.14	2012 Extension Agreement, dated as of March 13, 2012, among the Company, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed March 26, 2012).
4.15	First Supplemental Indenture, dated as March 23, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the additional 7.375% Senior Secured Notes due 2019 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed March 26, 2012).
4.16	Indenture, dated as August 16, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 6.750% Senior Secured Notes due 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 20, 2012).
4.17	First Supplemental Indenture, dated as September 27, 2012, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the additional 6.750% Senior Secured Notes due 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 2, 2012).
4.18	Indenture, dated as of February 13, 2013, by and among First Data Corporation, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 11.25% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 13, 2013).
10.1	Credit Agreement, dated as of September 24, 2007, as amended and restated as of September 28, 2007 among First Data Corporation, the several lenders from time to time parties thereto, Credit Suisse, Cayman Islands Branch, as administrative agent, swingline lender and letter of credit issuer, Citibank, N.A., as syndication agent, and Credit Suisse Securities (USA) LLC, Citigroup Global Markets, Inc., Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P., HSBC Securities (USA) Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and bookrunners (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K filed on March 13, 2008, Commission File No. 1-11073).
10.2	Guarantee Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.3	Pledge Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein, and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.4	Security Agreement, dated September 24, 2007, among First Data Corporation, the subsidiaries of First Data Corporation identified therein, and Credit Suisse, Cayman Islands Branch, as Collateral Agent (incorporated by reference to Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q filed on November 14, 2007, Commission File No. 1-11073).
10.5	Amendment Agreement, dated as of August 10, 2010, among First Data Corporation, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative

agent, including: Exhibit A - Marked Pages of Credit Agreement, Exhibit B - Form of First Lien Intercreditor Agreement, Exhibit C - Form of Second Lien Intercreditor Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 16, 2010).

10.6	2011 Extension Agreement, dated as of March 24, 2011, among the Company, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 13, 2011).
10.7	2012 August Extension Agreement, dated as of August 16, 2012, among First Data Corporation, certain of its subsidiaries, certain of the lenders under the Credit Agreement, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit A - Marked Pages of Credit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 20, 2012).
10.8	September 2012 Joinder Agreement, dated as of September 27, 2012, among the Company, certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as initial lender, and Credit Suisse AG, Cayman Islands Branch, as administrative agent, including: Exhibit B - Marked Pages of the Conformed Credit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 2, 2012).
10.9	Registration Rights Agreement, dated as of February 13, 2013, by and among First Data Corporation, the guarantors named therein and the several initial purchasers with respect to the 11.25% Senior Notes due 2021 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 13, 2013).
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Exhibit 10.16

MANAGEMENT STOCKHOLDER'S AGREEMENT

This Management Stockholder's Agreement (this "Agreement") is entered into as of the date reflected on the associated Award Notice among First Data Holdings Inc., a Delaware corporation (the "Company"), New Omaha Holdings L.P., a Delaware limited partnership ("Parent"), and the undersigned person (the "Management Stockholder") (the Company, Parent and the Management Stockholder being hereinafter collectively referred to as the "Parties"). All capitalized terms not immediately defined are hereinafter defined in Section 7(b) of this Agreement.

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of April 1, 2007 by and among Parent, Omaha Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of Parent ("Merger Sub"), and First Data Corporation, as the same may be amended (the "Merger Agreement"), and subject to the terms and conditions set forth in the Merger Agreement, Merger Sub merged on September 24, 2007 with and into First Data Corporation (the "Merger"), with First Data Corporation surviving as a wholly owned subsidiary of the Company;

WHEREAS, in connection with the Merger, KKR 2006 Fund L.P. and its affiliated investment funds and certain other co-investors (collectively, the "Investors") contributed certain funds to Parent in exchange for limited partnership units of Parent;

WHEREAS, in connection with the Merger, the Management Stockholder has been selected (i) to receive options to purchase shares of Common Stock (together with any other options the Management Stockholder may otherwise be granted in the future, the "Options") pursuant to the terms set forth below and the terms of the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates (the "Option Plan") and the Stock Option Agreement dated as of the date hereof, entered into by and between the Company and the Management Stockholder (together with any other option agreements entered into by the Management Stockholder and the Company in the future, the "Stock Option Agreements") and/or (ii) receive Restricted Stock pursuant to the terms set forth below ("Restricted Stock"), the terms of the "Option Plan" and the Restricted Stock Agreement dated as of the date hereof, entered into by and between the Company and the Management Stockholder (together with any other Restricted Stock agreements entered into by the Management Stockholder and the Company in the future, the "Restricted Stock Agreements"); and

WHEREAS, this Agreement is one of several other agreements ("Other Management Stockholders Agreements") which concurrently with the execution hereof or in the future will be entered into between the Company and other individuals who are or will be key employees of the Company or one of its subsidiaries (collectively, the "Other Management Stockholders").

NOW THEREFORE, to implement the foregoing and in consideration of the mutual agreements contained herein, the Parties agree as follows:

1. <u>New Options and Restricted Stock.</u>

   (a) Subject to the terms and conditions hereinafter set forth and as set forth in the Option Plan, as of the date hereof the Company is granting to the Management Stockholder Options to acquire such number of shares of Common Stock, and at such exercise prices, as set forth in such Management Stockholder's Stock Option Agreement which the Parties shall execute and deliver to each other copies of concurrently with the issuance of such Options.

   (b) Subject to the terms and conditions hereinafter set forth and as set forth in the Restricted Stock Agreement, as of the date hereof the Company is granting to the Management Stockholder Restricted Stock as set forth in such Management Stockholder's Restricted Stock Agreement which the Parties shall execute and deliver to each other copies of concurrently with the grant of such Restricted Stock.

2. Management Stockholder's Representations, Warranties and Agreements.

(a) The Management Stockholder agrees and acknowledges that he will not, directly or indirectly, offer, transfer, sell, assign, pledge, hypothecate or otherwise dispose of (any of the foregoing acts being referred to herein as a "transfer") any shares of Restricted Stock or, at the time of exercise, Common Stock issuable upon exercise of Options ("Option Stock"; together with all Restricted Stock and any other Common Stock otherwise acquired and/or held by the Management Stockholder Entities as of or after the date hereof, whether pursuant to the exercise of Options or otherwise, the "Stock"), except as provided in this Section 2(a) below and Section 3 hereof. If the Management Stockholder is an Affiliate of the Company, the Management Stockholder also agrees and acknowledges that he or she will not transfer any shares of the Stock unless:

(i) the transfer is pursuant to an effective registration statement under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder (the "Act"), and in compliance with applicable provisions of state securities laws; or

(ii) (A) counsel for the Management Stockholder (which counsel shall be reasonably acceptable to the Company) shall have furnished the Company with an opinion or other advice, reasonably satisfactory in form and substance to the Company, that no such registration is required because of the availability of an exemption from registration under the Act; provided that such opinion of counsel or other advice shall not be required if such transfer is pursuant to a Proposed Sale, as defined in the Sale Participation Agreement and (B) if the Management Stockholder is a citizen or resident of any country other than the United States, or the Management Stockholder desires to effect any transfer in any such country, counsel for the Management Stockholder (which counsel shall be reasonably satisfactory to the Company) shall have furnished the Company with an opinion or other advice reasonably satisfactory in form and substance to the Company to the effect that such transfer will comply with the securities laws of such jurisdiction; provided that such opinion of counsel or other advice shall not be required if such transfer is pursuant to a Proposed Sale.

Notwithstanding the foregoing, the Company acknowledges and agrees that any of the following transfers of Stock are deemed to be in compliance with the Act and this Agreement (including without limitation any restrictions or prohibitions herein), and no opinion or advice of counsel or other advisor is required in connection therewith: (1) a transfer made pursuant to Section 3, 4, 5, 6 or 9 hereof, (2) a transfer (x) upon the death or Disability of the Management Stockholder to the Management Stockholder's Estate or (y) to the executors, administrators, testamentary trustees, legatees, immediate family members or beneficiaries of a person who has become a holder of Stock in accordance with the terms of this Agreement; provided that it is expressly understood that any such transferee shall be bound by the provisions of this Agreement, (3) a transfer made after the Closing Date in compliance with the federal securities laws to a Management Stockholder's Trust; provided that such transfer is made expressly subject to this Agreement and that the transferee agrees in writing to be bound by the terms and conditions hereof as a "Management Stockholder" with respect to the representations and warranties and other obligations of this Agreement; and provided further that it is expressly understood and agreed that if such Management Stockholder's Trust at any point includes any person or entity other than the Management Stockholder, his spouse (or ex-spouse) or his lineal descendants (including adopted children) such that it fails to meet the definition thereof as set forth in Section 7(b) hereof, such transfer shall no longer be deemed in compliance with this Agreement and shall be subject to 3(b) below, (4) a transfer of Stock made by the Management Stockholder to Other Management Stockholders; provided that it is expressly understood that any such transferee(s) shall be bound by the provisions of this Agreement (in addition to the provisions set forth in an Other Management Stockholders Agreement to which such Other Management Stockholders are a party), and (5) a transfer made by the Management Stockholder, with the Board's approval, to the Company or any subsidiary of the Company.

(b) The certificate (or certificates) representing the Stock, if any, shall bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR

OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE MANAGEMENT STOCKHOLDER'S AGREEMENT BETWEEN FIRST DATA HOLDINGS INC. (THE "COMPANY") AND THE MANAGEMENT STOCKHOLDER NAMED ON THE FACE HEREOF OR THE SALE PARTICIPATION AGREEMENT AMONG SUCH MANAGEMENT STOCKHOLDER AND NEW OMAHA HOLDINGS, L.P., IN EACH CASE DATED AS OF [DATE, 20] (COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY) AND ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT."

(c) The Management Stockholder acknowledges that he has been advised that (i) the shares of Stock are characterized as "restricted securities" under the Act inasmuch as they are being acquired from the Company in a transaction not involving a Public Offering and that under the Act (including applicable regulations) the Stock may be resold without registration under the Act only in certain limited circumstances, (ii) a restrictive legend in the form heretofore set forth shall be placed on the certificates (if any) representing the Stock and (iii) a notation shall be made in the appropriate records of the Company indicating that the Stock is subject to restrictions on transfer and appropriate stop transfer restrictions will be issued to the Company's transfer agent with respect to the Stock.

(d) If any shares of the Stock are to be disposed of in accordance with Rule 144 under the Act or otherwise, the Management Stockholder shall promptly notify the Company of such intended disposition and shall deliver to the Company at or prior to the time of such disposition such documentation as the Company may reasonably request in connection with such sale and take any actions reasonably requested by the Coordination Committee prior to any such sale (provided that such instructions shall not have a disproportionate adverse impact on any Management Stockholder vis-à-vis any other stockholders of the Company or limited partners of Parent) and, in the case of a disposition pursuant to Rule 144, shall deliver to the Company an executed copy of any notice on Form 144 required to be filed with the SEC.

(e) The Management Stockholder agrees that, if any shares of the Stock are offered to the public pursuant to an effective registration statement under the Act (other than registration of securities issued on Form S-8, S-4 or any successor or similar form), the Management Stockholder will not effect any public sale or distribution of any shares of the Stock not covered by such registration statement from the time of the receipt of a notice from the Company that the Company has filed or imminently intends to file such registration statement to, or within 180 days (or such shorter period as may be consented to by the managing underwriter or underwriters) in the case of the initial Public Offering and ninety (90) days (or in an underwritten offering such shorter period as may be consented to by the managing underwriter or underwriters, if any) in the case of any other Public Offering after the effective date of such registration statement, unless otherwise agreed to in writing by the Company, provided, however, in no event shall the period during which the Management Stockholders shall be restricted from selling under this paragraph (e) be longer than the period imposed upon the Sponsors.

(f) The Management Stockholder represents and warrants that (i) with respect to the Restricted Stock and Options, the Management Stockholder has received and reviewed the available information relating to such Restricted Stock and Options, including having received and reviewed the documents related thereto, certain of which documents set forth the rights, preferences and restrictions relating to the Options and the Restricted Stock underlying the Options and (ii) the Management Stockholder has been given the opportunity to obtain any additional information or documents and to ask questions and receive answers about such information, the Company and the business and prospects of the Company which the Management Stockholder deems necessary to evaluate the merits and risks related to the Management Stockholder's investment in the Stock and to verify the information contained in the information received as indicated in this Section 2(f), and the Management Stockholder has relied solely on such information.

(g) The Management Stockholder further represents and warrants that (i) the Management Stockholder's financial condition is such that the Management Stockholder can afford to bear the economic risk of holding the Stock for an indefinite period of time and has adequate means for providing for the Management Stockholder's current needs and personal contingencies, (ii) the Management Stockholder can afford to suffer a complete loss of his or her investment in the Stock, (iii) the Management Stockholder understands and has taken cognizance of all risk factors related to the Stock, (iv) the Management Stockholder's knowledge and experience in financial and business matters are such that the Management Stockholder is capable of evaluating the merits and risks of the Stock as contemplated by this Agreement.

3. Transferability of Stock.

(a) The Management Stockholder agrees that he or she will not transfer any shares of Stock at any time during the period commencing on the date hereof and ending on the fifth anniversary of the Closing Date; provided, however, the Management Stockholder may transfer shares of Stock during such time pursuant to one of the following exceptions: (i) transfers permitted by Section 5 or 6; (ii) transfers permitted by clauses (2), (3), (4) and (5) of Section 2(a); (iii) a sale of shares of Common Stock pursuant to an effective registration statement under the Act filed by the Company upon the proper exercise of registration rights of such Management Stockholder under Section 9 (excluding any registration on Form S-8, S-4 or any successor or similar form); (iv) transfers permitted pursuant to the Sale Participation Agreement (as defined in Section 7(b)); (v) transfers permitted by the Board or (vi) transfers to Parent or its designee (any such exception, a "Permitted Transfer"); provided, further, that following the consummation of a Qualified Public Offering, if the Selling Entities (as defined in the Sale Participation Agreement) transfer, directly or indirectly, for cash or any other consideration any shares of Common Stock owned by any such Selling Entity (other than pursuant to the Registration Rights Agreement), the Management Stockholder shall be entitled to transfer (without giving effect to any restrictions included herein) a number of shares of Common Stock that the Management Stockholder would have been able to transfer in such sale pursuant to Section 2 of the Sale Participation Agreement had it occurred prior to a Qualified Public Offering but treating all unexercisable Options, to the extent such Options would have become exercisable as a result of the consummation of the sale, as exercisable. In addition, during the period commencing on the fifth anniversary of the Closing Date through the earlier of a Change of Control or consummation of a Qualified Public Offering, the Management Stockholder may only transfer shares of Stock in compliance with Section 4 or pursuant to the Sale Participation Agreement.

(b) No transfer of any such shares in violation hereof shall be made or recorded on the books of the Company and any such transfer shall be void ab initio and of no effect.

(c) Notwithstanding anything to the contrary herein, Parent may, at any time and from time to time, waive the restrictions on transfers contained in Section 3(a), whether such waiver is made prior to or after the transferee has effected or committed to effect the transfer, or has notified the Investors of such transfer or commitment to transfer. Any transfers made pursuant to such waiver or which are later made subject to such a waiver shall, as of the date of the waiver and at all times thereafter, not be deemed to violate any applicable restrictions on transfers contained in this Agreement.

4. Right of First Refusal.

(a) If, at any time after the fifth anniversary of the Closing Date and prior to the earlier to occur of a Change of Control or consummation of a Qualified Public Offering, the Management Stockholder proposes to transfer any or all of the Management Stockholder's Stock to a third party (any such third party, the "ROFR Transferee") (other than any transfer pursuant to clauses (1), (2), (3), (4) or (5) of Section 2(a), to the extent made to a third party), the Management Stockholder shall notify the Company in writing of the Management Stockholder's intention to transfer such Stock (such written notice, a "ROFR Notice"). The ROFR Notice shall include a true and correct description of the number of shares of Stock to be transferred and the material terms of such proposed transfer and a copy of any proposed documentation to be entered into with any ROFR Transferee in respect of such transfer and shall contain an irrevocable offer to sell such Stock to the Company or its designees (as provided below) (in the manner set forth below) at a purchase price equal to the minimum price at which the Management Stockholder proposes to transfer such Stock to any ROFR Transferee and on substantially the same terms and conditions as the proposed transfer. At any time within twenty (20) days after the date of the receipt by the Company of the ROFR Notice, the Company shall have the right and option to purchase, or to arrange for a subsidiary, third party or Affiliate to purchase, all (but not less than all) of the shares of Stock proposed to be transferred to a ROFR Transferee, pursuant to Section 4(b).

(b) The Company shall have the right and option to purchase, or to arrange for a subsidiary, third party or Affiliate to purchase, all of the shares of Stock proposed to be transferred to any ROFR Transferee at a purchase price equal to the minimum price at which the Management Stockholder proposes to transfer such Stock to any ROFR Transferee and otherwise on substantially the same terms and conditions as the proposed transfer (or, if the proposed transfer to any ROFR Transferee includes any consideration other than cash, then at the sole option of the Company, at the equivalent all cash price, determined in good faith by the Board), by delivering (i) a certified bank check or checks in the appropriate amount (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) and/or (ii) if the proposed transfer to any ROFR Transferee includes any consideration other than cash, any such non-cash consideration to be paid to the Management Stockholder at the principal office of the Company against delivery of certificates or other instruments representing the shares of Stock so purchased, appropriately endorsed by the Management Stockholder. If at the end of the 20-day period, the Company has not tendered (or caused to be tendered) the purchase price for such shares in the manner set forth above, the Management Stockholder may, during the succeeding 60-day period, sell not less than all of the shares of Stock proposed to be transferred to any ROFR Transferee (subject to compliance with the other terms of this Agreement) on terms no less favorable to the Management Stockholder than those contained in the ROFR Notice. Promptly after such sale, the Management Stockholder shall notify the Company of the consummation thereof and shall furnish such evidence of the completion and time of completion of such sale and of the terms thereof as may reasonably be requested by the Company. If, at the end of sixty (60) days following the expiration of the 20-day period during which the Company is entitled hereunder to purchase the Stock, the Management Stockholder has not completed the sale of such shares of the Stock as aforesaid, all of the restrictions on sale, transfer or assignment contained in this Agreement shall again be in effect with respect to such shares of the Stock.

(c) Notwithstanding anything in this Agreement to the contrary, this Section 4 shall terminate and be of no further force or effect upon the earlier of occurrence of a Change in Control or a Qualified Public Offering.

5. <u>The Management Stockholder's Right to Resell Stock and Options to the Company.</u>

(a) Except as otherwise provided herein, and subject to Section 6(b), if the Management Stockholder's employment with the Company (or, if applicable, any of its subsidiaries or affiliates) terminates as a result of the death or Disability of the Management Stockholder, then the applicable Management Stockholder Entity, shall, until the later of (x) 365 days following the date of such termination for death or Disability or (y) if the Company has declared an Event has occurred, 30 days following the date on which the Management Stockholder receives notice that an Event no longer exists (the "Put Period"), have the right to:

(i) With respect to Stock, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the shares of Stock then held by the applicable Management Stockholder Entities at a per share price equal to Fair Market Value on the Repurchase Calculation Date (the "Section 5 Repurchase Price"); and

(ii) With respect to any outstanding vested Options, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the then vested Options then held by the applicable Management Stockholder Entities for an amount equal to the product of (x) the excess, if any, of the Section 5 Repurchase Price over the Option Exercise Price and (y) the number of Exercisable Option Shares, which Options shall be terminated in exchange for such payment. In the event the Management Stockholder Entity elects to sell under this Section 5(a)(ii) and the foregoing Option Excess Price is zero or a negative number, all outstanding exercisable Options granted to the Management Stockholder shall be automatically terminated without any payment in respect thereof. In addition, and for the avoidance of doubt, upon termination of employment as a result of the death or Disability all unvested Options shall be terminated and cancelled without any payment therefor.

(b) In the event the applicable Management Stockholder Entities intend to exercise their rights pursuant to Section 5(a), such Management Stockholder Entities shall send written notice to the Company, at any time during the Put Period, of their intention to sell shares of Stock in exchange for the payment referred to in Section 5(a)(i) and/or to sell such Options in exchange for the payment referred to in Section 5(a)(ii) (as the case may be) and shall indicate the number of shares of Stock to be sold and the number of Options (based on the number of Exercisable Option Shares) to be sold with payment in respect thereof (the "Redemption Notice"). The completion of the purchases shall take place at the principal office of the Company on no later than the twentieth business day (such date to be determined by the Company) after the giving of the Redemption Notice. The applicable Repurchase Price (including any payment with respect to the Options as described above) shall be paid by delivery to the applicable Management Stockholder Entities, at the option of the Company, of a certified bank check or checks in the appropriate amount payable to the order of each of the applicable Management Stockholder Entities (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) against delivery of certificates or other instruments representing the Stock so purchased and appropriate documents cancelling the Options so terminated appropriately endorsed or executed by the applicable Management Stockholder Entities or any duly authorized representative.

(c) Notwithstanding anything in this Section 5 to the contrary, if (i) there exists and is continuing a default or an event of default on the part of the Company or any subsidiary of the Company under any loan, guarantee or other agreement under which the Company or any subsidiary of the Company has borrowed money or if the repurchase referred to in Section 5(a) (or Section 6 below, as the case may be) would result in a default or an event of default on the part of the Company or any affiliate of the Company under any such agreement; (ii) a repurchase would reasonably be expected to be prohibited by the Delaware General Corporation Law ("DGCL") or any federal or state securities laws or regulations (or if the Company reincorporates in another state, the business corporation law of such state) or (iii) a repurchase would materially impair the cash flow of the Company, (each such occurrence being an "Event"), the Company shall not be obligated to repurchase for cash any of the Stock or the Options from the applicable Management Stockholder Entities to the extent it would cause any such default, materially impair cash flow or would be so prohibited by the Event for cash but instead, with respect to such portion with respect to which cash settlement is prohibited, may satisfy its obligations with respect to the Management Stockholder Entities' exercise of their rights under Section 5(a) by delivering to the applicable Management Stockholder Entity a note with a principal amount equal to the amount payable under this Section 5 that was not paid in cash, having terms acceptable to the Company's (and its affiliate's, as applicable) lenders and permitted under the Company's (and its affiliate's, as applicable) debt instruments but which in any event (i) shall be mandatorily repayable promptly and to the extent that an Event no longer prohibits the payment of cash to the applicable Management Stockholder Entity pursuant to this Agreement; and (ii) shall bear interest at a rate equal to the effective rate of interest in respect of the Company's U.S. dollar-denominated subordinated public debt securities (including any original issue discount). Notwithstanding the foregoing and subject to Section 5(d), if an Event exists and is continuing for ninety (90) days after the date of the Redemption Notice, the Management Stockholder Entities shall be permitted by written notice to rescind any Redemption Notice with respect to that portion of the Stock and Options repurchased by the Company from the Management Stockholder Entities pursuant to this Section 5 with the note described in the foregoing sentence, and such repurchase shall be rescinded; provided that, upon such rescission, such note shall be immediately canceled without any action on the part of the Company or the Management Stockholder Entities, and notwithstanding anything herein or in such note to the contrary, the Company shall have no obligation to pay any amounts of principal or interest thereunder.

(d) Notwithstanding anything in this Agreement to the contrary, except for any payment obligation of the Company which has arisen prior to the occurrence of a Change in Control, Section 5 shall terminate and be of no further force or effect upon the occurrence of such Change in Control.

6. The Company's Option to Purchase Stock and Options of the Management Stockholder Upon Certain Terminations of Employment.

(a) *Termination for Cause by the Company and other Call Events.* If (i) the Management Stockholder's active employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated by the Company (or, if applicable, its subsidiaries or affiliates) for Cause or (ii) the Management Stockholder Entities effect a transfer of Stock (or Options) that is prohibited under this Agreement (or the Stock Option Agreements, as applicable), after notice from the Company of such impermissible transfer and a reasonable opportunity to cure such transfer which is not so cured (each event described above, a "Section 6(a) Call Event"), then:

(i) With respect to Stock, the Company may purchase, on one occasion, all or any portion of the shares of Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to the lesser of (x) Base Price (or other applicable price paid by such Management Stockholder Entities for such Stock) and (y) the Fair Market Value on the Repurchase Calculation Date; and

(ii) With respect to all Options, all outstanding Options, whether vested or unvested, shall be automatically terminated without any payment in respect thereof upon the occurrence of the Section 6(a) Call Event.

(b) *Termination without Cause by the Company (other than due to his or her death or Disability), Termination by the Management Stockholder with Good Reason and*

Termination for Death or Disability. If the Management Stockholder's active employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated (i) by the Company (or, if applicable, its subsidiaries or affiliates) without Cause (other than due to his death or Disability), (ii) by the Management Stockholder with Good Reason or (iii) as a result of the death or Disability of the Management Stockholder (each, a "Section 6(b) Call Event") then:

(i) With respect to Stock, the Company may purchase, on one occasion, all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to Fair Market Value on the Repurchase Calculation Date;

(ii) With respect to any outstanding vested Options, the Company may purchase, on one occasion, all or any portion of the exercisable vested Options held by the applicable Management Stockholder Entities for an amount equal to the product of (x) the excess, if any, of the Fair Market Value on the Repurchase Calculation Date over the Option Exercise Price and (y) the number of Exercisable Option Shares (solely relating to the vested Options), which vested Options shall be terminated in exchange for such payment. In the event the Company elects to repurchase under this Section 6(b)(ii) and the foregoing Option Excess Price is zero or a negative number, all outstanding exercisable vested Options shall be automatically terminated without any payment in respect thereof; and

(iii) With respect to unvested Options, all outstanding unvested Options shall automatically be terminated without any payment in respect thereof.

(c) *Termination by the Management Stockholder without Good Reason.* If the Management Stockholder's employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated by the Management Stockholder without Good Reason (a "Section 6(c) Call Event"), then:

(i) With respect to Stock, the Company may purchase, on one occasion, all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to, (i) if the Management Stockholder is not in violation of any of the provisions of Section 23 of this Agreement on the date that the Repurchase Notice is sent, the Fair Market Value on the Repurchase Calculation Date or (ii) if the Management Stockholder is in violation of any of the provisions of Section 23 of this Agreement on the date that the Repurchase Notice is sent, the lesser of (x) Base Price (or other applicable price paid by such Management Stockholder Entities for such Stock) and (y) the Fair Market Value on the Repurchase Calculation Date;

(ii) With respect to Option Stock, the Company may purchase, on one occasion, all or any portion of the shares of Option Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to the lesser of (x) Base Price (or other applicable price paid by such Management Stockholder Entities for such Stock) and (y) the Fair Market Value on the Repurchase Calculation Date; and

(iii) With respect to all Options, all outstanding Options, whether vested or unvested, shall be automatically terminated without any payment in respect thereof upon the occurrence of the Section 6(c) Call Event.

(d) *Call Notice.* The Company shall have a period (the "Call Period") of one hundred eighty (180) days from the date of any Call Event (or, if later, with respect to a Section 6(a) Call Event, the date after discovery of, and the applicable cure period for, an impermissible transfer constituting a Section 6(a) Call Event) in which to give notice in writing to the

Management Stockholder of its election to exercise its rights and obligations pursuant to this Section 6 ("Repurchase Notice"). Notwithstanding the foregoing, in the event the Fair Market Value is below $5 on the date of any Call Event, the Call Period shall begin on the date of the Call Event and shall extend until one hundred eighty (180) days from the date the Board next establishes Fair Market Value at or above $5. The completion of the purchases pursuant to the foregoing shall take place at the principal office of the Company no later than the fifteenth business day after the giving of the Repurchase Notice. The applicable Repurchase Price (including any payment with respect to the Options as described in this Section 6) shall be paid by delivery to the applicable Management Stockholder Entities of a certified bank check or checks in the appropriate amount payable to the order of each of the applicable Management Stockholder Entities (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) against delivery of certificates or other instruments representing the Stock so purchased and appropriate documents canceling the Options so terminated, appropriately endorsed or executed by the applicable Management Stockholder Entities or any duly authorized representative.

(e) *Use of Note to Satisfy Call Payment.* Notwithstanding any other provision of this Section 6 to the contrary, if there exists and is continuing any Event, the Company will, to the extent it has exercised its rights to purchase Stock or Options pursuant to this Section 6, in order to complete the purchase of any Stock or Options pursuant to this Section 6, deliver to the applicable Management Stockholder Entities (i) a cash payment for any amounts payable pursuant to this Section 6 that would not cause an Event and (ii) a note having the same terms as that provided in Section 5(c) above with a principal amount equal to the amount payable but not paid in cash pursuant to this Section 6 due to the Event. Notwithstanding the foregoing, if an Event exists and is continuing for ninety (90) days from the date of the Section 6(b) Call Event, the Management Stockholder Entities shall be permitted by written notice to cause the Company to rescind any Repurchase Notice with respect to that portion of the Stock and Options repurchased by the Company from the Management Stockholder Entities pursuant to this Section 6 with the note described in the foregoing sentence; provided that, upon such rescission, such repurchase shall be immediately rescinded and such note shall be immediately canceled without any action on the part of the Company or the Management Stockholder Entities and, notwithstanding anything herein or in such note to the contrary, the Company shall have no obligation to pay any amounts of principal or interest thereunder.

(f) *Effect of Change in Control.* Notwithstanding anything in this Agreement to the contrary, except for any payment obligation of the Company which has arisen prior to the occurrence of a Change in Control, this Section 6 shall terminate and be of no further force or effect upon the occurrence of such Change in Control.

7. <u>Adjustment of Repurchase Price; Definitions.</u>

(a) *Adjustment of Repurchase Price.* In determining the applicable repurchase price of the Stock and Options, as provided for in Sections 5 and 6 above, appropriate adjustments shall be made for any stock dividends, splits, combinations, recapitalizations or any other adjustment in the number of outstanding shares of Stock in order to maintain, as nearly as practicable, the intended operation of the provisions of Sections 5 and 6.

(b) *Definitions.* All capitalized terms used in this Agreement and not defined herein shall have such meaning as such terms are defined in the Option Plan. Terms used herein and as listed below shall be defined as follows:

(i) "<u>Act</u>" shall have the meaning set forth in Section 2(a)(i) hereof.

(ii) "Affiliate" means with respect to any Person, any entity directly or indirectly controlling, controlled by or under common control with such Person.

(iii) "Agreement" shall have the meaning set forth in the introductory paragraph.

(iv) "Base Price" shall have the meaning set forth in Section 1(a) hereof.

(v) "Board" shall mean the board of directors of the Company.

(vi) "Call Events" shall mean, collectively, Section 6(a) Call Events, Section 6(b) Call Events and Section 6 (c) Call Events.

(vii) "Call Notice" shall have the meaning set forth in Section 6(d) hereof.

(viii) "Call Period" shall have the meaning set forth in Section 6(d) hereof.

(ix) "Cause" shall have the meaning ascribed to it in any employment, severance or change in control agreement between the Management Stockholder and the Company or any of its Affiliates, or, if there is no such agreement, "Cause" shall mean (a) the Management Stockholder's continued failure substantially to perform the Management Stockholder's duties with the Company or any Subsidiary or Affiliate thereof (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company to the Management Stockholder of such failure, (b) the Management Stockholder's conviction of, or plea of nolo contendere to a crime constituting (x) a felony under the laws of the United States or any state thereof or (y) a misdemeanor involving moral turpitude, (c) the Management Stockholder's willful malfeasance or willful misconduct in connection with the Management Stockholder's duties with the Company or any of its Subsidiaries or Affiliates or any willful misrepresentation, willful act or willful omission which is injurious to the financial condition or business reputation of the Company or its Affiliates or (d) the Management Stockholder's material breach of the provisions of Section 23 of this Agreement. For purposes hereof, no act, or failure to act, by the Management Stockholder will be deemed "willful" unless done, or omitted to be done, by the Management Stockholder not in good faith and without reasonable belief the Management Stockholder's act, or failure to act, was in the best interest of the Company.

(x) "Change of Control" means in one or a series of transactions, (i) the sale of all or substantially all of the assets of New Omaha Holdings, L.P. or the Company or First Data Corporation to any Person (or group of Persons acting in concert), other than to (x) investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (together, the "Sponsor"), any other investor in respect of whom the Sponsor has the power to direct such investor's vote with respect to the Company's Common Stock or other equity securities (each an "Investor" and together with the Sponsor, the "Sponsor Group") or their respective Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor Group or their respective Affiliates or other Person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor Group or their respective Affiliates; or (ii) a merger, recapitalization or other sale by the Sponsor or its Affiliates (other than through a Public Offering) of Common Stock or other voting securities of the Company that results in more than 50% of the Common Stock or other voting securities of the Company (or any resulting company after a merger) owned, directly or indirectly, by the Sponsor following the Closing Date, no longer being so owned by the Sponsor; and, (iii) in any event of clause (i) or (ii) above, such transaction results in any Person (or group of Persons acting in concert) having the ability to elect more members of the Board than the Sponsor Group;

provided, however, that following an event described in clause (i), a liquidation of, or the declaration of an extraordinary dividend by, the Company or First Data Corporation (or any successor entities) shall also constitute a Change in Control.

(xi) "Closing Date" shall mean September 24, 2007.

(xii) "Common Stock" shall mean the common stock of the Company.

(xiii) "Company" shall have the meaning set forth in the introductory paragraph.

(xiv) "Confidential Information" shall mean all non-public information concerning trade secret, know-how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media, including any of the foregoing relating to research, operations, finances, current and proposed products and services, vendors, customers, advertising and marketing, and other non-public, proprietary, and confidential information of the Restricted Group, excluding any such non-public information that (i) is required by court or administrative order to be disclosed or (ii) becomes generally available to the public other than as a result of a disclosure or failure to safeguard in violation of Section 23.

(xv) "Controlled by" means with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

(xvi) "Coordination Committee" shall have the meaning set forth in the Partnership Agreement.

(xvii) "Custody Agreement and Power of Attorney" shall have the meaning set forth in Section 9(e) hereof.

(xviii) "DGCL" shall have the meaning set forth in Section 5(c) hereof.

(xix) "Disability" shall mean "Disability" as such term is defined in any employment agreement between the Management Stockholder and the Company or any of its Subsidiaries, or, if there is no such employment agreement, shall mean "Disability" as defined in the Option Agreement.

(xx) "Effective Time" shall have the meaning set forth in the Merger Agreement.

(xxi) "Event" shall have the meaning set forth in Section 5(c) hereof.

(xxii) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended (or any successor section thereto).

(xxiii) "Exercisable Option Shares" shall mean the shares of Common Stock that, at the time that a Redemption Notice or Repurchase Notice is delivered (as applicable), could be purchased by the Management Stockholder upon exercise of his or her outstanding and exercisable Options.

(xxiv) "Fair Market Value" shall mean the fair market value of one share of Common Stock on any given date, as determined reasonably and in good faith by the Board after consultation with an independent valuation expert, determined without regard to any discount for minority interest and transfer restrictions imposed on the Common Stock of the Management Stockholder Entities; provided that, in the event that the Board has not received an independent valuation of the Company in the six months prior to the determination of Fair Market Value, the Management Stockholder shall have the right to demand that the Board receive such independent valuation prior to the determination of Fair Market Value.

(xxv) "Good Reason" shall have the meaning ascribed to it any employment agreement between the Management Stockholder and the Company or any of its subsidiaries or Affiliates, or, if there is no such employment agreement, "Good Reason" shall mean (i) a reduction in or demotion of the Management Stockholder's base salary or the Management Stockholder's annual incentive compensation opportunity (other than a general reduction in base salary or annual incentive compensation opportunities that affects all members of senior management of the Company and its subsidiaries equally); (ii) a relocation of Management Stockholder's primary workplace by more than fifty (50) miles from the current workplace; or (iii) a substantial reduction in or demotion of Management Stockholder's duties, responsibilities or title (other than a change in title that is the result of a broad restructuring of the Company's titling of officers); in each case other than any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith and is cured within ten (10) business days after the Management Stockholder gives the Company notice of such event; provided that "Good Reason" shall cease to exist for an event on the 60th day following the later of its occurrence or the Management Stockholder's knowledge thereof, unless the Management Stockholder has given the Company written notice thereof prior to such date.

(xxvi) "Group" shall mean "group," as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(xxvii) "Investors" shall have the meaning set forth in the second "whereas" paragraph.

(xxviii) "Management Stockholder" shall have the meaning set forth in the introductory paragraph.

(xxix) "Management Stockholder Entities" shall mean the Management Stockholder's Trust, the Management Stockholder and the Management Stockholder's Estate, collectively.

(xxx) "Management Stockholder's Estate" shall mean the conservators, guardians, executors, administrators, testamentary trustees, legatees or beneficiaries of the Management Stockholder.

(xxxi) "Management Stockholder's Trust" shall mean a partnership, limited liability company, corporation, trust, private foundation or custodianship, the beneficiaries of which may include only the Management Stockholder, his or her spouse (or ex-spouse) or his or her lineal descendants (including adopted) or, if at any time after any such transfer there shall be no then living spouse or lineal descendants, then to the ultimate beneficiaries of any such trust or to the estate of a deceased beneficiary.

(xxxii) "Merger" shall have the meaning set forth in the first "whereas" paragraph.

(xxxiii) "Merger Agreement" shall have the meaning set forth in the first "whereas" paragraph.

(xxxiv) "Merger Sub" shall have the meaning set forth in the first "whereas" paragraph.

(xxxv) "Options" shall have the meaning set forth in the third "whereas" paragraph.

(xxxvi) "Option Excess Price" shall mean the aggregate amount paid or payable by the Company in respect of Exercisable Option Shares, as determined pursuant to Section 5 or 6 hereof, as applicable.

(xxxvii) "Option Exercise Price" shall mean the then-current exercise price of the shares of Common Stock covered by the applicable Option.

(xxxviii) "Option Plan" shall have the meaning set forth in the third "whereas" paragraph.

(xxxix) "Option Stock" shall have the meaning set forth in Section 2(a) hereof.

(xl) "Other Management Stockholders" shall have the meaning set forth in the fourth "whereas" paragraph.

(xli) "Other Management Stockholders Agreements" shall have the meaning set forth in the fourth "whereas" paragraph.

(xlii) "Parent" shall have the meaning set forth in the introductory paragraph.

(xliii) "Parties" shall have the meaning set forth in the introductory paragraph.

(xliv) "Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of New Omaha Holdings L.P., as it may be amended, modified, restated or supplemented from time to time.

(xlv) "Permitted Transfer" shall have the meaning set forth in Section 3(a).

(xlvi) "Person" shall mean "person," as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(xlvii) "Piggyback Notice" shall have the meaning set forth in Section 9(b) hereof.

(xlviii) "Piggyback Registration Rights" shall have the meaning set forth in Section 9(a) hereof.

(xlix) "Proposed Registration" shall have the meaning set forth in Section 9(b) hereof.

(l) "Public Offering" shall mean the sale of shares of Common Stock to the public subsequent to the date hereof pursuant to a registration statement under the Act which has been declared effective by the SEC (other than a registration statement on Form S-4, S-8 or any other similar form).

(li) "Purchased Stock" shall have the meaning set forth in the third "whereas" paragraph.

(lii) "Put Period" shall have the meaning set forth in Section 5(a) hereof.

(liii) "Qualified Public Offering" means the initial Public Offering (i) for which aggregate cash proceeds to be received by the Company (or any successor thereto) from such offering (or series of offerings) (without deducting underwriter discounts, expenses and commissions) are at least $400,000,000, or (ii) pursuant to which at least 35% of the outstanding shares of Common Stock are sold by the Company (or any successor thereto).

(liv) "Redemption Notice" shall have the meaning set forth in Section 5(b) hereof.

(lv) "Registration Rights Agreement" shall have the meaning set forth in Section 9(a) hereof.

(lvi) "Repurchase Calculation Date" shall mean (i) prior to the occurrence of a Public Offering, the last day of the month preceding the month in which date of repurchase occurs, and (ii) on and after the occurrence of a Public Offering, the last date of trading of the Stock on which there was a closing price for the Stock immediately preceding the date of repurchase.

(lvii) "Repurchase Notice" shall have the meaning set forth in Section 6(e) hereof.

(lviii) "Repurchase Price" shall mean the amount to be paid in respect of the Stock and Options to be purchased by the Company pursuant to Section 5 and Section 6, as applicable.

(lix) "Request" shall have the meaning set forth in Section 9(b) hereof.

(lx) "Restricted Group" shall mean, collectively, the Company, its subsidiaries, the Investors and their respective affiliates.

(lxi) "Restricted Stock" shall have the meaning set forth in the third "whereas" paragraph.

(lxii) "ROFR Notice" shall have the meaning set forth in Section 4(a) hereof.

(lxiii) "ROFR Transferee" shall have the meaning set forth in Section 4(a) hereof.

(lxiv) "Sale Participation Agreement" shall mean that certain sale participation agreement entered into by and between the Management Stockholder and Parent dated as of the date hereof.

(lxv) "SEC" shall mean the Securities and Exchange Commission.

(lxvi) "Senior Management Stockholder" shall mean any of the Management Stockholders or Other Management Stockholders who has been designated as such on Schedule I hereto or the corresponding schedule of the Other Management Stockholders Agreements, as applicable.

(lxvii) "Stock" shall have the meaning set forth in Section 2(a) hereof.

(lxviii) "Stock Option Agreements" shall have the meaning set forth in the fourth "whereas" paragraph.

(lxix) "Transfer" shall have the meaning set forth in Section 2(a) hereof.

8. The Company's Representations and Warranties and Covenants.

(a) The Company represents and warrants to the Management Stockholder that (i) this Agreement has been duly authorized, executed and delivered by the Company and is enforceable against the Company in accordance with its terms and (ii) the Stock, when issued and delivered in accordance with the terms hereof and the other agreements contemplated hereby, will be duly and validly issued, fully paid and nonassessable.

(b) If the Company becomes subject to the reporting requirements of Section 12 of the Exchange Act, the Company will file the reports required to be filed by it under the Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder, to the extent required from time to time to enable the Management Stockholder to sell shares of Stock, subject to compliance with the provisions hereof (including requirements of the Coordination Committee of Parent or the Company) without registration under the Exchange Act within the limitations of the exemptions provided by (A) Rule 144 under the Act, as such Rule may be amended from time to time, or (B) any similar rule or regulation hereafter adopted by the SEC. Notwithstanding anything contained in this Section 8(b), the Company may de-register under Section 12 of the Exchange Act if it is then permitted to do so pursuant to the Exchange Act and the rules and regulations thereunder and, in such circumstances, shall not be required hereby to file any reports which may be necessary in order for Rule 144 or any similar rule or regulation under the Act to be available. Nothing in this Section 8(b) shall be deemed to limit in any manner the restrictions on transfers of Stock contained in this Agreement.

(c) The Company will not agree to any amendment of the terms of the credit agreement entered into on the Closing Date, or to any corresponding provision in any successor or equivalent debt agreement, that imposes any limits on the Company's permission thereunder to repurchase stock, or make payments on any note, in each case under Section 5(c) or 6(e) of this Agreement, that are materially more restrictive than such provision under such credit agreement as in effect on the Closing Date if, at or prior to the time of such agreement, restrictions corresponding and proportionate thereto have not also been imposed thereunder on the payment of cash dividends on the Common Stock.

9. <u>"Piggyback" Registration Rights. Effective after the occurrence of an initial Public Offering:</u>

(a) The Parties agree to be bound, with respect to Senior Management Stockholders or to any other Management Stockholders who are provided such rights pursuant to this Section 9, by all of the terms, conditions and obligations of the Registration Rights Agreement (the "Registration Rights Agreement") as they relate to the exercise of piggyback registration rights as provided in Sections 4, 6, 7, 8 and 12 (but not Section 12(l)) of the Registration Rights Agreement entered into by and among the Company and Investors party thereto (the "Piggyback Registration Rights"), as in effect on the date hereof (subject, with respect to any such Management Stockholder provided Piggyback Registration Rights, only to any amendments thereto to which such Management Stockholder has agreed in writing to be bound), and, if any of the Investors are selling stock, shall have all of the rights and privileges of the Piggyback Registration Rights (including, without limitation, the right to participate in the initial Public Offering and any rights to indemnification and/or contribution from the Company and/or the Investors), in each case as if the Management Stockholder were an original party (other than the Company) to the Registration Rights Agreement, subject to applicable and customary underwriter restrictions; provided, however, that at no time shall the Management Stockholder have any rights to request registration under Section 3 of the Registration Rights Agreement. All Stock purchased or held by the applicable Management Stockholder Entities pursuant to this Agreement shall be deemed to be "Registrable Securities" as defined in the Registration Rights Agreement.

(b) In the event of a sale of Common Stock by any of the Investors in accordance with the terms of the Registration Rights Agreement, the Company will promptly notify each Senior Management Stockholder or other Management Stockholder to whom the Board, after consultation with the Chief Executive Officer and the Chief Financial Officer of the Company, has decided to extend the Piggyback Registration Rights, in writing (a "Piggyback Notice") of any proposed registration (a "Proposed Registration"), which Piggyback Notice shall include: the principal terms and conditions of the proposed registration, including (A) the number of the shares of Common Stock to be sold, (B) the fraction expressed as a percentage, determined by dividing the number of shares of Common Stock to be sold by the holders of Registrable Securities (other than Management Stockholders) by the total number of shares held by the holders of Registrable Securities (other than Management Stockholders) selling the shares of Common Stock, (C) the proposed per share purchase price (or an estimate thereof), and (D) the proposed date of sale. If within fifteen (15) days of the receipt by the Management Stockholder or Management Stockholder, as the case may be, of such Piggyback Notice, the Company receives from the applicable Management Stockholder Entities of the Senior Management Stockholder or Management Stockholder, as the case may be, a written request (a "Request") to register shares of Stock held by the applicable Management Stockholder Entities (which Request will be irrevocable unless otherwise mutually agreed to in writing by the Senior Management Stockholder or Management Stockholder, if any, and the Company), shares of Stock will be so registered as provided in this Section 9; provided, however, that for each such registration statement only one Request, which shall be executed by the applicable Management Stockholder Entities, may be submitted for all Registrable Securities held by the applicable Management Stockholder Entities.

(c) The maximum number of shares of Stock which will be registered pursuant to a Request will be the lowest of (i) the number of shares of Stock then held by the Management Stockholder Entities, including all shares of Stock which the Management Stockholder Entities are then entitled to acquire under an unexercised Option to the extent then exercisable, multiplied by a fraction, the numerator of which is the aggregate number of shares of Stock being sold by holders of Registrable Securities (other than Management Stockholders) and the denominator of which is the aggregate number of shares of Stock owned by the holders of Registrable Securities (other than Management Stockholders) or (ii) the maximum number of shares of Stock which the Company can register in connection with such Request in the Proposed Registration without adverse effect on the offering in the view of the managing underwriters (reduced pro rata as more fully described in subsection (d) of this Section 9) or (iii) the maximum number of shares which the Senior Management Stockholder (pro rata based upon the aggregate number of shares of Stock the Senior Management Stockholder and Other Management Stockholders have requested to be registered) is permitted to register under the Piggyback Registration Rights.

(d) If a Proposed Registration involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of shares of Stock requested to be included in the Proposed Registration exceeds the number which can be sold in such offering, so as to be likely to have an adverse effect on the price, timing or distribution of the shares of Stock offered in such Public Offering as contemplated by the Company, then, unless the managing underwriter advises that marketing factors require a different allocation, the Company will include in the Proposed Registration (i) first, 100% of the shares of Stock the Company proposes to sell and (ii) second, to the extent of the number of shares of Stock requested to be included in such registration which, in the opinion of such managing underwriter, can be sold without having the adverse effect referred to above, the number of shares of Stock which the selling holders of Registrable Securities, the Senior Management Stockholder and all Other Management Stockholders who are entitled to piggyback or incidental registration rights in respect of Stock and any other Persons who are entitled to piggyback or incidental registration rights in respect of Stock (together, the "Holders") have requested to be included in the Proposed Registration, such amount to be allocated pro rata among all requesting Holders on the basis of the relative number of shares of Stock then held by each such Holder (including upon exercise of all exercisable Options) (provided that any shares thereby allocated to any such Holder that exceed such Holder's request will be reallocated among the remaining requesting Holders in like manner); provided that any Holder that is allocated less than 100% of the shares in such Holder's request, shall be entitled to transfer that number of shares equal to the difference between such Holder's requested number of shares (up to the maximum provided for under this Section 9) and the number actually transferred by such Holder in the Proposed Registration, following the expiration of any lock-up period.

(e) Upon delivering a Request a Senior Management Stockholder or other Management Stockholder having Piggyback Registration Rights pursuant to clause (b) of this Section 9 will, if requested by the Company, execute and deliver a custody agreement and power of attorney having customary terms and in form and substance reasonably satisfactory to the Company with respect to the shares of Stock to be registered pursuant to this Section 9 (a "Custody Agreement and Power of Attorney"). The Custody Agreement and Power of Attorney will provide, among other things, that the Senior Management Stockholder or Management Stockholder, as the case may be, will deliver to and deposit in custody with the custodian and attorney-in-fact named therein a certificate or certificates (to the extent applicable) representing such shares of Stock (duly endorsed in blank by the registered owner or owners thereof or accompanied by duly executed stock powers in blank) and irrevocably appoint said custodian and attorney-in-fact as the Senior Management Stockholder's or Management Stockholder's agent and attorney-in-fact with full power and authority to act under the Custody Agreement and Power of Attorney on the Senior Management Stockholder's or Management Stockholder's behalf with respect to the matters specified therein.

(f) The Management Stockholder agrees that he will execute such other agreements as the Company may reasonably request to further evidence the provisions of this Section 9, including reasonable and customary lock-up agreements; provided that Parent and its Affiliates enter into a similar agreement if requested by the managing underwriter.

(g) Notwithstanding Section 12(l) of the Registration Rights Agreement, this Section 9 will terminate on the date on which such Management Stockholder ceases to own any Registrable Securities.

10. Additional Rights of Management Stockholders. Notwithstanding anything herein to the contrary, in the event that the Company receives notice of any event giving rise to piggyback registration rights of Senior Management Stockholders in Section 9 hereof, the Board shall promptly (and in event within such period of time to allow the Management Stockholder to exercise such right, if applicable) after being informed of such notice consult with the Chief Executive Officer and the Chief Financial Officer of the Company to determine whether and to what extent any such rights shall be granted to the Management Stockholder and the Other Management Stockholders who are not Senior Management Stockholders. Any such grant shall be effective upon, and to the extent set forth in, any applicable resolution passed by the Board, and the Company shall give prompt notice to the Management Stockholder and the Other Management Stockholders of the adoption thereof.

11. Rights to Negotiate Repurchase Price. Nothing in this Agreement shall be deemed to restrict or prohibit the Company from purchasing, redeeming or otherwise acquiring for value shares of Stock or Options from the Management Stockholder, at any time, upon such terms and conditions, and for such price, as may be mutually agreed upon in writing between the Parties, whether or not at the time of such purchase, redemption or acquisition circumstances exist which specifically grant the Company the right to purchase, or the Management Stockholder the right to sell, shares of Stock or any Options under the terms of this Agreement; provided that no such purchase, redemption or acquisition shall be consummated, and no agreement with respect to any such purchase, redemption or acquisition shall be entered into, without the prior approval of the Board.

12. Notice of Change of Beneficiary. Immediately prior to any transfer of Stock to a Management Stockholder's Trust, the Management Stockholder shall provide the Company with a copy of the instruments creating the Management Stockholder's Trust and with the identity of the beneficiaries of the Management Stockholder's Trust. The Management Stockholder shall notify the Company as soon as practicable prior to any change in the identity of any beneficiary of the Management Stockholder's Trust.

13. Recapitalizations, etc. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Stock or the Options, to any and all shares of capital stock of the Company or any capital stock, partnership units or any other security evidencing ownership interests in any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or substitution of the Stock or the Options by reason of any stock dividend, split, reverse split, combination,

recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

14. Management Stockholder's Employment by the Company. Nothing contained in this Agreement (a) obligates the Company or any subsidiary of the Company to employ the Management Stockholder in any capacity whatsoever or (b) prohibits or restricts the Company (or any such subsidiary) from terminating the employment of the Management Stockholder at any time or for any reason whatsoever, with or without Cause, and the Management Stockholder hereby acknowledges and agrees that neither the Company nor any other Person has made any representations or promises whatsoever to the Management Stockholder concerning the Management Stockholder's employment or continued employment by the Company or any subsidiary of the Company.

15. Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. In the case of a transferee permitted under Section 2(a) or Section 3(a) (other than clauses (iii) or (iv) thereof) hereof, such transferee shall be deemed the Management Stockholder hereunder; provided, however, that no transferee (including without limitation, transferees referred to in Section 2(a) or Section 3(a) hereof) shall derive any rights under this Agreement unless and until such transferee has delivered to the Company a valid undertaking and becomes bound by the terms of this Agreement. No provision of this Agreement is intended to or shall confer upon any Person other than the Parties any rights or remedies hereunder or with respect hereto.

16. Amendment. This Agreement may be amended by the Company at any time with the consent of the majority of the Management Stockholders on the Executive Committee of the Company (which shall be comprised of the Chief Executive Officer and his direct reports), which consent shall not be unreasonably withheld; provided that any amendment (i) that materially disadvantages the Management Stockholder shall not be effective unless and until the Management Stockholder has consented thereto in writing and (ii) that disadvantages a class of stockholders in more than a de minimis way but less than a material way shall require the consent of a majority of the equity interests held by such affected class of stockholders.

17. Closing. Except as otherwise provided herein, the closing of each purchase and sale of shares of Stock pursuant to this Agreement shall take place at the principal office of the Company on the tenth business day following delivery of the notice by either Party to the other of its exercise of the right to purchase or sell such Stock hereunder.

18. Applicable Law; Jurisdiction; Arbitration; Legal Fees.

(a) The laws of the State of Delaware applicable to contracts executed and to be performed entirely in such state shall govern the interpretation, validity and performance of the terms of this Agreement.

(b) In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules by a single independent arbitrator. Such arbitration process shall take place in New York, New York. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.

(c) Notwithstanding the foregoing, the Management Stockholder acknowledges and agrees that the Company, its subsidiaries, the Investors and any of their respective affiliates shall be entitled to injunctive or other relief in order to enforce the covenant not to compete, covenant not to solicit and/or confidentiality covenants as set forth in Section 23(a) of this Agreement.

(d) In the event of any arbitration or other disputes with regard to this Agreement or any other document or agreement referred to herein, each Party shall pay its own legal fees and expenses, unless otherwise determined by the arbitrator.

19. Assignability of Certain Rights by the Company. The Company shall have the right to assign any or all of its rights or obligations to purchase shares of Stock pursuant to Sections 4, 5 and 6 hereof; provided, however, that no such assignment shall relieve the Company from its obligations thereunder.

20. Miscellaneous.

(a) In this Agreement all references to "dollars" or "$" are to United States dollars and the masculine pronoun shall include the feminine and neuter, and the singular shall include the plural, where the context so indicates.

(b) If any provision of this Agreement shall be declared illegal, void or unenforceable by any court of competent jurisdiction, the other provisions shall not be affected, but shall remain in full force and effect.

21. Withholding. The Company or its subsidiaries shall have the right to deduct from any cash payment made under this Agreement to the applicable Management Stockholder Entities any federal, state or local income or other taxes required by law to be withheld with respect to such payment, if applicable.

22. Notices. All notices and other communications provided for herein shall be in writing. Any notice or other communication hereunder shall be deemed duly given (i) upon electronic confirmation of facsimile, (ii) one business day following the date sent when sent by overnight delivery and (iii) five (5) business days following the date mailed when mailed by registered or certified mail return receipt requested and postage prepaid, in each case as follows:

(a) If to the Company, to it at the following address:

First Data Corporation
6200 S. Quebec Street, Suite 360
Greenwood Village, Colorado 80111
Attention: General Counsel

with copies to:

Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street
New York, New York 10019
Attention: Scott Nuttall

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Alvin Brown, Esq.
Telecopy: (212) 455-2502

(b) If to the Management Stockholder, to the Management Stockholder at the address set forth below under the Management Stockholder's signature; or at such other address as either party shall have specified by notice in writing to the other.

23. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of the Company entering into this Agreement with the Management Stockholder, the Management Stockholder shall not, directly or indirectly:

(i) at any time during or after the Management Stockholder's employment with the Company or its subsidiaries, disclose any Confidential Information pertaining to the business of the Company or any of its subsidiaries or the Investors or any of their respective Affiliates, except when required to perform his or her duties to the Company or one of its subsidiaries, by law or judicial process;

(ii) at any time during the Management Stockholder's employment with the Company or its subsidiaries and for a period of two (2) years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly or indirectly competes, at the relevant determination date, with the business of the Company, any Investor or any of their respective Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services;

(iii) at any time during the Management Stockholder's employment with the Company or its subsidiaries and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company, any of its subsidiaries, the Investors or any of their respective Affiliates to terminate their relationship with the Company, any of its subsidiaries, the Investors or any of their respective Affiliates or otherwise solicit such customers or clients to compete with any business of the Company, any of its subsidiaries, the Investors or any of their respective Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Management Stockholder's employment employed by the Company or any of its Affiliates;

provided that in each of (ii) and (iii) above, such restrictions shall not apply with respect to any Investor or any of their Affiliates that is not engaged in any business that competes, directly or indirectly, with the Company or any of its subsidiaries. If the Management Stockholder is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Agreement shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information. Notwithstanding the foregoing, for the purposes of Section 23(a)(ii), the Management Stockholder may, directly or indirectly own, solely as an investment, securities of any Person engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Management Stockholder (I) is not a controlling person of, or a member of a group which controls, such person and (II) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Management Stockholder's services are unique and because the Management Stockholder has had access to Confidential Information, the parties hereto agree that money damages will be an inadequate remedy for any breach of this Agreement. In the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Management Stockholder breaches any of the provisions of Section 23(a), in addition to all other remedies that may be available to the Company, the Management Stockholder shall be required to pay to the Company any amounts actually paid to him or her by the Company in respect of any repurchase by the Company of any Options held by such Management Stockholder and, with respect to Stock, the Management

Stockholder shall be required to pay to the Company such amounts, if any, that the Management Stockholder received in excess of the price paid by the Management Stockholder in acquiring such Stock, on a net after-tax basis.

24. Effectiveness. Except for Sections 1, 2(a), 2(f), 2(g), 3, 8, 13, 14, 15, 16, 18, 20 and 22 and this Section 24, which shall become effective as of the execution and delivery of this Agreement by the Parties, this Agreement shall become effective upon the Effective Time and prior thereto shall be of no force or effect. If the Merger Agreement shall be terminated in accordance with its terms prior to the Effective Time, this Agreement shall automatically terminate and be of no force or effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date reflected on the Award Notice.

<u>STATUS AS SENIOR MANAGEMENT STOCKHOLDER</u>

☒ *Yes* ☐ *No*

Exhibit 10.31

2007 STOCK INCENTIVE PLAN
FOR KEY EMPLOYEES OF
FIRST DATA CORPORATION AND ITS AFFILIATES

1. Purpose of Plan

The 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates (the "Plan") is designed:

(a) to promote the long term financial interests and growth of New Omaha Holdings Corporation (the "Company") and its Subsidiaries by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Company's business;

(b) to motivate management personnel by means of growth-related incentives to achieve long range goals; and

(c) to further the alignment of interests of participants with those of the stockholders of the Company through opportunities for increased stock, or stock-based ownership in the Company.

2. Definitions

As used in the Plan, the following words shall have the following meanings:

(a) "Affiliate" means with respect to any Person, any entity directly or indirectly controlling, controlled by or under common control with such Person.

(b) "Board" means the Board of Directors of the Company.

(c) "Change in Control" means, in one or a series of transactions, (i) the sale of all or substantially all of the assets of New Omaha Holdings, L.P. or the Company or First Data Corporation to any Person (or group of Persons acting in concert), other than to (x) investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (together, the "Sponsor"), any other investor in respect of whom the Sponsor has the power to direct such investor's vote with respect to the Company's Common Stock or other equity securities (each an "Investor" and together with the Sponsor, the "Sponsor Group") or their respective Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor Group or their respective Affiliates or other Person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor Group or their respective Affiliates; or (ii) a merger, recapitalization or other sale by the Sponsor or its Affiliates (other than through a Public Offering) of Common Stock or other voting securities of the Company that results in more than 50% of the Common Stock or other voting securities of the Company (or any resulting company after a merger) owned, directly or indirectly, by the Sponsor following the Closing Date, no longer being so owned by the Sponsor; and, (iii) in any event of clause (i) or (ii) above, such transaction results in any Person (or group of Persons acting in concert) having the ability to elect more members of the Board than the Sponsor Group; provided, however, that following an event described in clause (i), a liquidation of, or the declaration of an extraordinary dividend by, the Company or First Data Corporation (or any successor entities) shall also constitute a Change in Control.

(d) "Code" means the United States Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation Committee of the Board (or, if no such committee is appointed, the Board).

(f) "Common Stock" or "Share" means the common stock, par value $0.01 per share, of the Company, which may be authorized but unissued, or issued and reacquired.

(g) "Employee" means a person, including an officer, in the regular employment of the Company or any other Service Recipient who, in the opinion of the Committee, is, or is expected to have involvement in the management, growth or protection of some part or all of the business of the Company or any other Service Recipient.

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(i) "Fair Market Value" shall have the meaning ascribed to it in the Management Stockholder's Agreement.

(j) "Grant" means an award made to a Participant pursuant to the Plan and described in Section 5, including, without limitation, an award of a Stock Option, Stock Appreciation Right, Other Stock-Based Award or Dividend Equivalent Right (as such terms are defined in Section 5), or any combination of the foregoing.

(k) "Grant Agreement" means an agreement between the Company and a Participant that sets forth the terms, conditions and limitations applicable to a Grant.

(l) "Group" means "group," as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(m) "Investor" means the KKR 2006 Fund L.P. and its affiliated investment funds and certain other co-investors.

(n) "Management Stockholder's Agreement" shall mean that certain Management Stockholder's Agreement between the applicable Participant and the Company.

(o) "Participant" means an Employee, non-employee member of the Board, consultant or other person having a service relationship with the Company or any other Service Recipient, to whom one or more Grants have been made and remain outstanding.

(p) "Person" means "person," as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(q) "Public Offering" means any registered public offering of the Common Stock on the New York Stock Exchange or the Nasdaq National Market or other nationally recognized stock exchange or listing system.

(r) "Sale Participation Agreement" shall mean that certain Sale Participation Agreement between the applicable Participant and New Omaha Holdings, L.P.

(s) "Service Recipient" shall mean, the Company, any Subsidiary of the Company, or any Affiliate of the Company that satisfies the definition of "service recipient" within the meaning of Treasury Regulation Section 1.409A-1(g) (or any successor regulation), with respect to which the person is a "service provider" (within the meaning of Treasury Regulation Section 1.409A-1(f) (or any successor regulation).

(t) "Subsidiary" means any corporation or other entity in an unbroken chain of corporations or other entities beginning with the Company if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other equity interests possessing 50% or more of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or other entities in such chain.

3. Administration of Plan

(a) The Plan shall be administered by the Committee. The Committee may adopt its own rules of procedure, and action of a majority of the members of the Committee taken at a meeting, or action taken without a meeting by unanimous written consent, shall constitute action by the Committee. The Committee shall have the power and authority to administer, construe and interpret the Plan, to make rules for carrying it out and to make changes in such rules. Any such interpretations, rules, and administration shall be consistent with the basic purposes of the Plan.

(b) The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under the Plan, subject to applicable law and such conditions and limitations as the Committee shall prescribe, except that only the Committee may designate and make Grants to the Chief Executive Officer and to other senior officers of the Company.

(c) The Committee may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company, and the officers and directors of the Company shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee, nor employee or representative of the Company shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Grants, and all such members of the Committee, employees and representatives shall be fully protected and indemnified to the greatest extent permitted by applicable law by the Company with respect to any such action, determination or interpretation.

4. Eligibility

The Committee may from time to time make Grants under the Plan to such Employees, or other persons having a relationship with Company or any other Service Recipient, and in such form and having such terms, conditions and limitations as the Committee may determine. The terms, conditions and limitations of each Grant under the Plan shall be set forth in a Grant Agreement, in a form approved by the Committee, consistent, however, with the terms of the Plan; provided, however, that such Grant Agreement shall contain provisions dealing with the treatment of Grants in the event of the termination of employment or other service relationship, death or disability of a Participant, and may also include provisions concerning the treatment of Grants in the event of a Change in Control.

5. Grants

From time to time, the Committee will determine the forms and amounts of Grants for Participants. Such Grants may take the following forms in the Committee's sole discretion:

(a) Stock Options - These are options to purchase Common Stock ("Stock Options"). At the time of Grant the Committee shall determine, and shall include in the Grant Agreement, the option exercise period, the option exercise price, vesting requirements, and such other terms, conditions or restrictions on the grant or exercise of the option as the Committee deems appropriate including, without limitation, the right to receive dividend equivalent payments on vested options. Notwithstanding the foregoing, the exercise price per Share of a Stock Option shall in no event be less than the Fair Market Value on the date the Stock Option is granted (subject to later adjustment pursuant to Section 8 hereof). In addition to other restrictions contained in the Plan, a Stock Option granted under this Section 5(a) may not be exercised more than 10 years after the date it is granted. Payment of the Stock Option exercise price shall be made (i) in cash, (ii) with the consent of the Committee, in Shares (any such Shares valued at Fair Market Value on the date of exercise) that the Participant has held for at least six months (or such other period of time as may be required by the Company's accountants but only to the extent required to avoid liability accounting under FAS 123(R) or any successor standard thereto), (iii) through the withholding of Shares (any such Shares valued at Fair Market Value on the date of exercise) otherwise issuable upon the exercise of the Stock Option in a manner that is compliant with applicable law, or (iv) a combination of the foregoing methods, in each such case in accordance with the terms of the Plan, the Grant Agreement and of any applicable guidelines of the Committee in effect at the time.

(b) Stock Appreciation Rights - The Committee may grant "Stock Appreciation Rights" (as hereinafter defined) independent of, or in connection with, the grant of a Stock Option or a portion thereof. Each Stock Appreciation Right shall be subject to such other terms as the Committee may determine. The exercise price per Share of a Stock Appreciation Right shall in no event be less than the Fair Market Value on the date the Stock Appreciation Right is granted. Each "Stock Appreciation Right" granted independent of a Stock Option shall be defined as a right of a Participant, upon exercise of such Stock Appreciation Right, to receive an amount equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share of such Stock Appreciation Right, multiplied by (ii) the number of Shares covered by the Stock Appreciation Right. Payment of the Stock Appreciation Right shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at the Fair Market Value on the date of the payment), all as shall be determined by the Committee.

(c) Other Stock-Based Awards - The Committee may grant or sell awards of Shares, awards of restricted Shares and awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (including, without limitation, restricted stock units). Such "Other Stock-Based Awards" shall be in such form, and dependent on such conditions, as the Committee may determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Grants under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

(d) Dividend Equivalent Rights — The Committee may grant Dividend Equivalent Rights either alone or in connection with the grant of a Stock Option or SAR. A "Dividend Equivalent Right" shall be the right to receive a payment in respect of one Share (whether or not subject to a Stock Option) equal to the amount of any dividend paid in respect of one Share held by a shareholder in the Company. Each Dividend Equivalent Right shall be subject to such terms as the Committee may determine.

6. Limitations and Conditions

(a) The number of Shares available for Grants under this Plan shall be 179,500,000, subject to adjustment as provided for in Sections 8 and 9, unless restricted by applicable law. Shares related to Grants that are forfeited, terminated, canceled, expire unexercised, withheld to satisfy tax withholding obligations, or are repurchased by the Company shall immediately become available for new Grants.

(b) No Grants shall be made under the Plan beyond ten years after September 24, 2007, the effective date of the Plan (the "Effective Date"), but the terms of Grants made on or before the expiration of the Plan may extend beyond such expiration. At the time a Grant is made or amended in accordance with the terms of the Plan, or the terms or conditions of a Grant are changed in accordance with the terms of the Plan or the Grant Agreement, the Committee may provide for limitations or conditions on such Grant.

(c) Nothing contained herein shall affect the right of the Company or any other Service Recipient to terminate any Participant's employment or other service relationship at any time or for any reason.

(d) Other than as specifically provided in the Management Stockholder's Agreement, Sale Participation Agreement or Grant Agreement, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such benefit shall, prior to receipt thereof by the Participant, be in any manner liable for or subject to the debts, contracts, liabilities, engagements, or torts of the Participant.

(e) Participants shall not be, and shall not have any of the rights or privileges of, stockholders of the Company in respect of any Shares purchasable in connection with any Grant unless and until certificates representing any such Shares have been issued by the Company to such Participants (or book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian).

(f) No election as to benefits or exercise of any Grant may be made during a Participant's lifetime by anyone other than the Participant except by a legal representative appointed for or by the Participant.

(g) Absent express provisions to the contrary, any Grant under this Plan shall not be deemed compensation for purposes of computing benefits or contributions under any retirement or severance plan of the Company or other Service Recipient and shall not affect any benefits under any other benefit plan of any kind now or subsequently in effect under which the availability or amount of benefits is related to level of compensation. This Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

(h) Unless the Committee determines otherwise, no benefit or promise under the Plan shall be secured by any specific assets of the Company or any other Service Recipient, nor shall any assets of the Company or any other Service Recipient be designated as attributable or allocated to the satisfaction of the Company's obligations under the Plan.

7. Transfers and Leaves of Absence

For purposes of the Plan, unless the Committee determines otherwise: (a) a transfer of a Participant's employment without an intervening period of separation among the Company and any other Service Recipient shall not be deemed a termination of employment, and (b) a Participant who is granted in writing a leave of absence or who is entitled to a statutory leave of absence shall be deemed to have remained in the employ of the Company (and other Service Recipient) during such leave of absence.

8. Adjustments

In the event of any stock split, spin-off, share combination, reclassification, recapitalization, liquidation, dissolution, reorganization, merger, Change in Control, payment of a dividend (other than a cash dividend paid as part of a regular dividend program) or other similar transaction or occurrence which affects the equity securities of the Company or the value thereof, the Committee shall (i) adjust the number and kind of shares subject to the Plan and available for or covered by Grants, (ii) adjust the share prices related to outstanding Grants, and/or (iii) take such other action (including, without limitation providing for payment of a cash amount to holders of outstanding Grants), in each case as it deems reasonably necessary to address, on an equitable basis, the effect of the applicable corporate event on the Plan and any outstanding Grants, without adverse tax consequences under Section 409A of the Code. Any such adjustment made or action taken by the Committee in accordance with the preceding sentence shall be final and binding upon holders of Options and upon the Company.

9. Change in Control

In the event of a Change in Control: (a) if determined by the Committee in the applicable Grant Agreement or otherwise determined by the Committee in its sole discretion, any outstanding Grants then held by Participants which are unexercisable or otherwise unvested or subject to lapse restrictions may automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such Change in Control and (b) the Committee may, to the extent determined by the Committee to be permitted under Section 409A of the Code, but shall not be obligated to: (i) cancel such awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Stock Options and Stock Appreciation Rights, may equal the excess, if any, of the value of the consideration to be paid in the Change in Control transaction to holders of the same number of Shares subject to such Stock Options or Stock Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Stock Options or Stock Appreciation Rights) over the aggregate option price of such Stock Options or the aggregate exercise price of such Stock Appreciation Rights, as the case may be; (ii) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected Grants previously granted hereunder, as determined by the Committee in its sole discretion; or (iii) provide that for a period of at least ten business days prior to the Change in Control, any Stock Options or Stock Appreciation Rights shall be exercisable as to all Shares subject thereto and that upon the occurrence of the Change in Control, such Stock Options or Stock Appreciation Rights shall terminate and be of no further force and effect; provided that if the Committee takes the actions set forth in this Section 9(b)(iii), Participants shall have the ability to pay for the shares with respect to which such Stock Options or Stock Appreciation Rights are being exercised by electing to have the number of Shares that would otherwise be issued to the Participant reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Participant to the Company in respect of such exercise and the minimum statutory withholding that would have otherwise had to have been paid to the Company in relation with such exercise.

10. Amendment and Termination

(a) The Committee shall have the authority to make such amendments to any terms and conditions applicable to outstanding Grants as are consistent with this Plan, provided that no such action shall modify any Grant in a manner that adversely impacts, other than in a *de minimis* manner, a Participant with respect to any outstanding Grants, other than pursuant to Section 8, 9 or 10(c) hereof, without the Participant's consent, except as such modification is provided for or contemplated in the terms of the Grant or this Plan.

(b) The Board may amend, suspend or terminate the Plan, except that no such action, other than an action under Section 8, 9 or 10(c) hereof, may be taken which would, without stockholder approval, increase the aggregate number of Shares available for Grants under the Plan, decrease the price of outstanding Grants, change the requirements relating to the Committee, or extend the term of the Plan. However, no such action shall adversely impact, other than in a *de minimis* manner, a Participant with respect to any outstanding Grants, other than pursuant to Section 8, 9 or 10(c) hereof, without the Participant's consent, except as otherwise contemplated in the terms of the Grant or the Plan.

(c) This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's termination of employment with any Service Recipient the Participant is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months and one day following the Participant's termination of employment with all Service Recipients (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment and (ii) if any other payments of money or other benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred, if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, reasonably determined by the Board in consultation with the Participant, that does not cause such an accelerated or additional tax or result in an additional cost to the Company (without any reduction in such payments or benefits ultimately paid or provided to the Participant).

11. Governing Law; International Participants

(a) This Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable therein.

(b) With respect to Participants who reside or work outside the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant, the Company or any other Service Recipient.

12. Withholding Taxes

The Company shall have the right to deduct from any payment made under the Plan any federal, state or local income or other taxes required by law to be withheld with respect to such payment. It shall be a condition to the obligation of the Company to deliver Shares upon the exercise of a Stock Option that the Participant pays to the Company such amount as may be requested by the Company for the purpose of satisfying any liability for such withholding taxes.

13. Effective Date and Termination Dates

The Plan shall be effective on September 24, 2007 and shall terminate ten years later, subject to earlier termination by the Board pursuant to Section 10.

EXHIBIT 10.32

FIRST DATA CORPORATION
SEVERANCE/CHANGE IN CONTROL POLICY
(Executive Committee Level)
As amended and restated effective May 1, 2011

1. Background and Purpose

This severance/change in control policy (the "Policy") was established effective July 26, 2005 by First Data Corporation, a Delaware corporation ("FDC"), to enable FDC to offer a form of income protection to its Eligible Executives in the event their employment with the Company is involuntarily terminated other than for Cause. The Policy was also intended to secure for the benefit of the Company the services of the Eligible Executives in the event of a Change in Control without concern for whether such executives might be hindered in discharging their duties by the personal uncertainties and risks associated with a Change in Control, by affording such executives the opportunity to protect the share value they have helped create as of the date of any Change in Control and offering income protection to such executives in the event their employment terminates involuntarily or for Good Reason in connection with a Change in Control.

On September 24, 2007 (the "Closing Date"), a Change in Control occurred by reason of the consummation of the Agreement and Plan of Merger by and among New Omaha Holdings L.P., a Delaware limited partnership ("Parent"), Omaha Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Parent, and First Data Corporation, a Delaware corporation, dated April 1, 2007 (the "Merger"). Effective September 24, 2007, this Policy has been amended and restated to reflect the Merger, provided that as to any Eligible Executive who is not party to a Stock Option Agreement with respect to any option granted under the Option Plan, this Policy shall be applied without regard to the September 24, 2007 amendment and restatement.

This Policy shall constitute a "welfare plan" within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and shall be construed in a manner consistent with such intent. To the extent the Company determines, in its sole discretion, that the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") may apply to this Policy, the Company shall adopt amendments to the Policy or adopt other procedures or take any other actions that it determines are necessary or appropriate to either exempt this Policy from Code Section 409A or to comply with the requirements of Code Section 409A, including without limitation amendments, procedures and actions with retroactive effect. Notwithstanding the foregoing, any actions taken by the Company in this regard shall preserve to the maximum extent possible the benefits for Eligible Executives contemplated in this Policy.

2. Effective Date

The effective date of this Policy as amended and restated is May 1, 2011 (the "Effective Date").

3. Definitions

(i) "Base Salary" means the Eligible Executive's current annualized rate of base cash compensation paid on each regularly scheduled payday for the executive's regular work schedule as of his or her Termination Date and is calculated to include any before-tax contributions that are deducted for Company benefit plan purposes. Base Salary does not include taxable or nontaxable fringe benefits or awards, vacation, performance awards, bonus, commission or other incentive pay, or any payments which are not made on each regular payday, regardless of how such payments may be characterized.

(ii) "Board" means the Board of Directors of FDC.

(iii) "Cause" shall have the meaning ascribed to it in the 2007 Stock Incentive Plan for Key Employees of First Data Corporation and its Affiliates (the "Option Plan") or any Stock Option Agreement awarding stock options thereunder to which the Eligible Executive is a party.

(iv) "Change in Control" shall have the meaning ascribed to it in the Option Plan.

(v) "Company" means FDC or its subsidiaries or any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise, including, without limitation, any successor due to a Change in Control) to the business or assets of FDC.

(vi) "Disability" shall have the meaning ascribed to it under the Option Plan or any Stock Option Agreement awarding stock options thereunder to which the Eligible Executive is a party.

(vii) "Eligible Executive" means an individual who is a member of the Company's executive committee unless such individual is eligible, by virtue of an acquisition agreement or otherwise, to receive severance, termination, or similar benefits under another policy, plan, program, or agreement.

(viii) "Good Reason" shall have the meaning ascribed to it under the Option Plan or any Stock Option Agreement awarding stock options thereunder to which the Eligible Executive is a party.

(ix) "Severance Benefits" are the benefits payable to an Eligible Executive pursuant to this Policy, other than the Change in Control-related benefits referenced in Sections 8 hereof.

(x) "Severance Period" means the period for which Severance Benefits will be paid as reflected in Section 7 commencing on an Eligible Executive's Termination Date.

(xi) "Termination Date" is the date on which the Eligible Executive's employment with the Company terminates for a reason set forth under Section 5.

(xii) "Years of Service" are the number of full years of uninterrupted service as an Eligible Executive up to his or her Termination Date. Partial years of service are not taken into account for purposes of this Policy. Years of Service also include time spent on Company-approved leave of absences, provided that no more than one (1) cumulative Year of Service will be credited for such leave of absences.

4. Eligibility

All Eligible Executives are eligible for benefits under this Policy.

5. Eligible Termination Reasons

An eligible termination reason is any involuntary separation of service with the Company other than for Cause or Disability, or any voluntary separation of service by the Eligible Executive for Good Reason.

6. Non-Eligible Termination Reasons

A non-eligible termination reason is any reason for termination that is not an eligible termination reason under Section 5.

7. Severance Benefits

The provisions of this Section are subject, without limitation, to the provisions of Section 9 hereof.

(i) Severance Pay. If an Eligible Executive's employment with the Company is terminated after the Effective Date for any reason set forth in Section 5, the Company shall pay the following amounts:

(a) For any individual who became an Eligible Executive on or before May 1, 2011:

(1) an amount equal to the product of (i) the sum of the executive's Base Salary and the target bonus payable to the executive pursuant to the Company's Senior Executive Incentive Plan (or the bonus plan then applicable to the executive) for the year in which the Termination Date occurs, and (ii) two (2) years (the "Severance Period"); plus

(2) a prorated amount of the Eligible Executive's target bonus under the Company's Senior Executive Incentive Plan (or the bonus plan then applicable to the executive) for the year in which the Termination Date occurs. Such prorated amount shall be equal to the product of (i) the Eligible Executive's target bonus for the year in which the Termination Date occurs and

(ii) the ratio of the number of days elapsed during such year prior to the Termination Date to 365.

(b) For any individual who became an Eligible Executive after May 1, 2011 and has less than two (2) Years of Service as an Eligible Executive on the Termination Date:

(1) The Executive's Base Salary multiplied by (1) one year (the "Severance Period"); plus

(2) A pro-rata portion of the Eligible Executive's target bonus payable to the executive pursuant to the Company's Senior Executive Incentive plan (or the bonus plan then applicable to the executive) at the Company's deemed attainment rate as of the month of the Eligible Executive's Termination Date and based on the portion of the year the Eligible Executive was actively employed by the Company. Any such bonus payment will be made within 30 days of the Eligible Executive signing their Agreement & Release (but no later than March 15th of the calendar year following the Termination Date).

(c) For any individual who became an Eligible Executive after May 1, 2011 and who has two (2) or more but less than five (5) Years of Service as an Eligible Executive on the Termination Date:

(1) an amount equal to the product of (i) the sum of the executive's Base Salary and the target bonus payable to the executive pursuant to the Company's Senior Executive Incentive Plan (or the bonus plan then applicable to the executive) for the year in which the Termination Date occurs, and (ii) 1.5 years (the "Severance Period"); plus

(2) A pro-rata portion of the Eligible Executive's target bonus payable to the executive pursuant to the Company's Senior Executive Incentive plan (or the bonus plan then applicable to the executive) at the Company's deemed attainment rate as of the month of the Eligible Executive's Termination Date and based on the portion of the year the Eligible Executive was actively employed by the Company. Any such bonus payment will be made within 30 days of the Eligible Executive signing their Agreement & Release (but no later than March 15th of the calendar year following the Termination Date).

(d) For any individual who became an Eligible Executive after May 1, 2011 and who has five (5) or more Years of Service as an Eligible Executive on the Termination Date:

(1) an amount equal to the product of (i) the sum of the executive's Base Salary and the target bonus payable to the executive pursuant to the Company's Senior Executive Incentive Plan (or the bonus plan then applicable to the executive) for the year in which the Termination Date occurs, and (ii) 2 years (the "Severance Period"); plus

(2) A pro-rata portion of the Eligible Executive's target bonus payable to the executive pursuant to the Company's Senior Executive Incentive plan (or the bonus plan then applicable to the executive) at the Company's deemed attainment rate as of the month of the Eligible Executive's Termination Date and based on the portion of the year the Eligible Executive was actively employed by the Company. Any such bonus payment will be made within 30 days of the Eligible Executive signing their Agreement & Release (but no later than March 15th of the calendar year following the Termination Date).

(ii) Continued Benefits Coverage. If an Eligible Executive's employment with the Company is terminated after the Effective Date for any reason set forth in Section 5, subject to the terms of any applicable plan documents and the remaining provisions of this subsection, the Company shall provide the Eligible Executive (and his or her dependents) for the duration of the Severance Period with all welfare benefits coverage which the Eligible Executive (or his or her dependents) was participating in or receiving as of the Termination Date. The cost to the Eligible Executive of such coverage and the terms and conditions of such coverage during the Severance Period shall be the same as those applicable to similarly situated active employees during such period. Notwithstanding the foregoing, after the expiration of the first year of the Severance Period, the Eligible Executive (and his or her dependents) shall lose Company-sponsored group health coverage unless a timely election is made for continued group health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"). The Company shall pay to the Eligible Executive, as an additional

Severance Benefit, a lump sum approximately equal to the difference in cost between COBRA premiums and active employee premiums for period of time remaining, if any, in the Severance Period of COBRA coverage calculated by the Company in its discretion as of the Termination Date, which payment shall constitute taxable income to the Eligible Executive and which shall be paid no later than the 30th day following the expiration of the first year of the Severance Period. An Eligible Executive receiving Severance Benefits under this Policy shall also be entitled to receive during the Severance Period any financial planning benefits which the Eligible Executive was receiving as of the Termination Date, but shall not be entitled to receive any other perquisites after such date. Notwithstanding the foregoing, the executive's continued benefits coverage under this subsection shall cease as of the date the executive becomes eligible to receive such benefits under a subsequent employer's benefit programs. Eligible Executives receiving Severance Benefits under this Policy are not eligible to continue contributions to the Company's qualified retirement plans or nonqualified deferred compensation program.

(iii) Incentive Awards. If an Eligible Executive's employment with the Company is terminated after the Effective Date for any reason set forth in Section 5, outstanding cash incentive awards granted to the Eligible Executive that are eligible to become fully vested and payable solely contingent upon the Eligible Executive's continued employment and the passage of time shall continue to vest and be payable in accordance with their terms, notwithstanding the executive's earlier termination of employment.

8. Certain Additional Payments

(i) Notwithstanding anything to the contrary set forth herein, but subject to clause (v) below, if it is determined that any payments or benefits provided by the Company to or on behalf of an Eligible Executive (whether pursuant to the terms of this Policy or otherwise) (any such payments or benefits being referred to in this Section as "Payments"), but determined without taking into account any additional payments required under this Section, would be subject to the excise tax imposed by Code Section 4999, or any interest or penalties are incurred by the Eligible Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively referred to herein as the "Excise Tax"), then the Eligible Executive will be entitled to receive an additional payment (a "Gross-Up Payment") in an amount so that after payment by the Eligible Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and the Excise Tax imposed upon the Gross-Up Payment, the Eligible Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if it is determined that the Eligible Executive is entitled to a Gross-Up Payment, but that the Payments to the Eligible Executive do not exceed 110% of the amount which is one dollar less than the smallest amount that would give rise to any Excise Tax (the "Reduced Amount"), then no Gross-Up Payment will be made to the Eligible Executive and the Payments shall be reduced to the Reduced Amount. In such event, the reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards; and (iii) reduction of employee benefits. If acceleration of vesting of compensation from an Eligible Executive's equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant, unless the Eligible Executive elects in writing a different order for cancellation, provided, however, such election by the Eligible Executive shall apply only to equity awards that do not constitute nonqualified deferred compensation within the meaning of Code Section 409A.

(ii) Subject to the provisions of Section 8(iii), all determinations required to be made under this Section, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be used in arriving at such determination, will be made by the independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control (the "Accounting Firm"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall provide its calculations, together with detailed supporting documentation, to the Company and the Eligible Executive within fifteen (15) calendar days after the date on which the Eligible Employee's right to Payment is triggered (if requested at that time by the Company or the Eligible Executive) or such other time as requested by the Company or the Eligible Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Company to the Eligible Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Eligible Executive, it shall furnish the Eligible Executive with a written opinion that no Excise Tax will be imposed. Any good faith determination by the Accounting Firm shall be binding upon the Company and the Eligible Executive. As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 8(iii) and the Eligible Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be paid by the Company to or for the benefit of the Eligible Executive within five days of receipt of the Accounting Firm's determination.

(iii) The Eligible Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Eligible Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Eligible Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Eligible Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Eligible Executive in writing prior to the expiration of such period that it desires to contest such claim, the Eligible Executive shall:

(a) give the Company any information reasonably requested by the Company relating to such claim;

(b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(c) cooperate with the Company in good faith in order effectively to contest such claim; and

(d) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Eligible Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(iii), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Eligible Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Eligible Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided further, that if the Company directs the Eligible Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Eligible Executive on an interest-free basis and shall indemnify and hold the Eligible Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Eligible Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Eligible Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(iv) If, after the receipt by the Eligible Executive of an amount advanced by the Company pursuant to Section 8(iii), the Eligible Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Eligible Executive shall (subject to the Company's complying with the requirements of Section 8(iii)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Eligible Executive of an amount advanced by the Company pursuant to Section 8 (iii), a determination is made that the Eligible Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Eligible Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(v) This Section 8 shall not apply with respect to any Payment that would otherwise be subject to the Excise Tax if such Excise Tax would be avoided by obtaining stockholder approval of the Payment in the manner prescribed by Section 280G of the Code and regulations thereunder.

(vi) Any payments that the Company is required to pay to or on behalf of the Executive pursuant to this Section 8 shall be paid within the time periods specified under Section 8; provided, that in no event shall such payments be made later than the end of the calendar year following the calendar year in which the corresponding taxes are remitted.

9. Requirement of Release

The provision of Severance Benefits under this Policy is conditioned upon the Eligible Executive timely signing an Agreement and Release (in a form satisfactory to the Company) which will include restrictive covenants and a comprehensive release of all claims. The Eligible Executive must sign the Agreement and Release within fifty (50) days following the date of the termination of the Eligible Executive's employment (which Agreement and Release shall be delivered to the eligible Executive within five (5) days following the date of such termination). In this Agreement and Release, the Eligible Executive will be asked to release the Company and its employees from any and all claims the Eligible Executive may have against them, including but not limited to any contract, tort, or wage and hour claims, and any claims under Title VII, the ADEA, the ADA, ERISA, and other federal, state or local laws. Under the Agreement and Release, the Eligible Executive must also agree not to solicit business similar to any business offered by the Company, not to recruit, solicit, or encourage any employee to leave their employment with the Company, not to disclose any of Company's trade secrets or confidential information, and not to disparage the Company or its employees in any way. These obligations are in addition to any other non-solicitation, noncompete, nondisclosure, or confidentiality agreements the Eligible Executive may have executed while employed by the Company. Should the Eligible Executive violate any applicable confidentiality, non-competition and non-solicitation provisions following receipt of Severance Pay, or should the Company discover after termination that the executive engaged while employed by the Company in conduct that would have resulted in a termination for Cause, the Company shall be entitled to immediately cease payment of any remaining severance benefits under this Policy and to repayment by the executive of 90% of the total amount of Severance Pay (provided under Section 7) the Eligible Executive has, as of such date, received under this Policy.

10. Method of Payment

With respect to cash Severance Benefits which are excludible from the requirements of Code Section 409A under the involuntary separation pay exception of Treasury Regulation Section 1.409A-1(b)(9)(iii) (the "Excludible Amount"), the Company reserves the right to determine whether the Excludible Amount shall be paid to an Eligible Executive under the Policy in a single lump sum or in substantially equal installments, and to choose the timing of such payments; provided that a lump sum shall be paid within one (1) month following the Eligible Executive's Termination Date, and installments shall commence no later than the second month following the Eligible Executive's Termination Date (or, if later, the earliest date the Company determines will not result in a violation of Code Section 409A, if applicable), and shall be paid in full no later than the end of the Severance Period. Any cash Severance Benefits in excess of the Excludible Amount (the "Excess Amount") payable to an Eligible Executive under the Policy shall be paid in substantially equal monthly installments; provided that the installments shall commence no later than the second month (which shall be in all cases within 90 days) following the Eligible Executive's Termination Date (or, if later, the earliest date the Company determines will not result in a violation of Code Section 409A, if applicable), and shall be paid in full no later than the end of the Severance Period. Notwithstanding the foregoing, in no event shall payment of any Severance Benefit be made prior to the Eligible Executive's Termination Date or prior to the effective date of the Agreement and Release described in Section 9 above or (prior to the earliest date the Company determines will not result in a violation of Code Section 409A, if applicable). Notwithstanding the foregoing, with respect to the Excess Amount, if termination of the Eligible Executive's employment occurs within fifty (50) days of the end of the calendar year, the first payment will be made on the later of (I) the effective date of the Agreement and Release, or (II) January 2 of the year following the year in which termination of Eligible Executive's employment occurs; and provided further that the first payment shall include any amounts that would have otherwise been due prior to the date of first payment. If an Eligible Executive dies after becoming eligible for Severance Benefits and executing an Agreement and Release but before full receipt of all cash Severance Benefits, the remaining cash Severance Benefits (which shall include both the Excludible Amount and the Excess Amount) will be paid to the Eligible Executive's estate in one lump sum within ninety (90) days (but no later than the end of the Severance Period) of the Eligible Executive's death. If an Eligible Executive dies after becoming eligible for Severance Benefits but before executing an Agreement and Release, his or her estate or representative may not execute an Agreement and Release and no Severance Benefits with respect to the Eligible Executive are payable under this Policy. All payments under this Policy will be net of amounts withheld with respect to taxes, offsets, or other obligations.

11. Offsets

The Company may, in its discretion and to the extent permitted under applicable law and Code Section 409A, offset against the Eligible Executive's benefits under this Policy any other severance benefits payable to the Eligible Executive by the Company, the value of unreturned property, and any outstanding loan, debt or other amount the Eligible Executive owes to the Company. The Company may recover any overpayment of benefits made to an Eligible Executive or an Eligible Executive's estate under this Policy or, to the extent permitted by applicable law, offset any other overpayment made to the Eligible Executive against any Policy benefits or other amount the Company owes the Eligible Executive or the Eligible Executive's estate.

12. Outplacement

In the Committee's sole and absolute discretion, Eligible Executives who are eligible for Severance Benefits under the Policy also may be eligible for outplacement services selected by the Company. Eligibility for, and the scope of any, outplacement services will be determined in the sole discretion of the Committee. Under no circumstances will Eligible Executives be eligible to receive a cash payment in lieu of outplacement services.

13. Re-employment and Other Employment

In the event an Eligible Executive is re-employed by the Company prior to the commencement of or within the Severance Period, the payment of any Severance Benefits payable with respect to the prior termination immediately will cease and such Severance Benefits will no longer be payable under this Policy.

Subject to Section 9 of this Policy, if an Eligible Executive obtains employment (other than with the Company) while receiving Severance Benefits, the Eligible Executive will continue to receive any remaining cash Severance Benefits in accordance with the payment schedule then in effect, but, except as otherwise required under applicable law, he or she will no longer be eligible to receive continued benefits under Section 7(b) of this Policy as of the date the executive becomes eligible to receive such benefits under a subsequent employer's benefit programs.

14. Funding

This Policy is not funded, and payment of benefits hereunder is made from the general assets of the Company.

15. Administration

This Policy shall be administered by the Committee, which as the Named Fiduciary shall have the absolute discretion and exclusive right to interpret, construe and administer the Policy and to make final determinations on all questions arising under the Policy, including but not limited to questions concerning eligibility for, the amount of and receipt of Policy benefits. All decisions of the Committee will be conclusive, final and binding upon the parties.

16. Amendment or Termination of the Policy

The Company reserves the right to amend or terminate this Policy at any time in its sole discretion, provided, however, that during the period commencing on the Closing and ending on the 36 month anniversary of a Change in Control (other than the Merger), the Company shall not amend or terminate this Policy without the consent of each affected Eligible Executive.

17. Limitation on Individually Negotiated Severance Arrangements

As of the Effective Date, this Policy is intended to be the sole source of severance and change in control benefits for Eligible Executives. Absent prior Board approval, no individual agreement shall be entered into with any Eligible Executive or any person being considered for promotion or hire as an Eligible Executive which would provide severance or change in control-type benefits.

18. Miscellaneous

No executive vests in any entitlement to or eligibility for benefits under this Policy until he or she has satisfied all requirements for eligibility and the conditions required to receive the benefits specified in this Policy have been satisfied. No interest accrues on any benefit to which an Eligible Executive may be entitled under this Policy. Eligible Executives cannot assign or pledge any benefits that they are eligible for under this Policy. Subject to state and federal law, no creditor may attach or garnish any Eligible Executive's Policy benefits. This Policy does not create any contract of employment or right to employment for any period of time. Employment with the Company is at-will, and may be terminated by either the Company or the Eligible Executive at any time for any reason.

19. Review Procedure

Executives eligible to receive benefits under this Policy will be notified of such eligibility as soon as administratively practicable after the event occurs which gives rise to the provision of Policy benefits. If an executive who believes he or she is eligible to receive Policy benefits does not receive such notice or disagrees with the amount of benefits set forth in such notice, or if an executive is informed that he or she is not eligible for benefits under this Policy, the executive (or his or her legal representative) may file a written claim for benefits with the Company's senior human resources executive or such other officer or body designated by the Committee for this purpose. The written claim must include the facts supporting the claim, the amount claimed, and the executive's name and mailing address.

If the claim is denied in part or in full, the Company's senior human resources executive (or other designated officer or body) will notify the executive by mail no later than 90 days (or 180 days in special circumstances) after receipt of the written claim. The notice of denial will state the specific reasons for the denial, the provisions of the Policy on which the denial is based, a description of any additional information or material required by the Committee to consider the claim if applicable, as well as an explanation as to why such information or material is necessary, an explanation of the Policy's review procedures and the time limits applicable to such procedures, and the executive's right to bring a civil action under ERISA Section 502(a) in the event of an adverse determination upon review.

An executive (or his or her legal representative) may appeal the denial by filing a written appeal with the Committee. The written appeal must be received no later than 60 days after the executive or legal representative received the notice of denial. During the same 60-day period, the executive or legal representative may have reasonable access to pertinent documents and may submit written comments and supporting documents, records and other materials to the Committee. The Committee will review the appeal and notify the executive or legal representative by mail of its final decision no later than the next regularly scheduled Committee meeting, or if the appeal is received less than 30 days before such meeting, the second regularly scheduled meeting after the Committee receives the written appeal.

20. Notwithstanding any provision of the Plan to the contrary, the Plan is intended to comply with the requirements of Code Section 409A. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Code Section 409A. Further, for purposes of the limitations on nonqualified deferred compensation under Code Section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation. Any amounts payable solely on account of an involuntary separation from service of an Eligible Executive within the meaning of Code Section 409A shall be excludible from the requirements of Code Section 409A, either as involuntary separation pay or as short-term deferral amounts to the maximum possible extent. Notwithstanding any provision of the Plan to the contrary, if an Eligible Executive is a "specified employee" within the meaning of Code Section 409A at the time of termination of employment, to the extent necessary to comply with Code Section 409A, any payment required under this Plan shall be delayed for a period of six (6) months after termination of employment pursuant to Code Section 409A, regardless of the circumstances giving rise to or the basis for such payment. Payment of such delayed amount shall be paid in a lump sum within ten (10) days after the end of the six (6) month period. If the Eligible Executive dies during the postponement period prior to the payment of the delayed amount, the amounts delayed on account of Code Section 409A shall be paid to the personal representative of the Eligible Executive's estate within ninety (90) days after the date of the Eligible Executive's death. For these purposes, a "specified employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under Code Section 409A, as determined by the Company. The determination of "specified employees," including the number and identity of persons considered "specified employees" and the identification date, shall be made by the Company in accordance with the provisions of Code Sections 416(i) and 409A.

21. Rights Under the Employee Retirement Income Security Act (ERISA)

As a participant in the Policy, an Eligible Executive is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), which provides that all Policy participants shall be entitled to:

Receive Information About The Policy And Benefits

The executive may examine, without charge, at the plan administrator's office and at other specified locations such as worksites, all documents governing the plan and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

The executive may obtain, upon written request to the plan administrator, copies of documents governing the operation of the Policy including copies of the latest annual report (Form 5500 Series). The administrator may make a reasonable charge for the copies.

The executive may receive a summary of the plans' annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Policy Fiduciaries

In addition to creating rights for Policy participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the Policy, called "fiduciaries" of the Policy, have a duty to do so prudently and in the interest of the Policy participants and beneficiaries. No one, including an executive's employer or any other person, may fire an executive or otherwise discriminate against an executive in any way to prevent such executive from obtaining a welfare benefit or exercising his or her rights under ERISA.

Enforcement of Rights

If an executive's claim for benefits is denied or ignored, in whole or in part, the executive has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps that can be taken to enforce the above rights. For example, if an executive requests a copy of Policy documents or the latest annual report from the Policy and does not receive them within 30 days, the executive may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials, and pay the executive up to $110 a day until the executive receives the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If an executive has a claim for benefits which is denied or ignored, in whole or in part, he or she may file suit in a state or Federal Court. If it should happen that the Policy fiduciaries misuse the plan's money, or if an executive is discriminated against for asserting his or her rights, the executive may seek assistance from the U.S. Department of Labor, or may file a suit in a Federal court. The court will decide who should pay court costs and legal fees. If the executive is successful the court may order the person the executive has sued to pay these costs and fees. If the executive loses, the court may order the executive to pay these costs and fees, for example, if it finds the executive's claim is frivolous.

Assistance With Questions

An executive who has questions about the Policy should contact the plan administrator. If an executive has any questions about this statement or about his or her rights under ERISA, or if the executive needs assistance in obtaining documents from the plan administrator, he or she should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in a telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210. The executive may also obtain certain publications about his or her rights and responsibilities under ERISA by calling the publication's hotline of the Employee Benefits Security Administration.

ADDITIONAL INFORMATION

The details on the following pages are provided for the Eligible Executive's information and possible use.

Name of Policy
First Data Corporation Severance/
Change in Control Policy
(Executive Committee Level)

Type of Policy
Welfare

Policy Year
1/1 to 12/31

Type of Policy Administration
Self-Administered

Policy Sponsor
First Data Corporation
6200 S. Quebec Street
Greenwood Village, CO 80111

Plan Administrator
Governance, Compensation & Nominations Committee
of the Boards of Directors of First Data Corporation
c/o First Data Corporation
Office of the General Counsel
6200 S. Quebec Street, Suite 360
Greenwood Village, CO 80111

Agent for Service of Legal Process
First Data Corporation
Office of the General Counsel
6200 S. Quebec Street, Suite 360
Greenwood Village, CO 80111

In addition, service of legal process may be made upon the Plan Administrator.

Identification Number (Policy Sponsor)
47-0731996

THIS DESCRIPTION OF THE FIRST DATA CORPORATION SEVERANCE/CHANGE IN CONTROL POLICY FOR EXECUTIVE COMMITTEE-LEVEL PARTICIPANTS SERVES AS THE OFFICIAL PLAN DOCUMENT AND AS THE LEGAL SUMMARY PLAN DESCRIPTION.

EXHIBIT 21

LIST OF FIRST DATA CORPORATION SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Incorporation
BA Merchant Services, LLC	Ohio
Banc of America Merchant Services, LLC	Delaware
Bankcard Investigative Group Inc.	Delaware
BUYPASS Inco Corporation	Delaware
BWA Merchant Services Pty. Ltd.	Australia
Call Interactive Holdings LLC	Delaware
Cash Axcess Corporation (Proprietary) Limited	South Africa
Cashcard Australia Limited	Australia
CESI Holdings, Inc.	Delaware
Clover Network, Inc.	Delaware
Concord Computing Corporation	Delaware
Concord Corporate Services, Inc.	Delaware
Concord EFS Financial Services, Inc.	Delaware
Concord EFS, Inc.	Delaware
Concord Emerging Technologies, Inc.	Arizona
Concord Financial Technologies, Inc.	Delaware
Concord One, LLC	Delaware
Concord Payment Services, Inc.	Georgia
Concord Processing, Inc.	Delaware
Concord Transaction Services, LLC	Colorado
CTS Holdings, LLC	Colorado
CTS, Inc.	Tennessee
D.Man Debtors Notification Company S.A	Greece
DW Holdings Canada ULC	Alberta
Eastern States Bankcard Association Inc.	New York not-for-profit
Eastern States Monetary Services, Inc.	New York not-for-profit
EBP Re, Ltd.	Bermuda
Electronic Banking Solutions Limited	Australia
EPSF Corporation	Delaware
European Merchant Services BV	Netherlands
FD do Brasil Processamento de Dados Ltda.	Brazil
FDFS Holdings, LLC	Delaware
FDGS Group, LLC	Delaware
FDGS Partner, LLC	Delaware
FDR (First Data Resources) Europe B.V.	Netherlands
FDR Ireland Limited	Delaware

FDR Limited	Delaware
FDR Missouri Inc.	Delaware
FDR U.K. Limited	United Kingdom
FDS Holdings, Inc.	Delaware
Federated Union Systems, Limited	Ireland
Federated Union Systems Europe Ltd.	Ireland
First Data APSS Coöperatief U.A.	Netherlands
First Data Asia Pte Ltd.	Singapore
First Data Austria GmbH	Austria
First Data Austria Holdings GmbH	Austria
First Data Bilgi Isleme Hizmetleri Limited Sirketi	Turkey
First Data Canada Merchant Solutions ULC	Canada
First Data Capital, Inc.	Delaware
First Data Card Solutions, Inc.	Maryland
First Data (China) Co., Ltd.	China
First Data Chile Limitada	Chile
First Data CIS	Russia
First Data Colombia Ltda.	Colombia
First Data Commercial Services Holdings, Inc.	Delaware
First Data Commercial Services Limited	Ireland
First Data Communications Corporation	Delaware
First Data Cono Sur SA	Argentina
First Data Corporation Australia (Holdings) Pty Limited	Australia
First Data Corporation (Luxembourg) SARL	Luxembourg
First Data Czech Republic	Czech Republic
First Data Deutschland GmbH	Germany
First Data EC, LLC	Delaware
First Data EESTI OU	Estonia
First Data Europe Limited	United Kingdom
First Data Egypt LLC	Egypt
First Data Foundation	Colorado not-for-profit
First Data Government Solutions, Inc.	Delaware
First Data Government Solutions, LP	Delaware
First Data Global Services Limited	Ireland
First Data GmbH	Germany
First Data (Greece) US Holding Corp.	Delaware
First Data Hellas Processing Services & Holdings SA	Greece
First Data Holding I (Netherlands) BV	Netherlands
First Data Hong Kong Limited	Hong Kong

First Data Magyarorszag Kereskedelmi es Szolgaltato Kft	Hungary
First Data (India) Private Limited	India
First Data International d.o.o.	Croatia
First Data International Incorporated	Delaware
First Data International (Italia) Srl	Italy
First Data International Luxembourg SARL	Luxembourg
First Data International Luxembourg II SARL	Luxembourg
First Data International Luxembourg III SARL	Luxembourg
First Data International Luxembourg IV SARL	Luxembourg
First Data International Luxembourg V SARL	Luxembourg
First Data International Luxembourg VI SARL	Luxembourg
First Data International Luxembourg VII SARL	Luxembourg
First Data International Luxembourg VIII SARL	Luxembourg
First Data Japan Co., Ltd.	Japan
First Data Korea Limited	Korea
First Data Latin America Inc.	Delaware
First Data Latvia	Latvia
First Data Lietuva	Lithuania
First Data Loan Company, Canada	Canada
First Data (Mauritius) Holding Company	Mauritius
First Data Merchant Services Corporation	Florida
First Data Merchant Services México, S. de R.L. de C.V.	Mexico
First Data Merchant Services Northeast, LLC	Delaware
First Data Merchant Services Southeast, L.L.C.	Delaware
First Data Middle East FZ — LLC	UAE
First Data Mobile Holdings, Inc.	Delaware
First Data Mobile (Bermuda) Holdings, Ltd.	Bermuda
First Data Mobile Holdings Limited	Ireland
First Data Mobile Payments Limited	Ireland
First Data Mobile Solutions GmbH	Germany
First Data Mobile Solutions Limited	Ireland
First Data (Norway) Holding AS	Norway
First Data Operations (Austria) GmbH	Austria
First Data Orca JV Holdco Pte Limited	Singapore
First Data Payment Services, LLC	Delaware
First Data Poland Holding S.A.	Poland
First Data Polska S.A.	Poland

First Data Procurements México, S. de R.L. de C.V.	Mexico
First Data Real Estate Holdings L.L.C.	Delaware
First Data Resources Australia Limited	Australia
First Data Resources Investments Pty Limited	Australia
First Data Resources, LLC	Delaware
First Data Resources South Africa (Proprietary) Limited	South Africa
First Data Retail ATM Services L.P.	Texas
First Data Romania SRL	Romania
First Data Secure LLC	Delaware
First Data Serbia and Montenegro d.o.o.	Serbia
First Data Services LLC	Delaware
First Data (Singapore) Pte Ltd.	Singapore
First Data Slovakia a.s.	Slovakia
First Data Solutions Inc.	Washington
First Data Spain Holdings, S.L.	Spain
First Data Support Services Private Limited	India
First Data Technologies, Inc.	Delaware
First Data Transportation Services Inc.	Tennessee
First Data Trust Company, LLC	Colorado
First Data Uruguay SA	Uruguay
First Data Voice Services	Delaware general partnership
First Merchant Processing (Ireland) Limited	Ireland
First Merchant Solutions GmbH	Germany
FSM Services Inc.	Delaware
FTS (NSW) Pty. Limited	Australia
Funds & Assets Management LLC	New York
FundsXpress, Inc.	Delaware
FundsXpress Financial Network, Inc.	Texas
Gift Card Services, Inc.	Oklahoma
Gratitude Holdings LLC	Delaware
Greenwood Holdings 1 Inc.	Delaware
Huntington Merchant Services, L.L.C.	Delaware
ICICI Merchant Services Private Limited	India
Ignite Payments, LLC	California
Instant Cash Services, LLC	Delaware
Integrated Payment Systems Canada Inc.	Canada
Integrated Payment Systems Inc.	Delaware
Inverland Jasper SL	Spain
IRS Intelligent Risk Management Solutions GmbH	Germany

Linkpoint International, Inc.	Nevada
LoyaltyCo LLC	Delaware
MAS Inco Corporation	Delaware
MAS Ohio Corporation	Delaware
Merchant Solutions Private Limited	Bangladesh
Merchant Solutions Private Limited	Singapore
Merchant Solutions Private Limited	Sri Lanka
Merchant Solutions Pte (Macau) Limited	Macau
Merchant Solutions Pte Limited	Hong Kong
Merchant Solutions (Shanghai) Consultancy Co., Ltd.	China
Merchant Solutions Sdn Bhd	Malaysia
Money Network Financial, LLC	Delaware
National Payment Systems Inc.	New York
New Payment Services, Inc.	Georgia
Omnipay Limited	Ireland
PayCargo, LLC	Delaware
PayPoint Electronic Payment Systems, LLC	Delaware
PaySys de Costa Rica, S.A.	Costa Rica
PaySys Europe, B.V.	Netherlands
PaySys International, Inc.	Florida
PaySys International Limited	Ireland
PaySys International Pty. Ltd.	Australia
Pegaso SRL	Argentina
POS ICE Merchant Services Private Limited	India
POS Merchant Solutions Pte. Limited	India
POS Merchant Solutions Sdn Bhd	Brunei
Posnet SRL	Argentina
Processing Center, S.A.	Panama
Publicdatasystems, Inc.	Delaware
REMITCO LLC	Delaware
Research Park Association, Inc.	Florida not-for-profit
Sagebrush Holdings LLC	Delaware
Signet	United Kingdom
Signet Processing Limited	United Kingdom
Size Technologies, Inc.	California
Star Networks, Inc.	Delaware
Star Processing, Inc.	Delaware
Star Systems Assets, Inc.	Delaware
Star Systems, Inc.	Delaware

Star Systems, LLC	Delaware
Strategic Investment Alternatives LLC	Delaware
SunTrust Merchant Services, LLC	Delaware
TASQ LLC	Delaware
TASQ Technology, Inc.	California
TeleCash GmbH & Co. KG	Germany
TeleCash Management GmbH	Germany
TeleCheck International, Inc.	Georgia
TeleCheck Payment Systems Limited	New Zealand
TeleCheck Pittsburgh/West Virginia, Inc.	Pennsylvania
TeleCheck Services Canada, Inc.	Canada
TeleCheck Services, Inc.	Delaware
TeleCheck Services of Puerto Rico, Inc.	Georgia
The Joint Credit Card Company Limited	United Kingdom
TRS Recovery Services, Inc.	Colorado
Transaction Solutions, LLC	Delaware
Trionis SCRL	Belgium
Unified Merchant Services	Georgia General Partnership
ValueLink, LLC	Delaware
Zolter Services Limited	Ireland

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Edward A. Labry III, Chief Executive Officer of First Data Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K of First Data Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2013

/S/ EDWARD A. LABRY III

Edward A. Labry III
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Ray E. Winborne, Chief Financial Officer of First Data Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K of First Data Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2013

/S/ RAY E. WINBORNE
Ray E. Winborne
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

The certification set forth below is being submitted in connection with the Annual Report of First Data Corporation on Form 10-K for the period ended December 31, 2012 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14 (b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Edward A. Labry III, the Chief Executive Officer of First Data Corporation, certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Data Corporation.

Date: March 19, 2013

/S/ EDWARD A. LABRY III

Edward A. Labry III
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

The certification set forth below is being submitted in connection with the Annual Report of First Data Corporation on Form 10-K for the period ended December 31, 2012 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Ray E. Winborne, the Chief Financial Officer of First Data Corporation, certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Data Corporation.

Date: March 19, 2013

/S/ RAY E. WINBORNE

Ray E. Winborne
Chief Financial Officer

fdc-20121231.xml

fdc-20121231.xsd

fdc-20121231_cal.xml

fdc-20121231_def.xml

fdc-20121231_lab.xml

fdc-20121231_pre.xml

State of Nebraska

Department of Health &
Human Services

IV&V Services for Nebraska Eligibility & Enrollment Solution (EES)

Sample IV&V Management Plan

October 8, 2013

First Data

Document History

This document is controlled through the Document Management Process. To verify that the document is the latest version, please contact the First Data Team.

Date	Version	Reason for Revision
10/08/2013	V1.0	Sample Draft

Table of Contents

1.0 Introduction and Purpose

First Data understands that on an ongoing basis, all Agreement terms and conditions between the Independent Verification and Validation (IV&V) Vendor and the EES Project must be met. This IV&V Management Plan establishes the processes by which First Data will manage and administer the IV&V services within the prescribed schedule and budget. The IV&V Management Plan provides the Department with the assurance on the following items:

- Deliverables, assessment reviews, and status reports will be completed on time.
- Risks and issues will be identified and monitored.
- Invoices will adhere to the Agreement terms and related cost schedules.

2.0 IV&V and EES Project Organization

2.1 IV&V Organization

The following figure depicts the organization of the First Data IV&V team for the EES Project.

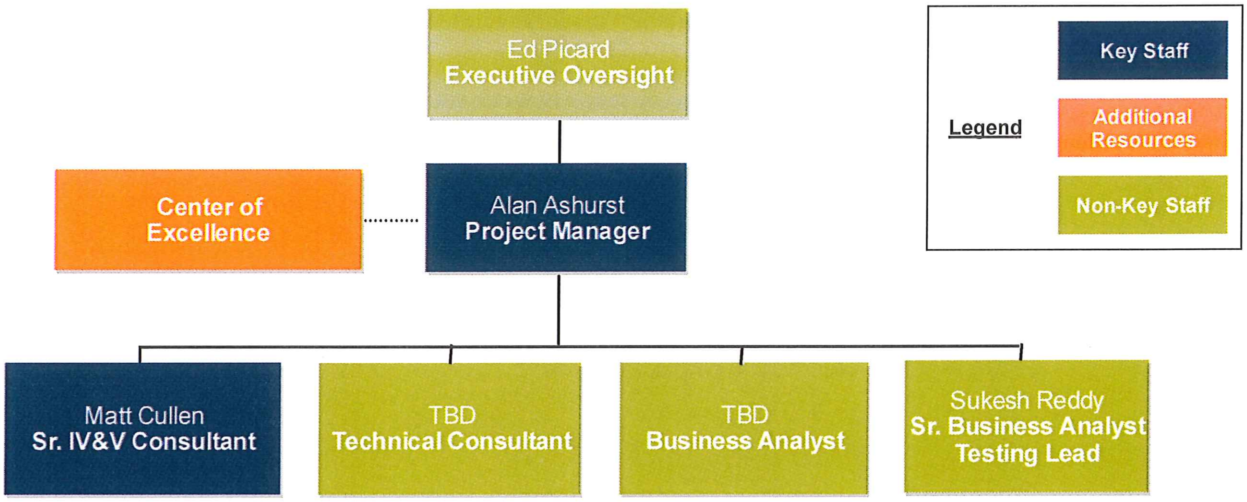


Figure 2.1 First Data Organization Chart

The following table illustrates the Roles and Responsibilities of the First Data Team at the EES Project.

Roles	Responsibilities
Executive Oversight	• Provides advice and guidance to the Executive Project Manager and the IV&V Project team • Reviews project status, schedule, risks, issues and budget • Participates with the Executive Project Manager in key meetings with the EES Contractors and other stakeholders • Provides final decisions regarding project approach, policy, resources and program/process integration • Makes sure the project has the appropriate resources to succeed • Leads periodic Health Checks of the project
Project Manager	• Manages the IV&V Project in alignment with the vision and scope established by the Department for the EES Project • Manages the day-to-day activities of the IV&V Project • Manages the IV&V team, Work Plan, schedule and budget • Ensures the IV&V team coordinates with and works cooperatively with the Department resources and EES Contractor • Ensures the IV&V team works in accordance with the IV&V Management Plan

Roles	Responsibilities
	• Identifies, escalates, and communicates key risks and issues that could impede the progress of the EES Project • Participates in key meetings with EES stakeholders and EES Contractor • Analyzes, monitors and reports on EES Project progress, status, risks and issues • Ensures timely completion of all the First Data Team deliverables and work products • Assesses EES Contractor scope of work and change requests • Conducts key management assessments including EES governance and communication • Manages the First Data EES IV&V Contract
Sr. IV&V Consultant	• Develops IV&V Test Plan Activities • Evaluates Business Requirements • Validates Requirements Analysis • Validates Design Analysis • Validates Development Analysis • Executes Independent Test Activities • Verifies Implementation Analysis
Technical Consultant	• Provides advice to the State Technical managers and leads • Assesses SDLC processes and IT governance • Works cooperatively with the EES Contractor Technical teams • Verifies and validates that the EES Contractor's processes and deliverables are consistent with the proposed development methodology • Leads the review of EES Contractor technical deliverables to ensure technical requirements are met • Monitors the technical aspects of implementation and conversion • Verifies the EES Contractor's solution architecture is viable and consistent with State architectural guidelines and the CMS Seven Standards and Conditions • Participates in and provides input in system, infrastructure and database design sessions • Verifies that the EES Contractor's archival and backup policies are in place • Monitors, reviews and verifies code construction, unit testing, integration testing and system testing • Verifies that the design products are under configuration control • Verifies the software artifacts and system documentation • Monitors and verifies the technical aspects of implementation, integration and data conversion • Identifies and escalates risks and issues

Roles	Responsibilities
Business Analyst	• Conducts research and provides advice to the Department EES Functional managers and leads • Works cooperatively with the EES Contractor's Functional and Test teams • Attends project meetings with EES stakeholders and the EES Contractor • Participates in and provides input in application design sessions • Reviews EES Contractor deliverables to ensure business and functional requirements are met • Provides insight, guidance, and best practices related to the functional requirements including impact to business operations • Monitors and reports on the functional aspects of implementation and conversion and makes recommendations for system changes and improvements • Identify and escalate risks and issues • Assess key implementation contractor project management deliverables and work products
Sr. Business Analyst/Testing Lead	• Work cooperatively with the DDI Vendor Functional and Test teams • Participate in and provide input in application design sessions • Review DDI Vendor deliverables to ensure business and functional requirements are met • Lead test preparation and independent test execution of the application and/or modules • Review all defects discovered in testing and make recommendations • Ensure all test failures are addressed and re-testing is conducted as appropriate • Consolidate and report on key test metrics and progress • Provide insight, guidance, and best practices related to the functional requirements including impact to business operations • Monitor and report on the functional aspects of implementation and conversion and make recommendations for system changes and improvements • Update the Requirements Traceability Matrix as test results fulfill requirements • Identify and escalate issues and risks

Table 3.1 - First Data Roles and Responsibilities

2.2 Project Governance

Project Governance defines the formal communication methods that will be utilized to communicate the EES project progress, risks, and issues as well as any project change. The project governance must identify and define communication methods within the EES project and outside the EES project. The structured and coordinated communication model will support the vast majority of the project decision-making requirements while also supporting the capability to be accommodating to short-term adjustments within the project.

The following table describes sample project governance meetings in which the IV&V team participates. The table includes the meeting description, meeting frequency, communication tools and participants.

Meetings	Description/Participants	Frequency
EES Steering Committee (Change Control Board) meeting	The EES Steering Committee (Change Control Board) provides executive level guidance to the project on escalated risks, issues and project change management. The EES Steering Committee (Change Control Board) is further detailed within the EES Project Management Plan. EES Communication tools – • EES Contractor Monthly Status Report • Change Request(s) EES Project participants include – • DHHS Executive Management Team • EES Project Management Team • EES Contractor Project Management Team • EES IV&V Project Management Team	Bi-weekly
EES Project Management meeting	The EES Project Management meeting participants review the weekly progress of the project on project schedule, escalate risks, issues and project change management. The EES Project Management meeting sis further detailed within the EES Project Management Plan. EES Communication tool – • EES Contractor Weekly Status Report EES Project participants include – • EES Project Management Team • EES Contractor Project Management Team • EES IV&V Project Management Team	Weekly
IV&V Management Briefing meeting	Review the status of the EES IV&V project. Identify audit areas for the upcoming month. EES Communication tool – • Monthly IV&V Report	Monthly

Meetings	Description/Participants	Frequency
	EES Project participants include – • DHHS Executive Management Team • EES Project Management Team • IV&V Project Management Team	

Table 3.3 – DHHS/EES Project Meetings

3.0 IV&V Methodology

Independent Verification and Validation (IV&V) is defined as processes that determine whether development products of a given activity conform to the requirements of that activity, and whether the product satisfies its intended use and user needs. This determination may include analysis, evaluation, review, inspection, assessment, and testing of software products and processes. IV&V processes assess the products in the context of the system, including the operational environment, hardware, interfacing software, operators, and users. "Independent" refers to the fact that the IV&V organization is both technically and managerially separate from the organization responsible for developing the product.

First Data uses industry standards and best practices and combines them with proven methods and procedures. Our approach for effective project control is also based on the application of proven industry standard techniques and methodologies derived from the following primary sources:

- **The Project Management Institute's (PMI®) Project Management Body of Knowledge (PMBOK)** - The PMI is project management's leading global professional association and, as such, it administers a recognized, rigorous, and proven project management methodology.

- **The Institute of Electrical and Electronics Engineers, Inc. (IEEE)** - The IEEE was created to help advance global engineering processes and to foster technological innovation. First Data applies IEEE standards to all Project Management efforts.

- **The Information Technology Infrastructure Library (ITIL)** - The ITIL was developed to standardize IT development and operational services, which includes multiple IT practices and comprehensive checklists, tasks and procedures.

- **The Capability Maturity Model Integration (CMMI)** - The CMMI was created by Carnegie Mellon University and provides process improvement to integrate traditionally separate organizational functions, set process improvement goals and priorities, provide guidance for quality processes, and provide a point of reference for appraising current processes.

- **The International Organization for Standardization (ISO)** - The ISO is a worldwide standards setting body comprised of representatives from various national standards organizations. The ISO standardizes multiple standards organizations, including PMI, IEEE, CMMI and ITIL.

The IV&V team will align their project activities with EES Contractor's SDLC methodology, if required.

3.1 Planning

3.1.1 Verify Project Planning

First Data understands that it is imperative for the Department to ensure its project management methodologies are sound, accurate and comprehensive. Effective administration will ultimately result in the completion of the project within the defined schedule and budget and meet the Project's objectives.

In this step, First Data will verify that the EES Contractor's Project Management Plan is in place and maintained under the appropriate level of control. First Data will also validate that the EES Contractor's Project Management Plan addresses requirements traceability, escalation procedures, risk analysis and issue management and are aligned with the RFP requirements. Activities will be tailored for the appropriate stage of the Project.

During this step, First Data will verify the following:

- Appropriate system environments are in place and are maintained in accordance with appropriate technical foundation requirements, as updated through requirements and design sub-phases of the project.
- The EES Contractor's Detailed Project Work Plan addresses each phase of the System Development Life Cycle (SDLC).
- The EES Contractor's Work Breakdown Structure (WBS) facilitates verifying and controlling project scope.
- Decisions are documented, archived and manageable for future reference.
- Status reporting is in place in sufficient detail as appropriate for State and Federal stakeholders.

In addition to the above, First Data will deliver an Initial IV&V Report to the Department. The report will address the activities performed during the IV&V project initiation as well as the activities planned for the subsequent two months. The report will identify any expected meetings, interviews and documentation needed by the IV&V team during the next two months. It will include our initial risks and issues report, which will identify project risks and issues, as well as recommended mitigation strategies. The report will include project lifecycle checklists that will be used in the next two months to perform our activities. We will work with the Department to develop an IV&V dashboard that illustrates the status of key metrics for each project phase.

3.1.2 Review/Assess Planning Deliverables

In this step, we review the Planning Deliverables. To accomplish this, the following steps will be undertaken:

- Verify adherence to Planning DEDs
- Review the deliverables for adherence to the project requirements.
- Identify any deficiencies, and recommend resolutions to verify compliance with appropriate Federal and Department rules and policies
- Prepare feedback for Deliverables submitted by the EES Contractor during this phase (based upon the following items) or use the Department identified feedback process
    - ✓ Deliverable DEDs
    - ✓ Deliverable findings
    - ✓ Identified project risks and issues
    - ✓ Deliverable acceptance recommendation
    - ✓ Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

3.2 Requirements

3.2.1 Validate Project Requirements

Project requirements form the foundation on which the development of the system/product rests. The success of the project depends on the quality of the defined requirements. Hence it becomes very crucial that project requirements are appropriately identified, validated, managed and documented.

In this step, in collaboration with the Department and the EES Contractor, we will validate the functional and technical requirements documented by the EES Contractor and other system partners.

Requirements validation can be protracted and challenging, as the goal of the sessions is to gain agreement among various stakeholders. To validate that Project requirements are well defined, gathered, analyzed, finalized and agreed upon by all project participants, we monitor the following Requirement session steps:

#	Requirements Sessions Steps
1	All key stakeholders are present at the session
2	Meeting(s) are formally scheduled
3	Pre-meetings are conducted with relevant groups to review the details and appendices so that there are no surprises at the validation meeting
4	Participants are prepared with the necessary documentation to review and provide comments
5	Questions pertaining to the requirements validation are sent prior to the meeting for review and comment
6	A high level overview of what the meeting will pertain to and the expectations of the facilitator and participants is provided
7	Assumptions and acronyms have been defined to avoid any misinterpretations
8	Specific SME's have been assigned to lead the discussion for particular sections
9	Scribe assigned to formally document discussions and key decisions and action items
10	Timekeeper assigned for the meeting
11	Requirements document is well organized and detailed
12	Requirements are clear, concise, tangible and measurable
13	Project expectations are met

Table 3.1 - Requirements Sessions Steps

The preliminary list of checklist and templates that we use to validate the project requirements are provided below:

- **Requirements Validation Checklist** – This checklist has a series of assessment questions that are applied to each of the Project requirements to gauge the overall quality of the requirements. A template of the Requirements Validation Checklist can be found in Appendix A.

- **Issue Tracking** – The EES IV&V Issue Log is used to log, manage, and track resolutions to issues related to project requirements during the course of requirements validation. The EES IV&V Issue Log is the same format that is used by DHHS for other projects. The Log will be maintained and stored per DHHS direction. For additional details on this process, see Section 5.3

- **Risk Tracking** – The EES IV&V Issue Log is used to log, manage/monitor, and mitigate risks related to project requirements during the course of requirements validation. The EES IV&V Issue Log is the same format that is used by DHHS for other projects. The Log will be maintained and stored per DHHS direction. For additional details on this process, see Section 5.3

Once the Requirements sessions have concluded, we verify that the requirements are classified, cross referenced, and reconciled for completeness and consistency in the Requirements deliverable. In these sessions and throughout the project, we validate that a Requirements Traceability Matrix (RTM) is maintained by the EES Contractor to track and validate all requirements and requirement dependencies are accounted for, as described in the next step.

3.2.2 Validate Requirements Traceability Matrix (RTM)

In this step, we verify that all requirements are correctly identified in order to validate the system meets the needs of the project and its stakeholders. It is critical that these requirements are "traceable" through the remainder of the EES phases: Design, Development, Test, and Implementation phases. To accomplish this, the following steps are undertaken:

- Validate the requirements in the RTM as provided by the EES Contractor at requirement validation checkpoints throughout the entire project
- Validate that each major section of requirements is numbered hierarchically and then individual requirements are uniquely identified within each section
- Identify and document any risks or issues

3.2.3 Data Conversion Requirements

Data Conversion is an ongoing activity that is performed as the system life cycle progresses in each of the EES Phases. We engage in multiple activities associated with data conversion including the following:

- Review of the EES Contractor's Data Conversion Requirements deliverable to validate the conversion methodology and verify that it addresses all necessary requirements
- Attend data conversion requirements meetings
- Review draft deliverables and provide feedback and comments to the EES Contractor and the Department
- Review final deliverables to verify that they are complete, comprehensive and accurate based on requirements and project standards

3.2.4 Review/Assess Requirements Deliverables

In this step, we review the Requirements Deliverables and Work Products. To accomplish this, the following steps will be undertaken:

- Verify adherence to Requirements DEDs
- Review the Deliverables and Work Products
- Identify any deficiencies, and recommend resolutions to verify compliance with appropriate Federal and State rules and policies
- Review the project tools to verify they support required diagramming and documentation maintenance techniques
- Prepare feedback for Deliverables submitted by the EES Contractor during this phase (based upon the following items) or use the Department identified feedback process
    - Deliverable DEDs
    - Deliverable findings
    - Identified project risks and issues
    - Deliverable acceptance recommendation
    - Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

3.3 Design

3.3.1 Validate Design Products

In this phase, we undertake the validation of the proposed system design by the EES Contractor. It is critical that the proposed design is feasible, efficient, and meets all project requirements. It contains the project approved functional and technical requirements in an understandable format. In addition, we also validate that the design products adhere to the project approved development standards.

We begin our design validation by participating in the design meetings, including walkthroughs, conducted by the EES Contractor. As part of our validation, we address the adequacy of the work being performed, note any deficiencies, recommend resolution and note any inconsistencies and necessary updates.

Below are the lists of validation steps that are applicable to the design phase:

- Verify the EES Contractor's solution architectural design is viable and consistent with Department architectural guidelines and the CMS Seven Standards and Conditions
- Assess the design of physical layout and storage of databases, tables, and records
- Review EES Contractor design deliverables to verify design requirements are met
- Evaluate the design and drafts of screen layouts, report layouts, and forms
- Review the input and output flow names at a descriptive level.
- Review the data stores to determine whether requirements have been met
- Review the documentation of the screen dialogue, function key usage, data requirements and error messages
- Review process actions as developed for each primitive level functional process and graphically depicted including:
  - ✓ Process inputs
  - ✓ Process dependencies
  - ✓ Actions performed by the process
  - ✓ Entities and data elements used by the process
  - ✓ Process outputs
- Review the identification for data storage and data access to verify the project requirements are met.
- Review the security design to verify sensitive data and personal information is safeguarded in accordance with federal regulations and that they meet the project requirements. Each of the following concerns will be reviewed :
  - ✓ Privacy
  - ✓ Physical and Staff Security
  - ✓ System Hardware, Software, Documentation and Communications Security
  - ✓ Application Software Security
  - ✓ Contingency for Recovery from Disaster

- Verify that the design is based on the documented requirements and is able to be performed using the proposed technical design
- Identify and escalate risks and issues

We also evaluate the manner in which the EES Contractor addresses configuration management and software revision control in the design and implementation of the new system. We assess the EES Contractor's Configuration Management Plan to verify it describes what items will be placed under configuration management control and how those items will be managed throughout the SDLC, including software code promotion and documentation version control for all environments, including development, training, system test, user acceptance test, and production.

We confirm the configuration management plan addresses:

- A list of all functional and physical items included in the scope of configuration management, which includes hardware, software and design
- A method and procedure for controlling changes to configuration items
- A change status reporting method for configuration items
- A reference for the common terminology for configuration management
- A method for ensuring that control will be maintained over design, development, production, installation and support configuration items
- A method for ensuring inspections to demonstrate acceptability of material and services will be performed
- Evidence of a disciplined integrated systems development approach

At the completion of SDLC phase milestones i.e. Requirements, Design, Development, Test, UAT, Training and Deploy, we audit the configuration management process to verify the EES Contractor is following the configuration management in practice. However, based upon discussions at the IV&V Monthly Briefing meetings, the Department may identify a need to audit an area prior to the completion of a SDLC phase milestone. We will work with the Department to define the scope and timing of the audit.

We undertake the above validation steps in collaboration with the Department and the EES Contractor. Any risks and issues identified during the course of our validation are documented and tracked in the Risks and Issues Tracking Log respectively.

We will review the proposed design to validate the feasibility, efficiency, and complete adherence to the project requirements.

3.3.2 Review/Assess Design Deliverables

In this step, we review the Design Deliverables and Work Products. To accomplish this, the following steps will be undertaken:

- Verify adherence to Design DEDs
- Review the Design Deliverables and Work Products for conformance with the project requirements
- Identify any deficiencies, and recommend resolutions to verify compliance with appropriate Federal and State rules and policies
- Prepare feedback for Deliverables submitted by the EES Contractor during this phase (based upon the following items) or use the Department identified feedback process
    - ✓ Deliverable DEDs
    - ✓ Deliverable findings
    - ✓ Identified project risks and issues
    - ✓ Deliverable acceptance recommendation
    - ✓ Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

3.4 Development

3.4.1 Conduct Development Reviews

In this phase, we validate the development of the product/system by the EES Contractor is based on the agreed upon project requirements and design from the prior phases. Activities will be tailored for the appropriate stage of the Project.

First Data employs its System Development Quality Assurance methodology to verify that software products are engineered to satisfy the user's requirements, within determined cost, schedule, security, and data quality guidelines. As part of our methodology, we utilize a software development verification methodology for assessing and measuring the EES Contractor's software development approach. The verification methodology incorporates the processes, tools, and techniques the EES Contractor is employing for the project along with recommended improvements from the project team. The methodology is then used to verify adherence to the software development approach through scheduled monitoring during the life of the project.

As part of our validation, we perform quality reviews to verify adherence to the software development approach using the verification methodology. This includes participation in system development sessions and walk-through of deliverables with the EES Contractor.

We also verify and validate draft and final deliverables from the EES Contractor, providing written comments and recommendations as appropriate. We perform follow-up activities based on the Department's decisions and monitor the resolution of identified issues. The risks and issues identified during the Development sub-phase are tracked in the Risks and Issues Tracking Log.

3.4.2 Review/Assess Development Deliverables

In this step, we review the Development phase Deliverables and Work Products. To accomplish this, the following steps are undertaken:

- Verify adherence to Development DEDs
- Review the Development Deliverables and Work Products for conformance with the project requirements and design
- Identify any deficiencies, and recommend resolutions to verify compliance with appropriate Federal and State rules and policies
- Prepare feedback for Deliverables submitted by the EES Contractor during this sub-phase (based upon the following items) or use the Department identified feedback process
    - ✓ Deliverable DEDs
    - ✓ Deliverable findings
    - ✓ Identified project risks and issues
    - ✓ Deliverable acceptance recommendation
    - ✓ Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

3.5 Test

As part of our QA/IV&V tasks, we will evaluate the EES Contractor's test methods, approaches, test environments, test cases, scripts, defect reporting, and resolution processes to validate the EES Contractor meets CMS test expectations. Included in the review is the verification the EES Contractor's testing plan is compliant with the standards outlined in the *CMS Testing Framework Overview V1.1* document.

We will provide UAT support to the Department as outlined in section 3.5.2 – UAT Support.

The objectives for reviewing the adequacy of the Contractor's testing artifacts are to verify that mechanisms are in place to ensure the system and software requirements, use cases, and design elements allocated to software are satisfied by execution of component, system, and acceptance tests. Activities will be tailored for the appropriate stage of the Project.

3.5.1 Review/Assess Test Deliverables

In this step, we review the Test Deliverables. To accomplish this, the following steps are undertaken:

- Verify adherence to Test DEDs
- Review the Test Deliverables for conformance with the project requirements and design
- Identify any deficiencies, and recommend resolutions to validate compliance with appropriate Federal and State rules and policies
- Prepare feedback for Deliverables submitted by the EES Contractor during this phase (based upon the following items) or use the Department identified feedback process
  - ✓ Deliverable DEDs
  - ✓ Deliverable findings
  - ✓ Identified project risks and issues
  - ✓ Deliverable acceptance recommendation
  - ✓ Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

3.5.2 UAT Support

First Data will assist with developing the UAT Plan and provide support services for UAT. During the Planning Phase, First Data will gain complete understanding of EES through analyzing detailed functional requirements for key business areas. Based on functional and test data requirements analysis, we will assist in developing the UAT Plan that includes the following:

- Definition of in-scope and out-of-scope activities
- Critical success criteria and performance measures for the UAT process including entry and exit criteria

- Defined critical business workflows and approaches to test identified workflows
- Detailed schedule aligned with the testing efforts of the EES Contractor system testing
- Test data management process addressing test data identification/creation and maintenance
- Overall resource plan outlining on boarding, training and team composition for various phases of UAT

In addition, First Data will provide the following:

- Guidance for the technical and functional testing teams through all UAT activities, and regularly report on progress, deficiencies and recommendations
- Coordination with the EES Contractor to verify the test environment is fully functional
- Lessons learned and additional insight gained during the UAT process

At the option of the Department, First Data will perform test execution including defect management, retesting of fixed defects and follow-up activities to verify defects are tracked to closure and UAT meets the stated exit criteria.

3.6 Implementation

3.6.1 Evaluate Training Plan and Training Materials

The proper development, preparation and delivery of training and end user documentation are as critical to project success as is a well-designed subsystem. If users are not able to completely comprehend the system's abilities and use it proficiently, then the results of systems implementation could be at risk.

We utilize our training evaluation methodology to conduct an independent evaluation of the EES subcontractor training efforts by the Business Subject Matter Experts on the IV&V Project team. These evaluations are done at key points in the development and implementation tasks and it provides feedback to support the maintenance of training at a high quality level.

We review the EES Contractor's Training Plan to verify the proper approach to the development and maintenance of required training materials and aids. We review the curricula, effective use of classroom and hands-on training modes, reasonable trainer-trainee ratios, and assist the EES subcontractor in developing a training schedule which supports systems implementation by providing training for trainers and users in concert with their needs to begin using the system. Additionally, we assess the EES Contractor's ability to effectively measure the results of training and the provision of any follow-up or remedial training.

In collaboration with the EES Contractor's training staff, we review draft materials and provide continued review of materials through their acceptance. We evaluate the utility and capacities of the regular training materials to verify that the training requirements such as those listed below are met:

- The instructor guides provide a level of detail and clarity to verify that all of the system functions and features will be explained and demonstrated.
- The trainees understand the objectives of the system and its various modules.
- The system and screen navigation techniques are understood.
- The system start-up and shutdown is described.
- Data elements and screen functions are easily understood.
- Help is easily accessible by the users.
- Materials reflect all required changes to text and modifications to the System.
- The materials provide suggested remedies for problem resolution.

Any risks or issues identified during the review of the Training Plan/Materials are documented and tracked in the Risks and Issues Tracking Log respectively.

3.6.2 Make recommendation for Implementation Acceptance/Approval

Careful construction and disciplined implementation of the project/system plays a critical role in the overall project's success. In this step, we evaluate the Project Implementation Plan to validate it clearly and thoroughly addresses the implementation methodology, strategy, assumptions, and proven practices in a manner that assures success while ensuring minimal disruption to DHHS's daily business.

One of the keys to a successful go-live decision process is to clearly define the decision criteria and assure that accurate, timely status information is readily available to all decision makers. To effectively facilitate this process, we will work with the Department to create a Readiness Assessment Checklist tailored to the project. Regardless of the final layout for the data capturing tool, the readiness of the system will need to be confirmed from many perspectives. The readiness review is the evaluation of all aspects of a solution design, including system functions verifiable through testing, new business processes that have been communicated, security measures that have been institutionalized and training materials that have been disseminated and utilized.

We review the readiness requirements for the Project and document our findings for the Department. Our readiness review considers the following:

- The number and nature of known defects to determine if they are manageable and if work-arounds have been identified
- The full, production-configured system's capacity to withstand the anticipated volume
- The completeness of the training provided to Department staff and other end users
- The adequacy of the security processes
- Whether training on new business processes has been provided in addition to the system training
- If there are any unacceptable risks that might breach thresholds of schedule, performance, cost, or other established criteria
- Successful completion of UAT
- Successful execution of data conversion
- Successful execution of interfaces
- Client correspondence
- Reporting
- Compliance with the Seven Conditions and Standards

Any risks or issues identified during the review of the Implementation Plan are documented and tracked in the Risks and Issues Tracking Log respectively.

3.6.3 Review/Assess Implementation Deliverables

In this step, we review the Implementation Deliverable and Work Products. To accomplish this, the following steps will be undertaken:

- Verify adherence to Implementation DED
- Identify any deficiencies, and recommend resolutions to verify compliance with appropriate Federal and State rules and policies

- Prepare feedback for Deliverables submitted by the EES Contractor during this phase (based upon the following items) or use the Department identified feedback process
  - ✓ Deliverable DEDs
  - ✓ Deliverable findings
  - ✓ Identified project risks and issues
  - ✓ Deliverable acceptance recommendation
  - ✓ Reviewed metrics, as appropriate
- Submit the Deliverable Feedback Forms for Deliverables submitted by the EES Contractor during this phase to the Department for their review and feedback

Any risks or issues identified during the review of the Implementation deliverable will be documented and tracked in the Risks and Issues Tracking Log respectively.

3.6.4 Provide Post Implementation Support

Following the system rollout , we provide needed support including the following tasks:

- Identifying best practices and making recommendations for process improvements
- Documenting problem areas and trends
- Identifying issues and corresponding solutions associated with the system and/or operational procedures
- Documenting hand-offs and coordination points of failure between the EES Contractor, the Department, and other stakeholders, if applicable
- Identifying gaps in training methods and materials
- Documenting Lessons Learned

4.0 Federal Review Support

4.1 CMS

First Data will work with the Department to prepare for and navigate through the CMS gate review process, following CMS' Enterprise Life Cycle. The CMS plan for Gate Reviews include four scheduled reviews; the Architectural Review, conducted during the Initiation/Planning sub-phase; the Project Baseline Review, conducted during the Requirements/Design sub-phase; the Final Detailed Design Review, conducted during the Development/Test sub-phase; and the Operational Readiness Review; conducted at the start of the Implementation sub-phase. We will collaborate with the Department throughout the EES Project to navigate through the CMS Gate Review process. We will provide support for each of the four formal Gate Reviews indicated above. We will support the Department in the following activities as needed:

- Tailor and confirm certification checklists
- Review system documentation to determine compliance with the checklists
- Prepare and deliver pre-compliance training
- Prepare and conduct mock certification sessions
- Submission of documentation to CMS
- Develop a post-implementation report for the project
- Schedule and prepare for CMS conference calls and site visits
- Schedule and prepare for CMS exit conference
- Identify specific roles and responsibilities for each task

Below is further detail on how IV&V will provide assistance to the Department for each of the four reviews.

The Architectural Review and the Project Baseline Review

Experience indicates that these two reviews are combined and conducted at the same time. Listed below are some of the areas in which IV&V will assist the Department in preparing for these reviews:

- Attend and actively participate in all gate review planning sessions
- Gather information and create content (e.g., Quality Management Plan and IV&V Reporting), as assigned, to include in the gate review documentation

- Review the overall draft gate review documentation (e.g., PMP, System Security Plan, MITA Self Assessment, Privacy Impact Assessment), prior to submission to CMS
- Assign technical architect to review architectural artifacts (e.g., Business Process Models, Technical Architecture Diagrams)
- Attend and participate in the Gate Review with the Department, as appropriate

The Final Detailed Design Review

- Attend and actively participate in all gate review planning sessions
- Gather information and create content, as assigned, to include in the gate review documentation
- Review the overall draft gate review documentation prior to submission to CMS
- Assign technical architect to review all final design artifacts
- Attend and participate in the Gate Review with the Department, as appropriate

Operational Readiness Review

- Attend and actively participate in all gate review planning sessions
- Gather information and create content, as assigned, to include in the gate review documentation
- Review the overall draft gate review documentation prior to submission to CMS
- Assign test lead to review all test artifacts
- Attend and participate in the Gate Review with the Department, as appropriate

5.0 IV&V Approach

This IV&V Management Plan details the steps that First Data will take to ensure the terms and conditions of the Agreement between First Data and the EES Project are met. Specifically, First Data will ensure the following:

- Deliverables are developed and submitted timely.
- Status Reports are completed and submitted timely.
- Issues are closely tracked.
- Risks are closely managed.
- Invoices are submitted timely and accurately.

We will store the EES IV&V Issues Log, Monthly Status Reports, IV&V Contract Deliverables and other documents as appropriate per DHHS direction.

5.1 Deliverables

First Data will monitor and track the status of all IV&V Deliverables in accordance with the IV&V Work Plan and documented processes and procedures.

First Data anticipates completing its deliverables in a timely manner to ensure appropriate information is communicated to the EES Project and Contractors (where appropriate) in sufficient time to make decisions, take action, or approve corresponding deliverables. While it is critical that First Data delivers on a timely basis, it is important to note that some IV&V deliverables are dependent on the timely delivery of products by the EES Contractor. First Data will work with the EES Project to provide advance notice of any pending event or delay, including any impact the delay may have to the project schedule's critical path. The process of identifying potential delays will be facilitated through the First Data monthly reviews of the EES Contractor's Work Plan, which will provide First Data with early warning signs regarding task slippages. Notification of delays will be communicated to the EES Project immediately via verbal communication and documented, as appropriate.

The list of IV&V Deliverables is documented in Section 6 - Table 6.1.

5.2 Status Reports

First Data believes in keeping its customers well-informed and intends to use the Status Reports as an integral form of project communication. These reports are delivered to the EES Project on a monthly basis to document status of First Data activities that occurred during the report month, plans for the upcoming month, and any risks or issues that need to be addressed. While the status reports are the consistent ongoing medium for communicating status, as issues arise or events occur that require attention, First Data will expeditiously communicate that information (informally or formally) to the EES Project prior to the submission of the status reports.

5.3 Risks and Issues

We will work with the Department to define the processes governing the identification, prioritization, and resolution of any IV&V or other project related risks and issues identified throughout the duration of the EES Project.

One of First Data's primary risk/issue management related responsibilities is to provide the EES Project with a report promptly upon either of the following circumstances:

- The identification of any and all significant or serious Contractor deficiencies, risks, issues or concerns with the system or its quality, or the design, development or implementation of changes thereof

- Any other circumstances which have or if not remedied will likely have a significant or serious negative impact on the EES Project, the system, the design, development or implementation of changes thereof, or the IV&V deliverables or services, including without limitation the cost or time for completion

First Data takes this responsibility seriously and will assure that the appropriate Department representatives and the EES Project Manager are formally notified as soon as possible in any of these situations.

5.4 Invoices

First Data has implemented an invoice development and submission process. First Data's invoices will be objectively assessed for accuracy, completeness, and adherence to Agreement terms and related cost schedules. First Data invoices will contain charges for IV&V Services for the time expended in each month multiplied by the labor rate, broken down by Stage and resource name.

Invoices will include information such as the Agreement name and reference number, Federal Tax Identification Number, itemization of each IV&V deliverable or service, and total amount due. As requested, First Data will provide any additional supporting information that is deemed necessary to support the EES Project in processing the invoice.

6.0 IV&V Deliverables

6.1 Deliverables

The table below describes the IV&V Deliverables First Data will produce in support of the EES Project.

Deliverable	Deliverable Description	Due Date
Initial IV&V Assessment Report	• Includes an IV&V dashboard that illustrates the status of key metrics for each project phase • Addresses the activities performed during the IV&V project initiation as well as the activities planned for the subsequent two months. • Identifies, to the best of our ability, any expected meetings, interviews, and documentation needed by the IV&V team during the next two months. • Documents initial list of issues and risks, as well as the project lifecycle checklists	Phase I – January 2014
IV&V Management Plan	• Documents the approaches for managing all aspects of the IV&V work effort and includes roles and responsibilities, issue management, risk management, communication management, scope/change request management, schedule and work plan management, resource management, deliverable management, document sharing/access, and reporting.	Phase I – January 2014
IV&V Project Status Reports	• Activities completed or in process • Activities scheduled for the upcoming period • Activities scheduled for completion this period that were not completed • IV&V Schedule Update • Issue & Risk Assessment	Monthly
IV&V Project Schedule	• Work with Department to develop the draft project schedule, outlining the project tasks, roles, responsibilities and deliverable • Validate tasks and modify them as requested, to include: ✓ Validate tasks and deliverables from the RFP were included in the initial project Work Breakdown Structure (WBS) ✓ Identify any additional tasks and deliverables to add to WBS based on initial feedback from Department ✓ Identify predecessors and successors ✓ Incorporate tasks and due dates for all deliverables that require drafts and final submissions and review and approval periods • Assign resources to tasks and ensure that resources are not over allocated • Baseline approved work plan to track actual against baseline start and finish dates • Using Microsoft Project, review and update the work plan on a weekly basis to ensure currency, accuracy, and completeness as well as to facilitate timely progress and measurement tracking and reporting • Complete weekly updates to determine activities or tasks that may be at risk of budget or schedule variances and to allocate resources	Phase I – January 2014

Deliverable	Deliverable Description	Due Date
	to address project risks, including: ✓ Summary of key impacts and changes made since prior month and risks and issues associated with changes ✓ Percent complete for each task and subtask ✓ Actual hours by task and subtask ✓ Resource adjustments as necessary ✓ Gantt charts and various views showing planned start and end dates and durations of all tasks, subtasks, and major milestones and deliverables, including timeframes for review and approval of all deliverables and work products and exceed contract commitments	
Performance Standards Planning Document	• Analyze requirements to validate they adhere to State and Federal guidelines, regulations and conditions, meet the expectations of project and agency stakeholders, and include system performance standards, to include ensuring that various stakeholder groups have provided input to and/or participated in usability prototyping and testing of the system look and feel • Confirm stakeholder approval and buy-in for requirements changes that impact schedule, scope, or cost of project • Review performance related requirements to ensure acceptable transaction, response, and processing timeframes have been defined • Assess ESS software architecture by verifying the selected software products meet required State and Federal functionality and performance by standards • Review existing benchmarking tests on similar hardware configuration to verify performance, and review performance test results to identify potential issues • Verify the planned software infrastructure is consistent with the State's architecture standards and assess planned vendor support for key software components to identify potential risks. • Provide initial and ongoing reviews of system software requirements and requirement changes as part of our IV&V Review Reports, and document/substantiate any deficiencies identified in the Initial and Monthly IV&V Review Reports, as well as debriefings to executive management	Phase II – February 2014
Performance Metrics Document	• Conduct a detailed assessment of systems operations plans to verify plan is complete, identifies key performance metrics to measure performance consistent with implementation contract's service level agreements and details how data required for each metric is collected and reported • Validate State and implementation contractor is executing the systems operations plan effectively • Verify Project has established and follows appropriate procedures for systems monitoring, security, backup, and recovery, and disaster prevention and business continuity • Consider both routine and unexpected process requirements that are likely to affect the EES system reliability, specifically, our review will focus on fire and disaster prevention, business continuity and recovery in the event of a disaster • Review the back-up procedures to ensure they are appropriately documented and are enforceable to keep system fully functional	Phase II – February 2014

Deliverable	Deliverable Description	Due Date
	and operational at all times • Conduct detailed assessment of the System Implementer's Operation Manual or System Administration Manual, validating that the manuals provide clear definitions of Roles and Responsibilities and account for sufficient staffing levels for the operations of the EES Solution and to achieve the operational SLAs • Identify any potential deficiencies in the defined roles or staff levels, and recommend corrective action to ensure smooth system operations • Provide an assessment of Systems Operations as part of the Monthly IV&V Reports and the Monthly IV&V Debrief Meeting	
Monthly Management Briefing Report	• Prepare and deliver formal presentations to executives on the status of the project and IV&V findings • Staff will be notified at least 10 business days prior to the meeting being scheduled	Monthly
Risk Assessment Report	• Issue & Risk Assessment • Activities performed, key or critical results, findings or issues identified. • Analysis of the management of the project (State and vendor) with recommendations for improvement. • Results of user involvement assessment and buy-in • Functionality assessments. • Test plan / Test outcome assessments • Integration and alignment of PMO and system integrator processes and practices and any associated risks	Quarterly
EES Estimating & Schedule Review Recommendations Report	• Analyze proposed Change Orders to the D&I Solution-based or IV&V Vendor Agreements • Review draft Change Orders with respect to scope, level of effort, resources, schedule, cost, and impact to the existing Schedule • Confer with the Vendor team during the Change Order analysis process • After initial review, meet with the appropriate Vendor representatives to request additional information or clarification • Monitor project accomplishments against the project schedule using Master Project Schedule • Schedule future and current tasks using Master Project Schedule • Evaluate the type and level of resources assigned to project tasks using Master Project Schedule • Collect and report the following information that could impact the project schedule: ✓ Number of tasks on the critical path that have started on time ✓ Number of tasks on the critical path that did not start on time ✓ Number of tasks on the critical path that have completed on time ✓ Number of tasks on the critical path that were not completed on time ✓ For tasks on the critical path that did not start or complete on time, number of days past the scheduled start or completion date ✓ Actual level of effort (work hours) compared to planned level of effort for tasks	Quarterly

Deliverable	Deliverable Description	Due Date
	✓ Actual resources/positions assigned to tasks compared to planned resources ✓ Any new tasks or changes in tasks that could affect the critical path ✓ Changes in task start dates or finish dates	
EES Deliverable Review Report	• Adherence to the DED • Congruence to the Requirements Traceability Matrix • Comprehensive Assessment including Deficiency Trend Analysis • Overall Completeness • Requirements Traceability to the Specification • Summary of Deficiencies Identified • Detailed Deficiency Assessments for Both Material and Cosmetic Deficiencies • Recommendation for Acceptance	Monthly
Critical Incident Report	• Results from review of critical path deliverables	Monthly
EES Project Milestone & Cost Status Report	• Scorecard Metric - The results of the performance scorecard metric used for determining payments • Results of tracking project task completion against milestones Results of tracking project task completion against milestones	Bi-annually
EES Design & Analysis Review Report	• Verify the proposed solution is feasible, efficient, and completely satisfies all requirements • Evaluate designs for usability, efficiency, and logic, to include use cases or equivalent, page layouts, report layouts, forms/notice layouts, and interface layout. • Review logical data model and assumptions for potential impact • Provide an initial review of High-Level Design as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in the Initial and Monthly IV&V Review Reports for each subsequent development sprint	Phase VIII – August 2014
Unit Testing Review Report	• Evaluate plans, requirements, environment, tools, and procedures used for unit testing system modules • Evaluate level of test automation, interactive testing, and interactive debugging available in the test environment • Confirm planned test processes provide an appropriate level of test coverage, that results are verified, that correct code configuration has been tested, and that tests are appropriately documented • Provide an initial Unit Test Review as part of our Initial IV&V Review, Activities, and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports	Phase IX – September 2014
EES Technical Recommendations Report	• Evaluate documented design standards, methodology and tools used, and provide recommendations for improvements, if warranted. • Evaluate design products, such as use cases, design specifications, page layouts, high level data/database models, report layouts, and diagrams to determine whether they adhere to the following: ✓ Meet Deliverable Expectation Document (DED) standards ✓ Meet process requirements ✓ Are traceable to requirements ✓ Are under configuration control	Phase XII – December 2014

Deliverable	Deliverable Description	Due Date
	✓ Meet acceptance criteria for the design document • Review both the general system design (GSD), detail system design (DSD), and both design documents, ensuring DSD flows from the GSD, and that the DSD provides a technical framework within which application programmers and analysts can perform detailed modification and development activities in these areas and others as appropriate: ✓ Reports ✓ Forms ✓ Notices ✓ Batch Programs ✓ Interfaces • Evaluate standards, design efficiency, methodologies, and control, applying an additional granular level to DSD assessment to verify that the flow of requirements from GSD use cases, design specifications, and models and diagrams can be traced to appropriate elements of the detailed design and are accurate and complete • Verify that all design products follow control standards and are formally approved prior to initiation of the actual coding • Provide an initial review of Detailed Design as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports for each subsequent development sprint	
Data Conversion Process Review Report	• Review Conversion Plans to validate conversion methodology and verify that it addresses all necessary requirements • Ensure plan clearly defines legacy sources for conversion and systems with which the new system must interface • Ensure each plan includes evaluation criteria and methodology to identify data elements that will be included in data dictionary • Validate that overall conversion approach and timeliness are clearly demonstrated • Verify that processes for data cleansing and discrepant data clean-up are outlined • Evaluate conversion fallout thresholds to determine if they are manageable • Review conversion approach used and take into account any unique characteristics of both ancestor and descendant system designs • Provide an initial Data Conversion Review as part of our Initial IV&V Review, Activities and Stakeholder Meetings, and document our findings in Initial and Monthly IV&V Review Reports	Phase XIII – January 2015
Data Conversion Error Report	• Conduct detailed assessment of Data Conversion Plan to validate that it provides sufficient instructions/guidelines on various data conversion components to be conducted through the life of the project, to include: ✓ The overall data conversion methodology to be employed ✓ Detailed descriptions of the data conversion activities ✓ Description of the roles and responsibilities for the Vendor and State data conversion teams ✓ Documentation of data conversion procedures to be used by the team • Evaluate the data conversion methods, approaches, error reporting,	Monthly (Starting Phase XIV)

Deliverable	Deliverable Description	Due Date
	and resolution processes to verify mechanisms are in place to ensure the system and software requirements, use cases, and design elements allocated to software are satisfied • Validate the data conversion plans contain the process for error reporting, the definition of fields required for each error, the metrics required from the error reports and trends, and the resolution process • Communicate our independent assessment of the Data Conversion effort as part of the Monthly IV&V Report(s) no later than the 15th of each month and communicate the assessment results during the Monthly IV&V Debrief Meeting	

Table 6.1 – EES IV&V Deliverables

6.2 Deliverable Management

The table below identifies the process for the deliverable submission, review and approval for each of the IV&V deliverable identified above.

#	Task
1.	First Data submits Draft Deliverable to EES Project Management Team
2.	EES Project Management Team reviews Draft Deliverable and provides feedback to Deliverable Owner
3.	Deliverable Owner incorporates changes and develops Final Deliverable
4.	First Data submits Final Deliverable to EES Project Management Team for approval with feedback on how FSSA's comments were addressed

Table 6.2 – Deliverable Submission, Review, and Approval

Appendix A – Checklists/Templates/Metrics

I. Requirements Validation Checklist

II. Requirements Validation Checklist			
Date Reviewed:		**Reviewed By:**	
Document Date:		**Version:**	
Response Date:			
Applicable Documents:			
Overall General Assessment:			

ID	Checklist Item	Standard Measurement	Criteria Met Yes	Criteria Met Partial	Criteria Met No	Reviewer Comments/Recommendations
	Clarity					
1	Do the requirements specify needs and exclude specifications of design or implementation solutions?		✓	✓	✓	
2	Are the requirements specific and unambiguous, (e.g., uses measurable terms, such as specific numbers, rather than relative terms, such as acceptable, and does not contain lists ending in etc.)?					
3	Are the requirements worded in a manner that avoids over statement of the requirements and possible restriction of design or implementation solutions, (unless design or implementation issues are a constraint)?					

ID	Checklist Item	Standard Measurement	Criteria Met			Reviewer Comments/Recommendations
			Yes	Partial	No	
4	Is the language appropriate for the intended audience, (e.g., avoids technical jargon, since the requirements are to be written in business language)?					
5	Is the meaning of each requirement clear, (e.g., avoids jargon and, words with possible double meaning)?					
	Consistency					
6	Is there consistency among all requirements, (i.e., one requirement does not conflict with another)?					
7	Is the format of the requirements consistent with document standards, (e.g., compare the requirements format to the standards and, as prevention, ensure all document writers have a template reflecting the applicable standards)?					
	Parameters					
8	Are all specified constraints reflected in the requirements (e.g., a constraint is a mandatory condition, such as government reporting requirements, or an unchangeable situation, such as the number of training sites)?					
	Validation					
9	Can satisfaction of the requirements be validated, (e.g., a requirement for a response time of less than five seconds can be validated, but a "quick" response time cannot be validated)?					

ID	Checklist Item	Standard Measurement	Criteria Met			Reviewer Comments/Recommendations
			Yes	Partial	No	
10	Is the list of requirements complete, (i.e., no significant or mandated requirements are missing)?					

II. System Test Checklist

Test Cycle, Sub-Cycle, Test Condition Checklist			
Date Reviewed:		**Reviewed By:**	
Document Date:		**Version:**	
Status:		**Response Date:**	
Applicable Documents •			

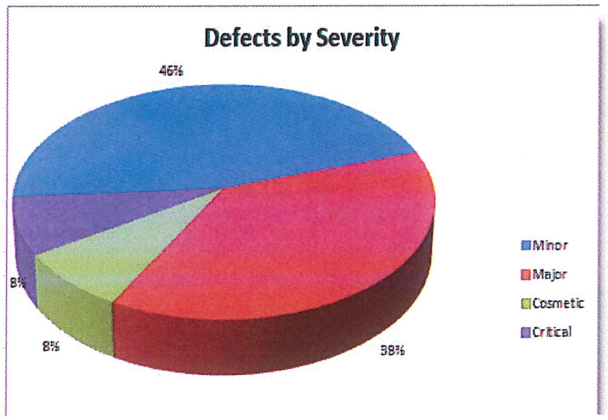
Overall General Assessment:	

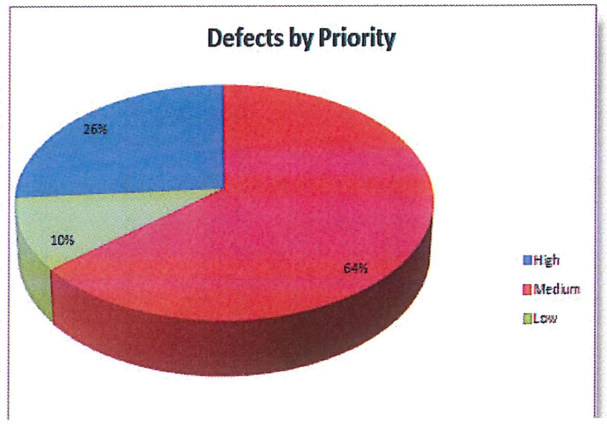
ID	Checklist Item	Standard Measurement	Criteria Met			Reviewer Comments/Recommendations
			Yes	Partial	No	
1	Does the identified Test Cycle appropriately meet the applicable requirements as listed in the DED for System Test?		✓	✓	✓	
2	Traceability Analysis: Are all the applicable requirements satisfied by the Test Condition, as deemed appropriate on the RTM?					

ID	Checklist Item	Standard Measurement	Criteria Met			Reviewer Comments/Recommendations
			Yes	Partial	No	
3	Is the "grouping" of Test Conditions appropriate for the Sub-Cycle and is functionality appropriately addressed based on business logic?					
4	Is the documentation Legible? Understandable? Unambiguous?					
5	Does the document appropriately define all acronyms, mnemonics, abbreviations, terms, and symbols?					
6	Are all terms and concepts documented consistently?					
7	Is functionality appropriately addressed based on business logic?					

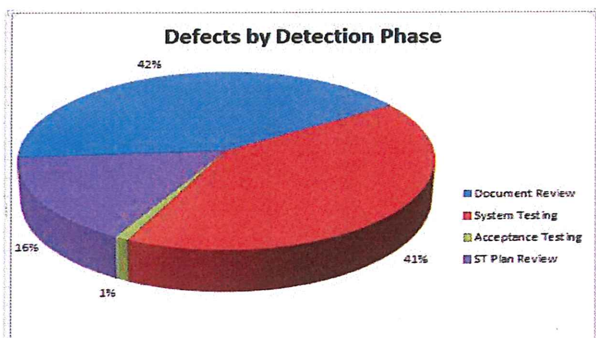
III. Defect Metrics (Sample Metrics)

Defects by Severity and Priority - Gives understanding on the quality of the product.

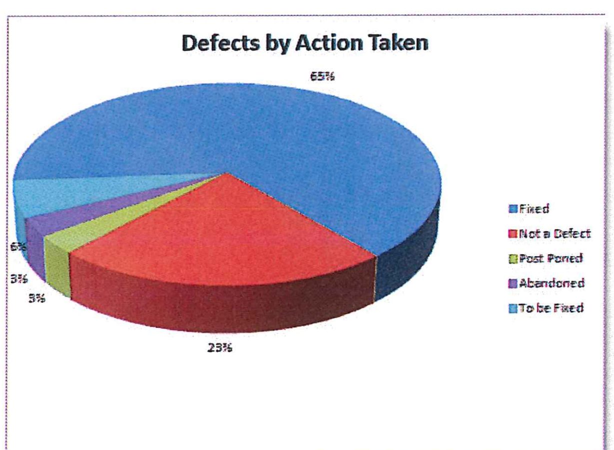




Defect in Detection Phase - This metric is an indicatior of the most problamatic phase in the System Development Life cycle



Defects by action taken – This metric is an indicator of effectiveness of the testing process and test execution.



State of Indiana

Family and Social Services Administration, Division of Family Resources (DFR)

IV&V Services for Indiana Eligibility Determination Services System (IEDSS)

Draft Monthly IV&V Report
August 2013

Document History

This document is controlled through the Document Management Process. To verify that the document is the latest version, please contact the First Data Team.

Date	Version	Reason for Revision
09/16/2013	1.0	Initial draft
09/17/2013	1.1	Final version

Table of Contents

1.0 Introduction and Purpose

This is the Monthly IV&V Report for August 2013. The structure of the report is based on the State's IV&V Services Opportunity Requirements Form and includes:

- Activities performed during the month
- Activities planned for the next two months
- Expected meetings, interviews and documentation needed during the next two months
- Project risks, issues, mitigation strategies and corrective action approaches
- CMS Issues Details (Appendix A)
- IV&V checklists utilized for the past month (Appendix B)
- IV&V checklists to be utilized during the next two months (Appendix C)
- Current IV&V Organizational Chart (Appendix D)
- Project Metrics (Appendix E)

2.0 Summary

It continued to be busy for the project and the First Data IV&V team during the reporting period. Activities included attending various standing project meetings, participating in CMS webinars and calls, attending System Partners Requirement and Design sessions, providing feedback on those sessions, and reviewing and providing feedback on various System Partners' artifacts. Additionally, the Requirement Sessions for Stage 2 were in full swing.

The IV&V team participated in CMS Regression Testing—monitoring the DDI vendor's test procedures and validating their results. Specifically, IV&V reviewed Payload 4 for the CMS required VLP and MEC transactions (D1H31, H4, H4R, H48, and H53) consumed into ICES. No issues/defects were identified on the State's side and an IV&V certification for the successful completion of Regression testing was delivered to CMS.

We also participated in and monitored the internal End-to-End Testing. Metrics for this testing can be found in Appendix E – Project Metrics.

The system partner vendors delivered two Requirements documents and seven Functional Design/User Interface (UI) Specification documents for official review during August. Detailed observations regarding these documents are in Section 3.0.

The IV&V highlights for the reporting period include:

- Review of Vendor and System Partners' artifacts
    - IEDSS
        - JAR session minutes
        - Training informational video
        - Revised Project Management Plan
        - Revised Initial Risk Assessment
        - Revised Project Schedule
    - ICES
        - PC0430 MAGI Existing Interface Functional Design
        - PC0430 Interfaces – Account Transfer Interim Solution Requirements and Functional Design documents
    - FACTS
        - CR406 - FFM Interface Requirements v0.06

- CR406 – Interface Requirements v0.08
- Requirements Document CQ75195 v0.01
- Requirements Document Correspondence v0.03
- Curam Case Name
- Health Coverage UI Specification Online Application v0.05
- CR361/401 SNAP/Cash Online Application UI Specification Document v.09
- UI Specification – Application Related Tasks Wizards v2.03
- UI Specification – Case Due Task Wizard v3.01
- UI Specification – Authorization Related Tasks Wizard v2.03
- MR35 Form Specification – Online Application Summary SNAP/Cash v7.03
- Form Specification Rights and Responsibilities – SNAP and Cash v3.02
- Form Specification Authorized Representative Form for SNAP and Cash Assistance v2.02
- Form Spec for CR406 – Paper Application for SNAP and Cash Assistance v0.05
- Form Spec for REPRESENTANTE AUTHORIZO SNAP Y ASISTENCIA CASH v2.02
- UI Specification – Screening v.06

- Participated in Stage 2 Joint Application Review (JAR) sessions for EDBC, Support, Interfaces and Correspondence
- Participated in FACTS UI Specification sessions for Health Coverage Online Application and Verification
- Participated in multiple HIP Requirements Sessions
- Certified the State's successful completion of the CMS Wave 3/4 Testing
- Participated in and monitored the CMS Regression Testing

- Reviewed and provided feedback for the Briljent ACA Overview and Systems training modules
- Participated in multiple Briljent ACA Overview Training sessions

3.0 Observations

During the month the IV&V team reviewed the revised Project Management Plan, Initial Risk Assessment and Project Schedule for the beginning of Stage 2. Below are a few key observations.

- There appears to be only one risk added to the Stage 2Initial Risk Assessment.
- The DDI Vendor added a classification system to defects cited in the deliverable in the PMP rather than the deliverable conforming, "in all material respects with the specifications for the Deliverable set forth in this SOW…"; this may add a level of complexity to the review and comment process.
- The revised Project Schedule has scheduling conflicts in requirement and design sessions that may tax state and vendor resources.
- The revised Project Schedule provides less than three months for UAT.

Another observation has to do with deliverable and comment walk-through sessions. It seems that these sessions are held separately for the State and IV&V staff resulting in a duplication of effort on the part of the DDI Vendor. This also hinders the coordination of comments between the State and the IV&V team as the DDI Vendor may have discussed a comment with the State or with the IV&V team without the team who made the comment being in attendance at the meeting. This could lead to a misinterpretation of the comment or a comment being either added or deleted without a conversation with all of the parties.

During the month of August, the IV&V Team attended several Stage 2 Joint Application Requirements (JAR) sessions and reviewed Requirements and Functional Design/UI Specification documents from the system partner vendors. Observations regarding these sessions and document reviews are provided below.

3.1 JAR Sessions

The IV&V Team attended thirteen JAR sessions for the EDBC, Support, Interfaces and Correspondence tracks. The following provides observations from the IV&V Team participants for the JAR sessions:

- The DDI Vendor's SOW indicated that during the elaboration phase they would "work with the State to validate the fit rating associated with each requirement provided in Appendix 2 conducted through gap analysis sessions." However, the requirement sessions are not being conducted as gap analysis sessions. There has been no demonstration of the proposed NextGen system and the functionality contained in the system to allow the State to conduct the fit or the gap analysis.
- State SMEs requested a NextGen demonstration multiple times in different sessions. The purpose of the demonstration would be to help the SMEs to understand the new

system as they are working with the system requirements. The track leads state they will escalate the request, but why a demo cannot or will not be done has not been addressed in the sessions.

- After the first couple of sessions, the minutes lacked details surrounding valuable design considerations or discussion points. The SMEs requested changes to how the vendor was documenting the minutes and they have improved significantly in the last couple of weeks.

- The documents provided in advance of the sessions are not consistently provided 2 days in advance with some being provided less than 24 hours in advance. Many times the documents provided in advance are not the same version of the documents presented at the sessions (usually the requirements spreadsheets). See Appendix E – Project Metrics.

- Caution should be taken in removing valuable functionality that was included in the RFP without considering the longer term view of why the functionality was included. An example of this is the ability of client's to schedule their own appointments through the self-service portal. While the department may not feel there is a need for this now, this functionality may prove to be useful as client's become more computer savvy, and want to take more responsibility for the application and appointment process. This functionality may also prove useful in times when budgets are lean and the agency is looking to be more efficient. Another example is the removal of a requirement to provide notification to a client who submitted an incomplete online application. This could be a valuable time saver as the client could be notified automatically via an email message, without user intervention, saving time and potentially resulting in a cost savings to the state.

3.2 Requirements Documents

The IV&V Team reviewed two requirements documents (CR406 – FFM Interface Requirements and PC0430 – MAGI Interfaces – Account Transfer Requirements) and provided comments for each document as reflected in the Requirement Review Checklists (See Appendix B). Many of the comments were to seek additional clarity and/or details.

Of the requirements reviewed for CR406 - Interface Requirements document, the majority of the requirements met the standards for the validation areas. The following is summary of the requirements that did not meet the standards:

- Four requirements failed the "Are the requirements specific and unambiguous?" review item since the requirements did not provide enough details. For example, requirement 3.2.1 references the health coverage AE details passed to ICES in INT003, but needs to provide more information on what is included in "AE details".

- The same four requirements that failed the above check also failed the "Can satisfaction of the requirements be validated" review item since additional details are needed to validate if the requirement has been met by the system.

- One requirement (3.2.8) failed the "Is there consistency among all requirements (i.e., one requirement does not conflict with another)?" validation check since it seems to contradict assumption 4.5.

Of the requirements reviewed for PC0430 - MAGI – Interfaces – Account Transfer Intermediate, the majority of the requirements met the standards for the validation areas. The following is summary of the requirements that did not meet the standards:

- Two requirements failed the "Does each of the requirements specify a single distinct need?" validation check since the requirements specify multiple business needs in a single requirement. For example, requirement 6.1 discusses the creation of the new FFM interface and storing the data in a staging database.

- Three requirements failed the "Is the meaning of each requirement clear?" validation check since the requirements do not contain necessary information. For example, requirement 6.3 does not specify the begin and end dates for the temporary flyer.

- The document, as a whole, did not meet the "Is the list of requirements complete?" validation check since there are potential missing requirements for the Oracle staging database and for the addition of an identifier on the FFM applications for untimely processing metrics.

3.3 Functional Design/UI Specification Documents

The IV&V team reviewed seven functional design/UI specification documents (listed below) and provided comments for each of the document as reflected in the Functional Design Review Checklists (See Appendix B). Many of the comments were related to the need for additional clarity and/or details and the lack of mapping to the requirements documents.

- CR361/401 – Indiana Online Application for SNAP and Cash UI Specification

- CR401 – Health Coverage Online Application

- PC0430 – MAGI Existing Interfaces

- PC0430 – MAGI Interfaces – Account Transfer Interim

- UI Specification – Application Related Task Wizards

- UI Specification – Authorization Related Task Wizards

- UI Specification – Case Due Task Wizards

The CR361/401 Indiana Online Application for SNAP and Cash Assistance UI Specification did not pass checklist items 1, 2, and 5.

- For checklist item 1, the screen language and functionality in the first section of the application does not prevent the client from submitting a duplicate SNAP/Cash application if the client completes the SNAP/Cash application first, then the Health Coverage application and then requests an additional SNAP/Cash application at the end of the Health Coverage application.

- For checklist item 2, the document did not contain any mapping to the business requirements.

- For checklist item 5, two concerns were noted; 1) screen mockup does not address the issue from checklist item 1 and 2) screen mockup for 2.12 does not match the fields and text associated with the mockup.

The CR401 Indiana Health Coverage Online Application UI Specification did not pass checklist items 2, 3, and 5.

- For checklist item 2, the document did not contain any mapping to the business requirements.

- For checklist item 3, several issues were noted; date conversion rules are not consistent, certain data fields do not provide all details, and the UI spec had not been updated to reflect most recent business rules.

- For checklist item 5, two concerns were noted; screen mockup did not contain the accurate version of the Rights and Responsibilities screen and the mock-up did not contain any language to address what happens if the client has already completed the SNAP/Cash Assistance application just prior to the Health Coverage application.

The PC0430 – MAGI Existing Interfaces Functional Design passed the majority of the checklist items except checklist item 1.

For checklist item 1, several sections of the document did not include specific details on how the system would function. For example, sections referenced Medicaid AG related switches/flags but did not specify what categories would cause the switch/flag to be set to Y. Since this is a functional design, details on how this switch/flag would be set should be present. Also, there were multiple references to file layouts being available in Appendix B of the document but the layouts were not included. For example, the file layout for GDE916 is not included in Appendix B but section 6.1.1.2 says to refer to Appendix B for the file layouts.

The PC0430 MAGI – Interfaces – Account Transfer Interim Solution functional design did not pass checklist items 1 and 2.

- For checklist item 1, the document did not specify what will not be sent in regards to the statement "will not send to employer and similar address types" in section 6.2. Also, 16.3 does not include integration testing with PostMasters.

- For checklist item 2, the document did not contain an associated design element for business requirement 6.4 from the draft requirements document.

The Application Related Task Wizards UI Specification proposed changes to the task closure screen for the New Application Ready for Initial Review, Potentially Eligible for Expedited FS Service, and Potentially Duplication Application tasks to ask if the application was selected as duplicate and to show the change of a task name on Close Task screens. Although the document did not fail any of the checklist items, IV&V is suggesting that the document should be further modified to include the new FFM application processing tasks.

The Authorization Related Tasks Wizards UI Specification did not pass checklist items 1, 2, and 3.

- For checklist item 1, there is no reference to a requirements document in the Reference section, nor has a requirements document been received for review regarding this task wizard.

- For checklist item 2, the document did not contain any mapping to the business requirements.

- For checklist item 3, several concerns were noted; 1) There is no reference to a requirements document nor are the requirements included in the document, 2) One section did not address all of the triggers connected to what would cause an application to be denied in ARAD, 3) The design does not address how the screen will take into account all of the new AGs that need to fit on the screen.

The Case Due Task Wizard UI Specification outlined changes to rename the HHW Only task to Process New Application (HIP or Health Coverage Only). The screen display of the error message "Unable to Close Task(s)" was modified to reflect the change in this task name. The document passed all of the relevant checklist items, however IV&V suggested review of the changed section based on emerging information about a separate HIP application and also suggested review of specific additional sections of the document to ensure that additional changes are not needed for MR 35.

4.0 Activities Performed

The following table describes each activity performed and its status:

Project Component	Activity	Status
Project Management	➢ Attended bi-weekly IEDSS Management meetings ➢ Attended weekly DFR PMO meetings ➢ Attended weekly PPACA meetings ➢ Attended weekly DFR Help Desk meetings ➢ Attended IEDSS Steering committee meeting ➢ Attended IEDSS Change Control Board meeting ➢ Attended CMS Webinars: • CMS Webinar: Account Transfer Call with Indiana • FMAP • Eligibility & Enrollment; PERM/ MEQC • CMS Account Transfer/Testing • Federal Data Services Hub Update – Testing Timeline • Eligibility & Enrollment , Day 2 performance metrics, Federal Data Services Hub • Attended and participated in CMS Testing Deep Dive Webinar ➢ Attended Weekly IVR/Telephonic Applications Update Meetings ➢ Provided status of performance metrics for FDDR ➢ Attended ICES Steering Committee Meetings ➢ Reviewed and commented on Stage 2 Project Management Plan, Initial Risk Assessment, and Project Schedule ➢ Attended Project Schedule and Project Management Plan walkthroughs of IV&V comments with the DDI Vendor	Complete
Elaboration: Requirements	**Stage 1** ➢ Attended the following ICES Requirements meetings: • PC0433 – HIP Requirements • PC0433 – HIP Requirements Follow-up Session • PC0430 – MAGI Interfaces – Account Transfer Requirements ➢ Reviewed the following ICES requirements documents and provided comments:	Ongoing

Project Component	Activity	Status
	• PC0430 – MAGI Interfaces – Account Transfer Requirements ➢ Reviewed the following RCR requirements documents and provided comments: • Requirements Document Correspondence v0.03 • CQ 75195 Requirements v0.01 • CR406 – Interface Requirements v0.08 • CR406 – FFM Interface Requirements v0.06 ➢ Reviewed the following session notes and provided comments: • 7/18/13 RCR Online Health Coverage Application UI Specification Meeting • 7/31/13 RCR Reconcile Application Data Meeting • 8/14/13 HIP Requirements Meeting **Stage 2** ➢ Attended IEDSS – Kickoff/Business Process Model Overview Stage 2 Meeting ➢ Attended the following IEDSS Joint Application Requirements (JAR) Sessions: • IEDSS - EDBC Rules for SNAP, Cash, & Supplemental Assistance Stage 2, Session 1 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 2 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 3 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 4 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 5 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 6 • IEDSS – Support (Office Management and Security Profiles) Stage 2, Session 1 • IEDSS – Support (Quality Control and Help) Stage 2, Session 2 • IEDSS – Support (Task Management and Reception Log) Stage 2, Session 3 • IEDSS – Support (Quality Control) Stage 2, Session 4 • IEDSS – Interfaces (Federal) Stage 2, Session 1 • IEDSS – Interfaces (State) Stage 2, Session 2	

Project Component	Activity	Status
	• IEDSS – Correspondence Stage 2, Session 1 ➢ Reviewed the following session minutes and provided comments: • IEDSS - EDBC Rules for SNAP, Cash, & Supplemental Assistance Stage 2, Session 1 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 2 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 3 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 4 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 5 • IEDSS – EDBC Rules for SNAP, Cash, Supplemental Assistance Stage 2, Session 6 • IEDSS – Support (Office Management and Security Profiles) Stage 2, Session 1 • IEDSS – Support (Quality Control and Help) Stage 2, Session 2 • IEDSS – Support (Task Management and Reception Log) Stage 2, Session 3 • IEDSS – Support (Quality Control) Stage 2, Session 4 • IEDSS – Correspondence Stage 2, Session 1	
Elaboration: Design	➢ Reviewed the following ICES functional design documents and provided comments: • PC0430 – MAGI Interfaces – Account Transfer • PC0430 – MAGI Existing Interfaces ➢ Reviewed the following RCR design documents and provided comments: • CR406 - FFM Interface Requirements v0.06 • CR406 – Interface Requirements • Curam Case Names • Health Coverage UI Specification Online Application v0.05 • CR361/401 SNAP/Cash Online Application UI Specification Document v.09 • UI Specification – Application Related Tasks Wizards v2.03 • UI Specification – Case Due Task Wizard v3.01 • UI Specification – Authorization Related Tasks	Ongoing

Project Component	Activity	Status
	Wizard v2.03 • MR35 Form Specification – Online Application Summary SNAP/Cash v7.03 • Form Specification Rights and Responsibilities – SNAP and Cash v3.02 • Form Specification Authorized Representative Form for SNAP and Cash Assistance v2.02 • Form Spec for CR406 – Paper Application for SNAP and Cash Assistance v0.05 • Form Spec for REPRESENTANTE AUTHORIZO SNAP Y ASISTENCIA CASH v2.02 • UI Specification - Screening v.06 ➢ Reviewed and submitted feedback on session minutes and documentation: • RCR – Health Coverage Online Application UI Spec Meeting Notes 7/18/2013 • RCR Reconcile Application Data Meeting ➢ Attended weekly Configuration Management Meeting ➢ Attended weekly Infrastructure Meeting ➢ Attended weekly Security Activity Meeting ➢ RQM Configuration Training ➢ IEDSS Weekly Interface Working Meeting ➢ Review of SSP Workbook with CMS – Ray Hunter via WebEx	
Construction: Development	➢ Weekly IV&V/DDI Vendor - App team status meeting ➢ IEDSS Weekly ACA Web Service Review ➢ RQM Report Configuration Meeting ➢ IEDSS Weekly Interface Working Meeting ➢ IEDSS Infrastructure Weekly Meeting ➢ Configuration Management Weekly Status Meeting ➢ Weekly Security Status Meeting ➢ Participated in IEDSS Stage 1 Operations AED meeting and provided feedback ➢ Participated in DDI Vendor Security remediation Status update sessions with FSSA,IOT, MRT, ICES, FACTS, Cognos, Data warehouse, and SMART Teams ➢ Participated in IEDSS Stage 1 Operations Artifact Initial Walkthrough, Artifact Final Walkthrough and Procedures Walkthrough meetings and provided feedback ➢ Participated in Windows Self Service POC Metrics	

Project Component	Activity	Status
	Overview and provided feedback	
Construction: Test	➢ Observed and validated the D1H31 service for Wave Testing certification ➢ Reviewed and validated Wave 4 VLP results. ➢ Validated and Verified Wave testing results for CMS Attestation ➢ Prepared and delivered the CMS IV&V Wave Testing Certification Letter ➢ Monitored CMS Regression Testing ➢ Reviewed system test case execution/ defect status with DDI Vendor test team ➢ Attended and observed "Enterprise Test Performance Execution" meeting ➢ Attended and observed Bi-weekly "End to End Integration Testing" meetings ➢ Participated in CMS daily coordination meetings ➢ Participated in CMS Account Transfer Call with Indiana	
Transition: Train	➢ Reviewed the following Briljent Training Modules/Quick Reference Guides for ACA and provided comments: • ACA Training Module (Demo) – Original • ACA Overview Changes to Programs, Policies, and Systems for Indiana Eligibility • Overview of the New Modified Adjusted Gross Income (MAGI) Methodology and Updates to the Medicaid Hierarchy Quick Reference Guide (QRG) • Systems Modules: • Module 1 Intro to ACA Systems Training • Module 2 Lessons 1 - Process Changes at the Local Office • Module 2 Lesson 2 - Critical Thinking • Module 2 Lesson 3 - SMART and Document Management Systems • Module 2 Lesson 4 - Customer Inquiry and Clearance • Module 3 ACA Impacts to FACTS • Module 4 Lessons 1 - Application Processing • Module 4 Lesson 2 - Driver Flow Updates • Module 4 Lesson 3 – Real-Time Electronic Verifications	

Project Component	Activity	Status
	• Module 5 - Using MAGI at Work • Module 6 - New Application Lifecycle • Module 7 - FACTS Refresher and Update • Module 8 – Putting It All Together • Phone Application Training Lessons 1 & 2 • The Application Process Flow QRG • ICES Screen Updates QRG	

The following table describes the IV&V tasks and the progress for each:

Task #	Task Item	Task Summary	IV&V Activity
Project Planning			
3	Systems Environment	Verify appropriate system environments are in place and updated.	Verified the IEDSS Development (DEV) and the IEDSS System Integration Test (SIT) system environments for Stage1. This task is pending implementation of the IEDSS User Acceptance Test (UAT), the IEDSS Training (TRN) and the IEDSS Production (PRD) environments system environments.
Requirements Validation			
8	Requirements Management	Verify processes and procedures for managing requirements are in place and appropriate.	The DDI Vendor's SOW indicated that during the elaboration phase they would "work with the State to validate the fit rating associated with each requirement provided in Appendix 2 conducted through gap analysis sessions." Unfortunately, this is not how the requirement sessions are being conducted. There has been no demonstration of the proposed NextGen system and the functionality contained in the system to provide the State with the context to validate the fit rating during the requirement sessions. Gap analysis sessions are not being held.
9	Requirements Management	Verify requirements can be traced through design, development, configuration, and test.	Requirement sessions for Stage 2 began in August and the DDI Vendor will continue to use RRC as the requirements repository and traceability tool.

Task #	Task Item	Task Summary	IV&V Activity
10	Requirements Validation	Validate requirements satisfy State and Federal regulations.	Sessions have begun to validate that requirements satisfy State and Federal regulations.
11	Requirements Allocation	Verify business and technical requirements have been allocated to appropriate DDI Vendor sub-system or business area.	See comments in tasks 8, 9 and 10 above.
System Design Verification			
12	Design	Verify that the DDI Contractor's design and analysis process is in place and used to develop the design.	The DDI Vendor's design and analysis process are in place and align with the approved PMP and proposed SDLC.
13	Interfaces	Verify data interfaces and integration with the overall system design.	Interface requirement sessions have begun and will continue into September.
14	Requirements Traceability	Verify that business and technical requirements can be traced forward to system and business area design elements.	The DDI Vendor delivered an updated RTM based on the DSD. The IV&V team completed its review of the document and submitted comments to the State for review. Requirement sessions for Stage 2 began in August and the DDI Vendor will continue to use RRC as the requirements repository and traceability tool.
15	Requirements Traceability	Verify that required processes and tools are in place in accordance with the appropriate RFP business and technical requirements, as updated through requirements validation and design phases of the project.	Requirement sessions for Stage 2 began in August and the DDI Vendor will continue to use RRC as the requirements repository and traceability tool.
16	Configuration	Verify that all DDI Contractor design products are under configuration control.	The project SharePoint site appears to be fully operational and design products appear to be under configuration control.
17	Design Standards	Verify DDI Contractor design standards, methodology and tools used to develop the design are in place and appropriate for the tasks at hand.	During this review period the design sessions focused on the functional design and we will continue to monitor the design standards as the project moves forward.

Task #	Task Item	Task Summary	IV&V Activity
18	Security Requirements	Validate the project policies and procedures for ensuring that the system is secure meets the State's IT security requirements, and ensure that the privacy of client data is maintained through these policies and procedures.	This is an ongoing task. The IV&V team has been participating in weekly security meetings and validating the project policies and procedures for ensuring that the system is secure.
19	Security Requirements	Verify the DDI Contractor's project security plan and risk analysis processes comply with the State's IT security requirements.	Verified the System Security Plan and the Information System Risk Assessment. .
20	System Backup Requirements	Verify that the DDI Contractor's processes and equipment are in place to back up client and project data and files and archive them safely at appropriate intervals.	The State will be responsible for the processes and equipment required to back up client and project data. No action has been taken on this task by the IV&V Team this reporting period.
21	Gap Analysis	Verify that the agency hosting the IEDSS system (Indiana Office of Technology - IOT) is implementing IT security processes as required, and that there are no deficiencies in IOT's security processes for the IEDSS where Federal (e.g. HIPAA) and State laws might impose security requirements.	Participated in the DDI Vendor facilitated remediation Status update sessions with IOT team based on the ISA and guidance received from CMS. The gaps that cannot be remediated are expected to be part of POAM.
Construction and Testing			
22	Master Test Plan	Verify that the Master Test Plan meets IEDSS requirements, is appropriate for the IEDSS project, and is being used by the DDI Contractor to actively guide the DDI Contractor's approach to testing throughout the life cycle of the project.	During this reporting period IV&V noted some of the defects logged into the tracking tool were not in alignment with the Master Test Plan objectives. This was noted to the DDI Test Manager, and the concerns were resolved. The IV&V Team will continue to monitor the testing processes.

Task #	Task Item	Task Summary	IV&V Activity
23	System Integration Test	Verify the software artifacts, system documentation, test data, and the test plan confirms a robust and complete migration capability.	The IV & V team reviewed and provided comments on the test cases for End to End testing. IV&V noted with the DDI Vendor Test Manager, the need to include IOT (BIZTALK) into the End to End meetings. Biztalk testing scenarios/error handling need to be added to the test cases.
24	Test Results	Validate that the results of the test are providing solutions as expected.	System Testing is still in progress, but the IV&V team reviewed the available test results documented in RQM. Noted issues with Corticon/ICES were shared with the client and team.
25	Interface Testing	Verify adherence to Application Architecture Standards as outlined in the RFP.	The IV&V team reviewed the results of IEDSS system testing. Feedback was provided to the DDI Vendor Test Manager, which included the need to ensure adherence to application architecture standards and for them to note any deficiencies of these in their testing summary report. Comments to the DDI Vendor Test Manger included the need to ensure VLP is fully tested in the Integrated E to E testing from the ICES application, rather than SOAP UI atop the MULE ESB as conducted in System Testing. Also suggested they engage the IOT BIZTALK manager to ensure it is tested to the architecture standards set forth in the DSDD document. This includes including error handling testing.
26	Technical Reviews	Verify the contractor is monitoring activities during the Construction and Unit Testing task using technical reviews and audits.	No Unit Test cases were submitted.
27	Test Scenarios	Verify the contractor's prepared comprehensive set of test scenarios, with applicable test cases and expected test results to test the migration, and conversion of all data and files.	Data conversion has not yet started for Stage 2.

Task #	Task Item	Task Summary	IV&V Activity
34	Operational Readiness Review	Verify the functional area checklist for Operational Readiness has been applied and go/no-go criteria have been met.	Reviewed all of the Briljent ACA Overview and System training modules and provided feedback.

5.0 Planned Activities (Next Two Months)

Project Component	Activity
Project Management	➢ Attend Weekly IEDSS Status Meeting ➢ Attend Weekly IEMP PMO Meeting ➢ Attend Weekly PPACA Meeting ➢ Attend Weekly DFR Help Desk Meeting ➢ Attend ICES Steering Committee Meetings ➢ Attend Hybrid Steering Committee Meetings ➢ Attend IEDSS Steering Committee Meeting ➢ Attend IEDSS Change Control Board Meeting ➢ Review DDI Vendor Monthly Status Report Deliverables ➢ Prepare and deliver Monthly IV&V Reports ➢ Hold Monthly IV&V Monthly Management Briefing ➢ Attend CMS IEDSS Status update meeting
Elaboration: Requirements	➢ Participate in requirements sessions as scheduled (Stage 1 and 2) ➢ Review requirements documented as a result of the requirements sessions (Stage 1 and 2) ➢ Review preliminary Privacy Impact Assessment work product
Elaboration: Design	➢ Participate in the design walkthroughs as scheduled (Stage 1 and 2) ➢ Review and comment on minutes and documentation from the JAR sessions (Stage 1 and 2) ➢ Review and comment on minutes and documentation from the JAD sessions (Stage 1 and 2) ➢ Review the designs that are scheduled to occur during the next two months (Stage 1 and 2) ➢ Review and comment on the Technical Architecture Design artifact ➢ Assist in preparing for the CMS Final Detail Design Review Gate Review ➢ Participate in the CMS Final Detail Design Review Gate Review
Construction: Development	➢ Attend weekly Application Development Status meeting ➢ Monitor the development phases for the various Systems Partners
Construction: Test	➢ Participate in the weekly End-to-End Integration Testing Coordination meetings ➢ Participate in the twice daily CMS Testing Coordination conference calls ➢ Monitor the CMS Regression, End-to-End and Account Transfer Testing activities ➢ Validate and certify CMS Regression, End-to End and Account Transfer Testing results ➢ Monitor the testing phases for the various Systems Partners

Project Component	Activity
Transition: Train	➢ Reviewed updated DDI Vendor Training Plan and AED and provided comments ➢ Reviewed Briljent ACA Draft Training Plan and provided comments
Expected Meetings, Interviews, Needed Documentation	➢ Provide Monthly Management Briefing.

6.0 Risks and Issues

The tables below contain the Risks and Issues identified by IV&V. Risks and Issues already identified by DDI Vendor are not included in the following tables. Risks and Issues are tracked in the IEDSS IV&V Issue Log stored on the State's IEDSS IV&V SharePoint site. Additional detail for the risks and issues can be found there.

6.1 Risks

Risk Name	Risk Description	Mitigation Approach
Key DDI Vendor Staff Availability	Key DDI Vendor staff members are traveling and are not on site Monday and Friday of each week. Those resources may not be available or reachable for up to 40% of the standard work week.	Recommend, at a minimum, the Project Manager or Deputy Project Manager is onsite for the full standard work week. Conference calls are currently being scheduled to accommodate the traveler(s); however, availability on site is preferred.
Deferred Requirements	Requirements may be missed or not fully defined when entering the design phase of the project. It is acknowledged that deferring requirements when CMS may not have issued final rules or the State has not fully determined how to implement an ACA regulation may be appropriate.	Recommend any deferred requirement related to the specific design session be addressed prior to the start of any design activity in the session. Recommend any deferred requirement be documented in PMC. IV&V monitoring for inclusion of deferred requirements in design sessions.
DED Availability	Deliverables may not meet the State's expectations since format and content are not agreed upon prior to beginning the work within the phase.	Recommend the DED be delivered at the start of the associated phase or 30 days prior to the actual deliverable, whichever is earlier.
Multiple Team Locations	Multiple locations of FSSA, DDI Vendor and other partner teams could impede communications and impact the schedule of the project.	Ensure the approved communication plan is followed. Recommend an accessible common calendar be established for the project. Meetings will have to be coordinated to account for travel time between locations.
ACA Hearings and Appeals	Due to lack of requirements/design sessions regarding the ACA Hearings and Appeals area,	Conduct requirements and design sessions involving all system

Risk Name	Risk Description	Mitigation Approach
Implementation	there is a concern with being able to comply with the implementation timeframe and accepting/sending hearings and appeals account transfers and decisions to and from the FFE.	partners for ACA Hearings and Appeals.
Hosting of Test and UAT Environments	The draft Master Test Plan that was reviewed in March indicated that the system/integration test and UAT environments would be managed and maintained by the DDI vendor. This is a potential risk as there would not be a sufficient amount of testing in an environment housed in IOT prior to production. This could result in the production system containing different configurations from the environment in which the tests were conducted leading to issues in production that were not tested in integration test or UAT.	Both the integration and UAT test environments should be managed and maintained in IOT and mimic the environment that will be used in production.
Program Policy Manual Updates for ACA	The State may not have the resources to update the PPM for ACA changes going into effect in October 2013.	Assign Central Office staff to update by 10/15, or at a minimum create a policy directive letter to outline changes and support training.
Policy References for Stage 2	The program policy manual (PPM) is not up-to-date, thus it is not a good single point of reference for DDI Vendor and SMEs for Stage 2. An example is the lack of information in the following: 2235.00.00 CHANGES IN CATEGORY OF ASSISTANCE (MED) RESERVED	Assign Central Office staff to update the policy manual to include policy delivered by other written or electronic means, or provide a link to all policy memos /directives/flash bulletins etc. sorted by program, topic and date for easy reference.
Requirements and Design Sessions for Stage 2	Several requirements and design sessions are scheduled to overlap on the same dates and times. This may result in rescheduling of sessions if SMEs are not available to attend due to the session conflicts. Per the project schedule, any delay of sessions could result in a change request to modify the schedule.	State and DDI Vendor review the requirements and design schedules in order to determine potential rescheduling options that prevent the overlap of sessions.
Lack of a staging environment	Potential lack of a staging environment for all components of the IEDSS modules and systems.	Potential actions need to be researched.
Lack of an integrated test environment	Potential lack of an integrated test environment for Stage 2 testing for all systems.	Potential actions need to be researched.

6.2 Issues

Issue Name	Issue Description	Corrective Action Approach
Integrated Requirements Traceability Matrix (RTM)	Requirements for Stage 1 will be collected and maintained in a RTM for only the new IEDSS project. We are not aware if the legacy modifications and requirements will be integrated with the new IEDSS requirements.	Recommend a consolidated RTM for all requirements identified in Stage 1 requirements sessions be established and tracked in RRC.
Changing Task Dates	A concern noted on this month's review of the project plan is the shifting of Start and Finish Dates associated with some task.	Changes in Start and Finish Dates should be reported on the monthly management report to provide visibility into these changes and the reasons supporting the change in schedule.
Project Glossary	There is no Master Glossary to share among project stakeholders. This could lead to miscommunication and misunderstanding across the project.	Develop and maintain a Master Glossary of project related terms.
Tracking "Deleted" Requirements	In the web version of RRC, if a requirement is found to be no longer applicable or "deleted", the user is not able to see these "deleted" requirements and their associated history. When these requirements are not viewable in RRC, it is difficult to determine why the requirement is not in RRC since the only information you get in RRC is "no results found". All requirements should be tracked and viewable to project staff, including "deleted" requirements and the reason they are no longer applicable to the project. For example, when you search for requirements #1440 and 1455, you receive the "no results found" message and you are unable to view the requirements.	All requirements should be retained and viewable in RRC. If a requirement is decided to be no longer applicable to the project, a "closed" type of status should be assigned but all history is retained and viewable by project staff. DDI Vendor is now using <REMOVED> in RRC to denote a requirement that no longer applies rather than deleting the requirement.
Up to Date Project Schedule	The project schedule does not appear to be up to date. There does not appear to be a working version in PMC or the project SharePoint site. The project team will not be able to determine if the schedule is being met without an up to date project schedule.	The DDI Vendor must keep the project schedule up to date with tasks that were completed and those tasks that are started and in process and the percent complete where appropriate.
DDI Vendor Staffing	The number of DDI Vendor staff that are physically located full time at the project site does not match to the number of staff (less the	The DDI Vendor invoicing should be audited to ensure that the State is being billed appropriately for

Issue Name	Issue Description	Corrective Action Approach
	agreed upon number of offsite staff) assigned to the project as reported to the State	DDI Vendor staff assigned to the project. It should also be audited to ensure that DDI Vendor in not violating the agreement as to how many off-site staff can be assigned to the project.

7.0 Performance Metrics

The following table lists the Performance Metrics as outlined in the Indiana Performance Measurement Plan based upon data currently available. See Appendix E – Project Metrics for the additional details.

Performance Measure	Source/Type of Data	Report Method	Frequency Collected/ Reported	Status
Schedule Performance Index (SPI)	Status Report	Monthly Status Report	Monthly	Data not available
Open Action Items - Length of time to close action items , Past Due Aged (Average exceeds 30 days past due)	PMC	Monthly Status Report	Monthly	See Section 7.1
Change Request Tracking - Number of Change Requests month over month, may be a key indicator of a potential negative impact on the budget and/or schedule	PMC	Monthly Status Report	Monthly	See Section 7.2
Defects by Category – The number of defects by criticality (current as of August 23)	Testing Status Report	Monthly Status Report	Monthly	Critical-1 High-10 Medium-90 Low-11
Defect Triage Report – The number of defects completed, pending (current as of August 23)	Testing Status Report	Monthly Status Report	Monthly	15 Open 0 Pending 96 Closed
Defect Aging – The number of days a critical or high defect is pending (current as of August 23;only critical and high are reported for aging)	Testing Status Report	Monthly Status Report	Monthly	0 Critical/High
Acceptance Test Tracking - A chart reflecting the number of scenarios planned to have been executed vs. actuals	Testing Status Report	Monthly Status Report	Monthly	Will begin reporting during UAT phase

Performance Measure	Source/Type of Data	Report Method	Frequency Collected/ Reported	Status
Issues Aging – The number of days a critical or high issue is pending	Rational Jazz	Monthly Status Report	Monthly	See Section 7.3
Deliverables % - Deliverables Completed / Planned	Project schedule	Monthly Status Report	Monthly	IEDSS Master Test Plan was received and reviewed. Data not available on the project schedule to determine the measure.
Deliverables Review – Deliverables reviewed with defects	Deliverable Review worksheet	Monthly Status Report	Monthly	Defects were reported for the revised Project Management Plan, Initial Risk Assessment and the Project Schedule.
Decisions - The status of Decisions by Priority, the average time to close a Decision, and the Decisions pending more than 30 days that were due in the reporting period	PMC	Monthly Status Report	Monthly	See Section 7.4

7.1 Action Items Metrics

The table below shows the status of Action Items by Priority from project inception through August 31st, 2013. The purpose of this metric is to track the number of Action Items that are being created and worked, specifically the Critical and High priority items. As depicted in the chart below, Action Items are being worked, as 386 of the 420 (92%) have been disposed (Cancelled or Closed). There were 31 new Action Items opened in August and 19 Closed or Cancelled. Of the 34 Action Items listed as In Progress or New below, 1 had a due date in March, and 1 had a due date in August. Note that there is a discrepancy between the actual New Action Items received during the month and the number designated as New in PMC as there are items that are labeled New in PMC that were received in months prior to August.

Status	Critical	High	Medium	Low	Total
Cancelled	0	0	79	0	79
Closed	2	21	264	20	307
In Progress	0	0	9	0	9
New	0	1	23	1	25
On Hold	0	0	0	0	0
Total	2	22	375	21	420

The table below shows the average number of days to close or cancel an Action Item from project inception through August 31, 2013. In addition to the number of Action Items being worked it is critical that they be worked in a timely manner. There were only two Action Items identified as Critical and the average closure was 120 days. This is somewhat skewed, however, due to the small sample and both involved policy clarifications, one of which was from CMS.

Status	Critical	High	Medium	Low
Cancelled	0	0	29 Days	0
Closed	120 Days	33 Days	31 Days	21 Days

The table below shows the Action Items pending over 120, 60 and 30 days with a due date prior to August. Critical and High Action Items that pend for over 30 days could have a negative impact on the project schedule. Currently there is only one Medium Action Item pending over 30 days.

Priority	Number Over 120 Days	Number Over 60 Days	Number Over 30 Days
Critical	0	0	0
High	0	0	0
Medium	1	0	0
Low	0	0	0
Total	1	0	0

7.2 Change Requests

The table below shows the status of Change Requests by month.

Status	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Submitted	0	2	0	0	0	0	2	8				
Approved	0	2	0	1	0	0	1	0				
Pending	0	0	0	0	0	0	2	10				
Rejected	0	0	0	0	0	0	0	0				
Total to Date	0	2	2	2	2	2	4	12				

7.3 Issue Metrics

The table below shows the status of Issues by Priority from project inception through August 31, 2013. There were three new issues added to the Issue Log in August.

Status	Critical	High	Medium	Low	Total
Cancelled	0	2	0	0	2
Closed	1	4	10	0	15
In Progress	0	4	5	0	9
New	1	0	0	0	1
Total	2	10	15	0	27

The table below shows the average number of days to close or cancel an Issue from project inception to August 31, 2013. In addition to the number of Issues being worked it is critical that they be worked in a timely manner. There was only one critical issue that took more than 30 days to close as it was a contractual item. The High issues that averaged 44 days to close were skewed by one issue that took 124 days to close.

Status	Critical	High	Medium	Low
Cancelled	0	2 Days	0	0
Closed	35 Days	44 Days	34 Days	0

There are currently no Issues pending over 30 days.

Priority	Number Over 30 Days
Critical	0

Priority	Number Over 30 Days
High	0
Medium	0
Low	0
Total	0

7.4 Decision Metrics

The table below shows the status of Decisions by Priority from project inception through August 31, 2013. The purpose of this metric is to track the number of Decisions that are being created and worked, specifically the Critical and High priority items. As depicted in the chart below, Decisions are being worked, as 159 of the 162 (98%) have been disposed. There were 10 new Decision Items opened in August and 25 Closed or Cancelled. Of the 3 Decision Items listed as In Progress, New, or On Hold below, 1 had a due date in March.

Status	Critical	High	Medium	Low	Total
Cancelled	1	1	52	0	54
Closed	12	23	49	21	105
In Progress	0	0	1	0	1
New	0	0	1	0	1
On Hold	0	0	1	0	1
Pending Approval	0	0	0	0	0
Total	13	24	104	21	162

The table below shows the average number of days to close or cancel a Decision from project inception to August 31, 2013. In addition to the number of Decisions being worked it is critical that they be worked in a timely manner. There was only one Critical Decision in the average cancelled sample and that was related to the HIP decision. And there were four outliers that skewed the average closed critical sample.

Status	Critical	High	Medium	Low
Cancelled	141 Days	17 Days	43 Days	0
Closed	68 Days	33 days	45 Days	26 days

There is no Critical or High Decisions pending over 30 days.

Priority	Number Over 120 Days	Number Over 90 Days	Number Over 30 Days
Critical	0	0	0
High	0	0	0
Medium	1	0	0
Low	0	0	0
Total	1	0	0

7.5 Project Tasks not completed per Schedule

The table below lists tasks that were scheduled for completion during this or prior reporting periods that were not completed. A concern noted on this month's review of the project plan is the shifting Start and Finish Dates associated with some tasks and the addition and removal of tasks. Changes in Start and Finish Dates and any additions or deletions of tasks should be reported on the monthly management report to provide visibility into these changes and the reasons supporting the change in schedule.

Task	Due Date
BPM Design State Acceptance	3/8/13
Obtain Detailed SD Deliverable Sign-Off	6/21/13
State review of Unit Test Summary	8/8/13
Revise Unit Test Summary (if required)	8/13/13
Re-submit Unit Test Summary for approval	8/13/13
Obtain Sign-Off Unit Tested System Code	8/14/13
Internal Secure Code Report Review	8/14/13
State Review of Secure Code Report	8/14/13
Content Build, Review, and Update Iteration 3	8/21/13
Training Materials Walkthrough	8/15/13
Final QA Review	8/26/13
Submit Training Materials	8/27/13
I3/IVR	8/5/13
Review Vulnerability Test Results	8/26/13
Operational Readiness Plan Walkthrough	8/19/13
Final QA of Operational Readiness Plan	8/22/13

Task	Due Date
Submit Operational Readiness Plan	8/23/13
FACTS Integration Test Cases Completed	7/15/13
SMART Integration Test Cases Completed	7/15/13
AIM Integration Test Cases Completed	7/15/13
FACTS, SMART Integration Test (Internal Vendor Partner phase)	8/5/13
Develop FORR AED	8/19/13
FORR AED QA Review	8/20/13
FORR AED Review	8/23/13
FACTS Requirements Complete	8/15/13
SMART Requirements Complete	6/3/13
ICES Design Complete	5/31/13
FACTS Design Complete	8/15/13
SMART Design Complete	5/31/13
AIM Design Complete	4/26/13
ICES Development Complete	8/8/13
FACTS Development Complete	8/8/13
SMART Development Complete	8/8/13
AIM Development Complete	7/25/13
ICES System Test Complete	8/8/13
SMART System Test Complete	8/8/13
AIM System Test Complete	8/8/13
ICES Integration Test Complete	8/9/13
FACTS Integration Test Complete	8/9/13
SMART Integration Test Complete	8/9/13
AIM Integration Test Complete	8/8/13
Plan of Action and Milestones (POA&M) Review Issue List and gather input • IOT • FSSA • FACTS • MRT • ICES	7/24/13

Task	Due Date
• I3/IVR • COGNOS • DFR Doc Center • SMART	
Apply Applicable Requirements Against Assets	8/20/13
Rationalize Requirements by Asset to establish baseline requirements	8/27/13
Break Down Requirements into Functional, Technical, and Operational	8/29/13
JAR Session 1 - 4 Minutes, Requirement Updates	8/24/13
Review RFP Requirements and define System Requirements – AFB	8/12/13
Review RFP Requirements and define System Requirements – RMC	8/12/13
Review RFP Requirements and define System Requirements – RMB	8/12/13
Review RFP Requirements and Define System Requirements - Workload Mgmt., ,Document Mgmt.	8/19/13

Appendix A – CMS Issues Details

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
1	Application	Feb-13	Why does the paper financial assistance application have the same title as the application that is used for those that do not want to be screened for financial assistance? It is confusing to have the title "Application for Health Insurance" for both. The "(and to find out if you can get help with costs)" does not adequately distinguish between the two.		From March 2013 SOTA Call: The application team is looking at this to help distinguish the difference between the two applications	NA	Paper application issue; will have no impact on system.	
2	Application	Feb-13	What items on the application must be filled in to meet the minimum needs for a valid application?		From March 2013 SOTA Call: Following current requirements including name, address, date, and signature. (Provided citation: 435.1110) - Do not appear to be interested in changing this policy ***QUESTION: What about SSN? This is a core piece of information required to fully process an application, but it is not a part of the required information.***	Low	Can pend for SSN as work around	
3	Application	Mar-13	Which of the following application modifications/amendments need to be approved by HHS prior to use: * supplemental form(s) developed by a state to collect additional data for non-MAGI populations? * adding an ID field to identify the navigator (if any) who assisted with an application (with pre-approved navigators per Indiana's Department of Insurance)? * customizing or editing the Spanish language version to a specific dialect? * removing ID and password fields? Indiana plans to comply with this requirement after a system replacement in 2015. Can we customize the form to remove these fields until we are ready to utilize?		From March 2013 SOTA call: Medicaid must accommodate the FFE rules, but the state will be able to customize the application somewhat to reflect its individual policy decisions	Medium	Some of the items on this list may be deferred until after implementation and some the State could decide to move forward with without CMS approval.	5/10/2013
4	Application	Mar-13	As Indiana is an assessment state, if the Exchange receives an application for someone, but the application is lacking a SSN, would Exchange follow up on missing SSN or would it automatically send the application to Medicaid for follow-up?			Low	Information only; no impact to go/live.	
5	Application		130952 - Decision on New Adult Group expansion			Low	Could move forward with other MAGI categories and implement adult group separately if approved.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
6	Application		142812 - New Categories for MAGC/MA10 based on age			High	Could require system changes depending on response; need to get clarification preferrably by start of coding.	5/10/2013
7	Application		142813 - Guidance on Implementing the 'Co-operation with Medical Assignment Rights' requirement			Low	Already collected on application and in ICES	
8	Application		Eligibility AGs - CMS to determine whether ICES needs to transmit suspended AG decisions to FFE. Based on the State's review of ACA pertaining to APTC/CSR Eligibility determination, State is operating under the following assumption for requirements and design. FFE will receive information from The State's current Eligibility Check Service about the client's current Medicaid eligibility prior to making APTC/CSR determination. The State will not consider/report conditionally approved, presumptive eligible or pending/suspended individuals as eligible. Please confirm the State's interpretation of currently eligible AGs			High	Would require system changes depending on response	5/10/2013
9	Application		MA Expansion via HIP - The State has submitted a waiver request to ask that HIP will be accepted as Indiana Expansion category. Awaiting response.			Low	Could move forward with other MAGI categories and implement HIP once approved.	
10	Application	Apr-13	Will the State be able to add fields for the Certified Application Counselor/Navigator to put an identification/certification number?			Low	Will need a response in sufficient time to add the the appropriate fields; however, will be able to go live 10/1 without the id/cert number. (This also appears as part of question 3 above)	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
11	Application	Feb-13	When determining the federal time standards for all of the categories of Medicaid (45 days) and for Medicaid for the Disabled (90 days), if we find someone eligible for MAGI within the time standard but then continue to pursue non-MAGI based on disability that this individual has, is the State expected to determine eligibility under the Disabled category within 90 days of the original application date? Or has the State already met the federal time standard by determining eligibility on the MAGI category and we could just treat the MAGI to non-MAGI processing as a change. Or would the federal time standard for non-MAGI begin at the point that MAGI is approved?		As of now, the clock starts on the date the application is completed. In theory, a determination should be made in 45 (or 90, as applicable) days, including a possible Medicaid assessment by the Exchange and determination by the Medicaid agency. ***Indiana follow-up: Is this response subject to change in future guidance?***	Low	Question was answered. Follow-up question unlikely to impact go live.	
12	Application	Mar-13	Is there a required time in which the Exchange must complete its assessment (so as to ensure that Medicaid Agency will have enough time to complete its review and determination)?		From March 2013 SOTA call: The account transfer for verified applications will occur on a daily basis. As the verification and account transfer will be automated, the state should have the majority of the time limit to complete its determination. However, the intention is to not require the full length of time to make a determination. The electronic verifications, etc. are intended to reduce the amount of time required to make a determination	NA	An evaluation will need to be made once ACA is implemented to determine if assessments are being completed timely.	
13	Application	Mar-13	What is the current timeline for finalizing the application?		*As of 3/20/13 - in two recent federal consumer outreach and education calls, the speakers said that they expected the application to be completed this Spring. This differs slightly from previous assertions that the application would be finalized in April.*	High	If estimate from 3/20 call is correct then final application should be available the end of April.	5/10/2013
14	Application		Using Cúram 6.05 OOTB requires that user accounts be created for each submitted Health Coverage application. Is it acceptable for Indiana not utilize User Accounts?			High	Would require system changes depending on response	5/10/2013
15	Consumer Assistance	Feb-13	If the State Medicaid office decides to select and certify Certified Application Counselors (CACs), would there be possible funding through the Medicaid administrative match dollars? How will this program be funded?			NA	Though critical from a reimbursement perspective; this should not impact the Go Live date.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
16	Consumer Assistance	Feb-13	Regarding the requirement for the State to have its own portal specifically for CACs, are there any parameters around that portal? Including where it must be housed? Is there a specific state agency that must oversee it?		Guidance forthcoming (written response from CMS, received 3/25/13)	High	Would be an issue if a separate portal is required for CACs.	5/10/2013
17	Consumer Assistance	Apr-13	The recently released NPRM for consumer assistance introduced the concept of the "non-Navigator Assistance Personnel." Though it is not clearly defined, it seems to follow many of the characteristics of the in-person assisters program required of Partnership states. Is it the same thing or is it different? In what ways is it different? How does this group impact FFE states that are developing their own [additional] standards for federally-selected Navigators and other people in the state that are helping consumers complete insurance affordability applications? Are the non-selected application helpers considered "non-Navigator Assistance Personnel" (and thus subject to federal conflict of interest, training, and certification standards)?			Low	Should not have a major impact Go Live.	
18	Cost-sharing	Feb-13	The preamble to the NPRM states "We also propose to remove the requirement that premiums must be based on gross income, since starting in 2014, all income for purposes of determining premiums will be based on modified adjusted gross income (MAGI)." However, some groups such as the working disabled (TWWIIA groups at 1902(a)(10)(A)(ii)(XV) & 1902(a)(10)(A)(ii)(XVI)) are MAGI exempt categories but individuals are charged a premium. Please confirm this group is MAGI exempt and their premium amounts will be determined based on the current, non-MAGI methodologies.		State can terminate coverage for those not paying a premium, but State must give them 60 days to pay. As of now, there is no specific length of termination before a person can apply again (with the exception of a possible 90 day lock-out for CHIP beneficiaries) *QUESTION: Does this create a lot of additional administrative burden?* *FEDERAL ACTION ITEM: CMS will follow up with other states that have premiums to see how they handle this issue.*	NA	CSR issue	
19	Eligibility	Jan-13	What do we do with people who do not have a SSN or refuse to get a SSN?		SSN is a condition of applying for coverage (required to apply for coverage). States are required to help individuals obtain a SSN. According to CMS written response (received 3/25/13), This topic is under review. The NPRM states that a SSN is required for an application	Low	Will pend if no SSN received; ICES will handle refusal to get an SSN.	
20	Eligibility	Feb-13	TMA (transitional medical assistance) which is known as MA F in our eligibility system: Will it be eliminated/sunset at end of 2013? **If it continues in 2014, is it considered MAGI category?**		According to CMS written response (received 3/25/13): It is less likely that TMA will be eliminated at the end of 2013 because not every state will elect to expand Medicaid.	Low	TMA already exists in ICES.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
21	Eligibility	Mar-13	What is the specific process for eligibility determination for an individual that refuses to provide or obtain a SSN?			Low	ICES already contains functionality for this. Has this policy changed under ACA?	
22	Eligibility	Apr-13	We understand that the Work Number (TALX) has a contract with CMS. Will Work Number information be available via the Federal Data Services Hub (FDSH)? If so: • What will be the format of the data? • Will it be possible for states to use this work number data for other programs' verification needs? Such a TANF or Food Stamps. • Will this information be provided to states free of charge?			High	Will inpact interfaces required for Go Live. Also, impact on State's potential contract with Work Number. 135924	5/10/2013
23	Eligibility		Eligibility Determination – Required to File Taxes. Decision is needed on how the State would like to implement this. Regulation states that '..expected to be required to file taxes' have their income counted towards the AG total income. Is the expectation that the states would need to determine whether an individual is required to file taxes following IRC? Is the expectation also that the states will maintain and update Tax rules based on annual changes as per IRC.			Low	According to Final Rules dated 3/23/12 with CMS indicating that state should use best judgement	
24	FMAP	Mar-13	**IF Indiana does decide to expand Medicaid:** What will the FMAP be for women that get in to the new adult category and then become pregnant?			Low	Though will impact reimbursement, it will not preclude the state from going live.	
25	Hearings and Appeals	Feb-13	What is the process for appeals and hearings for individuals that have applied for Medicaid/Exchange coverage through the Exchange, but the person appeals to the Medicaid agency? Does the state run Medicaid eligibility first? Or does the state process the appeal?			High	Will need some guidance on Hearings and Appeals in order to Go Live.	5/10/2013
26	Hearings and Appeals	Mar-13	Proposed §431.224 establishes an expedited appeals process. Do individuals who are denied an expedited appeal have the right to appeal the denial of the expedited review process? If yes, what are the associated timeframes with this process (e.g., time limit for applicant or beneficiary to file, timeframe for Medicaid Agency response)?			Low	Although will need guidance from CMS on Hearings and Appeals; this should not impact Go Live as this seems more exception based.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
27	Hearings and Appeals	Mar-13	At proposed §431.221, requests for a Medicaid hearing may be submitted by phone, mail, in person, other commonly available electronic means and at State option via the website. Can a withdrawal of an appeal be accepted verbally, currently the requirement (at 42CFR 431.223) is to withdraw in writing?			Low	Though will need guidance from CMS on Hearings and Appeals; this should not impact Go Live.	
28	Hearings and Appeals	Mar-13	Please confirm the timeframe that someone has to file an appeal to the Medicaid Agency. The Exchange proposed regulations at §155.520 allow an appeal request to be submitted to the Exchange within 90 days of the date of notice of eligibility determination. Does the requirement from §431.221(d) remain that the State sets the timeframe for submission to the Medicaid Agency within a maximum allowable timeframe of 90 days?			Low	Though will need guidance from CMS on Hearings and Appeals; this should not impact Go Live.	
29	Hearings and Appeals	Mar-13	Under the proposed regulations the Medicaid agency sends an electronic account to the Exchange with appeals information in certain situations. There is currently a multiple step process available at the State level: a. Hearing decision within 90 days of receipt of appeal, b. Request for Agency Review within 13 days of Hearing, c. Judicial review after Agency Review Please confirm the transfer of the electronic account with the appeals outcome to the Exchange occurs after the first step described in "a" above. Would the electronic account be transferred again if an appeal progresses to step "b"or"c" and results in a different outcome?			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
30	Hearings and Appeals	Mar-13	Please confirm the timeframe for Medicaid to process an appeal remains 90 days and the 45 day timeframe proposed only applies in cases where both Medicaid and the Exchange are processing an appeal and they are not conducted simultaneously (i.e., Medicaid processes after the Exchange issues a determination).			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
31	Hearings and Appeals	Mar-13	The proposed regulations outline requirements for combined eligibility notices. Please confirm combined appeals notices are not required as well. That is, if both the Exchange Appeals Entity and the Medicaid Agency are conducting an appeal on a case they would each issue their own notice.			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
32	Hearings and Appeals	Mar-13	Under proposed §435.907 a withdrawn application is reinstated when the Exchange appeals entity assesses an individual as potentially eligible back to the date the application was first received by the Exchange. Please confirm the timeline for timely application processing would begin on the date of reinstatement versus the date of application. Otherwise, the application would be outside of the required 45 day processing timeframe as the Exchange appeals entity has 90 days to process an appeal.			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
33	Hearings and Appeals	Mar-13	At proposed §431.220, a hearing is required for "Any applicant who requests it because the agency denies his or her eligibility, level of benefits, services or **claims**, or such claim is not acted upon with reasonable promptness including, if applicable –" Please clarify how claims are defined. Does this refer to payment for services (i.e., provider claims), disability reviews, etc?			Low	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
34	Hearings and Appeals	Mar-13	Please clarify under what circumstances an electronic account with appeals information is transferred between the Exchange and Medicaid. For example, there are multiple adverse actions an individual can appeal (e.g., eligibility denial, cost-sharing amount, etc). In cases of actions other than eligibility denial or reversal of a denial, would Medicaid transfer the electronic account to the FFE?			Low	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
35	Hearings and Appeals	Mar-13	Proposed 45 CFR 155.520 allows appeals to be filed to the Exchange and Exchange appeals entity within 90 days of the date of the notice of eligibility determination. Current Medicaid Fair Hearings regulations at 42 CFR 431.221 provide state flexibility for setting a timeline for individuals to file a Fair Hearing request to the Medicaid agency, not to exceed 90 days. Currently the State sets a 33 day timeline for filing appeals and communicates this in eligibility determination notices. a. If the eligibility determination notice is sent from the Medicaid Agency with the 33 day timeline and the individual submits an appeal to the FFE after the 33rd day but before the 90th day outlined in the Exchange proposed regulations, will the FFE accept the appeal as timely even though the eligibility notice established a 33 day timeline? b. If the eligibility determination notice is sent from the FFE, will the timeframe for filing an appeal to the Medicaid agency be listed as 90 days even though the State has the authority under 42 CFR 431.221 to establish a shorter time period, and currently does? If yes, this will create conflicting timelines and messages and will create different rights for individuals based on the entity which completes the final eligibility determination and sends the notice. c. What, if any safeguards are being put in place to prevent appeals being submitted to multiple entities, either simultaneously or after a decision has been rendered by either Medicaid or the Exchange/Exchange appeals entity? For example, because of the timeline differences previously described, an individual may submit an appeal to Medicaid, be dissatisfied with the outcome and then submit to the Exchange/Exchange appeals entity. When hearings are not delegated to the Exchange, in this case would the FFE send the appeal to the Medicaid Agency which in turn could deny for duplicate filing?			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
36	Hearings and Appeals	Mar-13	Please confirm when an appeal is filed to the Exchange/Exchange Appeals Entity for a Medicaid determination and the individual submits documentation with the appeal that all the documentation submitted will be transmitted via the electronic account to the Medicaid agency.			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
37	Hearings and Appeals	Mar-13	Proposed §435.907(h) reinstates an individual's Medicaid application when the Exchange appeals entity assesses as potentially eligible during the appeals outcome. The account is then transferred to Medicaid to conduct an eligibility determination. Please confirm if Medicaid is denied if a subsequent assessment for APTC is conducted with the electronic account sent back to the Exchange.			Low	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
38	Hearings and Appeals	Mar-13	**Regarding Electronic Account Transfers:** Please confirm when an appeal is filed to the Exchange/Exchange Appeals Entity for a Medicaid determination and the individual submits documentation with the appeal that all the documentation submitted will be transmitted via the electronic account to the Medicaid agency.			Low	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
39	Hearings and Appeals	Mar-13	**Regarding Exchange Coordination:** Under the proposed regulations, if during appeal of an APTC decision the Exchange assesses the individual as potentially Medicaid eligible, the Medicaid application is reinstated. Please confirm this occurs only within 90 days of the initial eligibility determination, not for any subsequent actions on the case (e.g., change in premium tax credit amount during the benefit year).			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
40	Hearings and Appeals	Mar-13	**Regarding Exchange Coordination:** In the January CMS webinar on the hearings and appeals provisions, it was indicated an appeal of APTC/CSR amount automatically triggers a Medicaid/CHIP appeal when the final determination of Medicaid/CHIP ineligibility has been made by the State Medicaid agency and that there is no automatic appeal in the assessment model if Medicaid has not denied eligibility. This language does not appear to be in the proposed regulations or preamble. Please confirm anytime an individual appeals to the Exchange for an APTC/CSR determination and the State Medicaid agency made the Medicaid denial decision that an appeal to Medicaid will be automatically triggered, and under what regulation this is mandated.			Medium	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	
41	Hearings and Appeals	Mar-13	**Regarding Exchange Coordination:** Under the proposed regulations the Medicaid agency is to assess an individual for APTC/CSR when a Medicaid appeal finds an individual ineligible (i.e., upholds the original denial). Due to the requirement that all Medicaid denials be sent to the Exchange during the determination process to be reviewed for APTC/CSR, it appears duplicative for the State to again assess for eligibility and transfer to the Exchange upon the State being upheld in the appeal decision. Is it the intent for this process to occur both at eligibility determination and upon appeal decision upholding the original denial?			Low	Will need some guidance on Hearings and Appeals in order to Go Live. Will not impact eligibility functionality or critical path interfaces.	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
42	Hearings and Appeals	Jan-13	What coverage are we obligated to provide to individuals who lose coverage when we update our eligibility and collapse aid categories while they appeal their loss of coverage?			High	Since this is most likely to occur during first few months of implementation it is critical path.	5/10/2013
43	Interfaces	Feb-13	Does the State need to transmit to the FFE when the individual's Medicaid has been "suspended" but not terminated? In Indiana, an individual that was receiving Medicaid but who becomes incarcerated has his eligibility "suspended" but not terminated.			Medium	Though it would be helpful to receive a response from CMS, the State could make the decision and modify the interface once CMS decides.	
44	Interfaces		Is there a standard Header for request and / or response?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
45	Interfaces		What is the mechanism to send message back to FDSH if response from FDSH fails validation ? We are not planning to send any error message to FDSH. Do you agree to this approach?			Medium	Though it would be helpful to receive a response from CMS, the State could make the decision and modify the interface once CMS decides.	
46	Interfaces		Outbound Interfaces Eg. Verify Lawful Presence - Are all services available 24 X 7? What will be the maintenance windows for FDSH? We are considering that these services will be up 24X7. Please let us know if this is a not valid assumption.			Low	No impact to go live	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
47	Interfaces		Inbound Services for State eg. Check Current Eligibility - What is the fallback procedure for FDSH and FFE? How will the exceptions be handled ?			Medium	Though it would be helpful to receive a response from CMS, the State could make the decision and modify the interface once CMS decides.	
48	Interfaces		Authentication from Hub to state - How can state system authenticate for message(s) coming from the Federal Data Services Hub to State system? Eg. Will there be a userid and / or password in addition to the specified SSL support for these services?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
49	Interfaces		Historic data for Check Current Eligibility Interface - For how much time FFE will inquire Medicaid / Eligibility data ? Eg. Will FFE inquire CHIP - Medicaid Eligibility for last 1 year or for last 10 years?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
50	Interfaces		Account Transfer – Field Sizes, definition of codes, numbering schema. Will this information be final on April 30? For databases and data mapping to our screens, this information is critical to our design and development phases. For example, the Application number has a maximum length of 64 characters. To design our database and screens for loading this information, this needs to be clear. Also, Request number needs definition on the numbering schema. For referral numbers generated in Indiana and sent to the FDSH, is there a specific numbering convention that we need to use?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
51	Interfaces		Account Transfer - Client Attested Tax Information. Will this information be sent on the Account Transfer? It is missing from the CMS data mapping spreadsheet. Our entire load and build MAGI assistance groups are reliant on this information. Not having this information would make our "no interview" process nearly impossible.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
52	Interfaces		Account Transfer - Individual Sequence Numbers. Will this information be sent on the Account Transfer? It is missing from the data layout. This is of concern because we will need to merge the multiple referrals together into one application. The Sequence numbers would necessary to pull "relationship" data together.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
53	Interfaces		Account Transfer - Pregnancy Due date . Will this information be sent on the Account Transfer? It is missing on the data layout. It is listed on the Streamline App – we need it for loading our application.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
54	Interfaces		Account Transfer - Authorized Rep Address . Will this information be sent on the Account Transfer? It is missing on the data layout. It is listed on the Streamline App – we need it for loading our application.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
55	Interfaces		Account Transfer - Navigator Assistor Information. Will this information be sent on the Account Transfer? It is unclear on the data layout. CMS notes that these Data Elements are still being determined.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
56	Interfaces		Account Transfer – Contact Individual. Is the contact person the contact for the entire household? Can there be a different contact person for each referral in an application? Will all referrals for an application contain identical information for Contact person?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
57	Interfaces		Account Transfer - Referrals. Will the FDSH send the same referral number more than once to Indiana? For example, will the referral be sent with a pending verification, and then re-sent once verification is complete? Will reported changes or updates be sent for the same referral number?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
58	Interfaces		Account Transfer – Signature Date. What is the longest delay between signature date and the date that the referral is sent? For timeliness reporting, which date should the state consider?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
59	Interfaces		Account Transfer – Number of Referrals per Application. Will the FDSH send all referrals for a given application within the same day? If not, can the FDSH give us the number of referrals that they will be sending (so we will know when the last referral is given to us for a given application)?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
60	Medicaid Package Design	Feb-13	When selecting a base-benchmark plan to compare the benefits in Secretary Approved coverage, does the state have the option to use any of the base-benchmark plans described at section 156.100 or only those described at section 440.330 (a) through (c)?		*Discussed, but Lora did not catch a final answer to the original question.*	Low	No impact to go live	
61	Medicaid Package Design	Mar-13	If the state decides to use the largest HMO and dental services are not a part, could the state choose secretary-approved coverage? *Can you use separate policies? (In the commercial market the EHB benchmark is defined as a plan with supplements) Can benefits accessed through supplements be added to Medicaid? Additional clarifying question: Can dental benefits present in the Mediciad state plan be added?*		From March 2013 ad hoc SOTA call: If dental benefits are part of one of the base benchmark options (there are basic dental benefits in the federal blue cross blue shield plan) then these can be added. Must be at the level they are offered at in the associated base-benchmark plan. If the state is looking at a separate dental plan, it may not work. *CMS Action Item: CMS will look into this.* Would have to use Secretary approved coverage.	Low	No impact to go live	
62	Medicaid Package Design	Feb-13	For EPSDT and other required benefit plans: How does the pregnant women services package requirement conflict with the current pregnancy package?		From March 2013 ad hoc SOTA call: There does not appear to be a conflict between these two packages. The state must meet 1937 requirements. If the state would like for the benefit package to be specific to pregnant women, it should develop medical criteria to restrict and target those that would enroll	Low	No impact to go live	
63	Medicaid Package Design	Feb-13	For EPSDT and other required benefit plans: Does the provision for non-emergency transportation apply to people over age 21? Does it apply to people under age 21?		From March 2013 ad hoc SOTA call: *As currently required by section 1937, assurance of non-emergency transportation coverage is required. There is no age limit - service does not have to be part of benefit package but must be assured.*	Low	No impact to go live	
64	Medicaid Package Design	Apr-13	Do the Medicaid EHB requirements only apply to the new adult group or are they also applied to other categories covered on the state plan?			Low	No impact to go live	
65	Minimum Essential Coverage	Feb-13	The recently released IRS rule relating to minimum essential coverage at §1.5000A-2 excludes some government-sponsored programs as minimum essential coverage, one of these programs is coverage for pregnancy–related services under 1902(a)(10)(A)(i)(IV) and (a)(10)(A)(ii)(IX). However, both the preamble to the final March 2012 regulations and the proposed January 2013 regulations indicate that all services provided to pregnant women will be considered pregnancy-related unless identified otherwise in the state plan. For a state that considers all services to be pregnancy-related for the purposes this category, is the individual enrolled in pregnancy Medicaid potentially eligible for other categories as well, or potentially liable for a shared responsibility payment if they do not receive other coverage considered to be minimum essential coverage?			Low	No impact to go live	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
66	Notices		CMS has not provided the State of Indiana any guidance on October 2013 notices requirements			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
67	Notices	Mar-13	Will the existing account transfer service from the FFE to the Medicaid Agency contain the information required to generate a combined notice from the Medicaid agency if an individual is approved for assistance?		In a written response from CMS (received 3/25/13): We will be providing some model notice language. The exchange wouldn't have evaluated them if they were determined eligible for Medicaid. The model notice language will explain that. ***CMS Action Item: Jess will let IN know on the timing of that language.***	High	This is an essential component for interfaces and will be required for go live.	5/10/2013
68	Notices	Mar-13	Will the existing account transfer service from the Medicaid Agency to the FFE for APTC/CSR referral contain the information required to generate a combined notice from the FFE if an individual is denied Medicaid eligibility but is potentially eligible for APTC/CSR?		In a written response from CMS (received 3/25/13): Medicaid would be issuing a notice they are ineligible for Medicaid/CHIP. ***CMS Action Item: CMS will provide the language.*** ***CMS Action Item: CMS will be asking states what info they want on the notices as well about their programs.***	High	This is an essential component for interfaces and will be required for go live.	5/10/2013
69	Notices	Apr-13	When could we expect to see a sample notice? (We will need to be sure that any notices meet state-specific legal requirements)			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
70	Presumptive Eligibility	Feb-13	How do you claim FFP for the different categories of presumptively eligible people?		In a written response from CMS (received 3/25/13): The same way as if they are determined eligible for Medicaid in an eligibility group, and the same as is done today for children, pregnant women and individuals with breast and cervical cancer. We expect that this will be addressed in upcoming guidance.	Low	No impact to go live	
71	Presumptive Eligibility	Feb-13	How long would it take to revoke a hospital's ability to perform presumptive eligibility?		In a written response from CMS (received 3/25/13): Each state determines its policies and procedures for implementing Federal requirements, such as 42 CFR 435.1110(d) of the January 2013 NPRM related to a state's disqualification of hospitals from determining presumptive eligibility. ***Please add this to future SOTA call agendas if you would like more guidance on implementing this.***	Low	No impact to go live	

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
72	Presumptive Eligibility	Mar-13	***Regarding Indiana's Healthy Indiana Plan:*** Is Presumptive Eligibility required for HIP enrollees?: Guidance required if HIP must be included (§435.1110 allows states to limit determinations based on income for children, pregnant women, parents and caretaker relatives, and other adults or to "permit hospitals to elect to make PE determinations on additional bases under than State plan or an 1115 demonstration.")			Low	No impact to go live	
73	Presumptive Eligibility	Mar-13	For PE application requirements: Can we impose more specific application completion requirements on hospitals performing PE (beyond minimum requirements for full application)?		You may base additional state requirements on the ability to make an eligibility determination	Low	No impact to go live	
74	Reports		We have not received the official requirements from MAGI Eligibility on reports			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
75	Telephone Application		What are the requirements for the attestations and electronic phone signature?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
76	Telephone Application		Will user accounts be required for telephone applications? That is will the caller need to be assigned an account number for future interaction?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
77	Telephone Application		What are the required elements in a health coverage app?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
78	Telephone Application		What are the exact requirements around telephone application summaries.			High	This is an essential component for interfaces and will be required for go live.	5/10/2013

Ref.	Topic	Date Asked	Question	Date Answered	Answer	Impact to Go Live	Reason	Need Decision By
79	Telephone Application	8-Apr	Have the specific requirements around accepting and storing a telephonic signature for applications been determined?			High	This is an essential component for interfaces and will be required for go live.	5/10/2013
80	Telephone Application	8-Apr	What scripting related to attestation to truth of information will FFE CSRs be reading to callers over the phone during a telephonic application? Indiana would like to use the same script or documentation. (i.e. "The information you have provided is true to the best of your knowledge, etc... please state your name if you agree.")			High	This is an essential component for interfaces and will be required for go live.	5/10/2013

Appendix B – IV&V Checklists

Requirements Validation Checklist

Requirements Validation Checklist			
Date Reviewed:	8/21/2013	**Reviewed By:**	IV&V
Document Date:	8/18/2013	**Version:**	0.08
Response Date:	8/21/2013		

Applicable Documents:

Requirements for CR406 - Interface Requirements Version 0.08

Overall General Assessment:

Of the requirements reviewed for CR406 - Interface Requirements, the majority of the requirements met the standards for the validation areas. The following is summary of the requirements that did not meet the standards:

- Four requirements failed the "Are the requirements specific and unambiguous?" review item since the requirements did not provide enough details in the requirements.
- The same four requirements that failed the above due to lack of details also failed the "Can satisfaction of the requirements be validated" review item due to lack of details.
- One requirement failed the "Is there consistency among all requirements (i.e., one requirement does not conflict with another)?" validation check since a requirement and an assumption seemed to contradict each other.

Although not failed for this item, since ICES is also being discussed in this requirement document, we recommend clarifying the name of the system each time "the system" is used in this document.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
1	Does each of the requirements specify a single distinct need and exclude specifications of design or implementation solutions?	Requirements specify only one distinct need and do not include design specifications or implementation solutions.	✓				

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Partial	No	N/A	Reviewer Comments/Recommendations
2	Are the requirements specific and unambiguous, (e.g., uses measurable terms, such as specific numbers, rather than relative terms, such as acceptable, and does not contain lists ending in etc.)?	Requirements are specific and use measureable terms.			✓		For Requirement 3.2.1, "A real-time data exchange interface INT003 shall be modified to pass the new health coverage AE details from FACTS to ICES", the term "AE details" is not specific as to what is being passed. For Requirement 3.6.1, "New AG categories shall be added", the requirement should specify what categories are being added. For Requirement 3.6.2, "New Notice types shall be added to the table for new ICES correspondence notices developed for PPACA", the requirement should specify what notice types are being added and to what table(s). For requirement 3.6.3, "New Alerts types shall be added", the requirement should specify what alert types are being added.
3	Are the requirements worded in a manner that avoids over statement of the requirements and possible restriction of design or implementation solutions, (unless design or implementation issues are a constraint)?	Requirements are not over stated nor do they impose design or implementation solutions.	✓				
4	Is the language appropriate for the intended audience, (requirements are to be written in business language)?	Requirements are written in business language.	✓				
5	Is the meaning of each requirement clear, (e.g., avoids jargon and words with possible double meaning)?	Requirements are clearly written and avoid jargon.	✓				Although FACTS can be inferred when "the system" is used, ICES is also being discussed in this requirement document. Recommend clarifying the name of the system each time "the system" is used in this document.
6	Is there consistency among all requirements (i.e., one requirement does not conflict with another)?	Requirements are consistent and do not conflict with other requirements.			✓		Requirement 3.2.8, "If the Application Source is Federally Facilitated Marketplace then the system shall only pass AR limited information from FACTS to ICES. Refer to the Interface Layout for the rules. MR35."

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
							seems to conflict with assumption 4.5, which states "FACTS will send the entire Health Coverage application details to ICES in INT003 at the same time that the AR Push is made.
7	Is the format of the requirements consistent with document standards, (e.g., compare the requirements format to the standards and, as prevention, ensure all document writers have a template reflecting the applicable standards)?	Requirements are consistent with the standards.				✓	
8	Are all specified constraints reflected in the requirements (e.g., a constraint is a mandatory condition, such as government reporting requirements, or an unchangeable situation, such as the number of training sites)?	Requirements specify constraints, where applicable.	✓				
9	Can satisfaction of the requirements be validated, (e.g., a requirement for a response time of less than five seconds can be validated, but a "quick" response time cannot be validated)?	Requirements can be validated.			✓		The requirements listed in the comments for item 2 above cannot be validated due to the lack of specificity.
10	Is the list of requirements complete, (i.e., no significant or mandated requirements are missing)?	Requirements list is complete and appropriately mapped to the RFP/Charter Requirements.	✓				

Requirements Validation Checklist

Date Reviewed:	8/29/2013	**Reviewed By:**	IV&V
Document Date:	8/7/2013	**Version:**	1.00
Response Date:	8/30/2013		

Applicable Documents:

PC0430 - MAGI – Interfaces – Account Transfer Intermediate

Overall General Assessment:

Of the requirements reviewed for PC0430 - MAGI – Interfaces – Account Transfer Intermediate, the majority of the requirements met the standards for the validation areas. The following is summary of the requirements that did not meet the standards:

- Two requirements failed the "Does each of the requirements specify a single distinct need?" validation check since the requirements specify multiple business needs in a single requirement. For example, requirement 6.1 discusses the creation of the new FFM interface and storing the data in a staging database.
- Three requirements failed the "Is the meaning of each requirement clear?" validation check since the requirements do not contain necessary information. For example, requirement 6.3 does not specify the begin and end dates for the temporary flyer.
- The document, as a whole, did not meet the "Is the list of requirements complete?" validation check since it there are potential missing requirements for the Oracle staging database or for and identifier on these FFM applications for untimely processing metrics.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
1	Does each of the requirements specify a single distinct need and exclude specifications of design or implementation solutions?	Requirements specify only one distinct need and do not include design specifications or implementation solutions.			✓		Requirement 6.1 refers to both the new FFM Interface and storing the FFM application data in a temporary database. Requirement 6.5 refers to the creation of a process to produce the flyer and populate CNVN.
2	Are the requirements specific and unambiguous, (e.g., uses measurable terms, such as specific numbers, rather than relative terms, such as acceptable, and does not contain lists ending in etc.)?	Requirements are specific and use measureable terms.	✓				
3	Are the requirements worded in a manner that avoids over statement of	Requirements are not over stated nor do they impose design or	✓				

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Partial	No	N/A	Reviewer Comments/Recommendations
	the requirements and possible restriction of design or implementation solutions, (unless design or implementation issues are a constraint)?	implementation solutions.					
4	Is the language appropriate for the intended audience, (requirements are to be written in business language)?	Requirements are written in business language.	✓				
5	Is the meaning of each requirement clear, (e.g., avoids jargon and words with possible double meaning)?	Requirements are clearly written and avoid jargon.			✓		Requirement 6.3 does not specify the begin and end dates for the temporary flyer. Requirement 6.4 references the loading of the FFM application information into an ICES staging database to process the applications and determine eligibility. The staging database is not processing applications and determining eligibility. Requirement 6.5 is not clear and does not specify if both the creation of the process and population of CNVN will both occur with full implementation.
6	Is there consistency among all requirements (i.e., one requirement does not conflict with another)?	Requirements are consistent and do not conflict with other requirements.	✓				
7	Is the format of the requirements consistent with document standards, (e.g., compare the requirements format to the standards and, as prevention, ensure all document writers have a template reflecting the applicable standards)?	Requirements are consistent with the standards.				✓	No documentation standards were provided.
8	Are all specified constraints reflected in the requirements (e.g., a constraint is a mandatory condition, such as government reporting requirements, or	Requirements specify constraints, where applicable.	✓				

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
	an unchangeable situation, such as the number of training sites)?						
9	Can satisfaction of the requirements be validated, (e.g., a requirement for a response time of less than five seconds can be validated, but a "quick" response time cannot be validated)?	Requirements can be validated.	✓				
10	Is the list of requirements complete, (i.e., no significant or mandated requirements are missing)?	Requirements list is complete and appropriately mapped to the RFP/Charter Requirements.			✓		Potential missing requirement to identify these potential untimely applications for metric reporting. Potential missing requirement(s) for the Oracle staging database requirements.

Functional Design Review Checklist

Design Review Checklist - Functional			
Date Reviewed:	8/13/13	**Reviewed By:**	IV&V
Document Date:	7/15/13	**Version:**	.09
Response Date:	8/13/13		
Applicable Documents: Functional Design – User Interface Specification for the Indiana Online Application for SNAP and Cash Assistance CR361/401			
Overall General Assessment:	User Interface Specification Indiana Online Application for SNAP and Cash Assistance CR361/401 did not pass checklist items 1, 2, and 5. For checklist item 1, the screen language and functionality in the first section of the application does not prevent the client from submitting a duplicate SNAP/Cash application if the client completes the SNAP/Cash application first, then the Health Coverage application and then requests an additional SNAP/Cash application at the end of the Health Coverage application. For checklist item 2, the document did not contain any mapping to the business requirements. For checklist item 5, two concerns were noted including 1) screen mockup does not address the issue from checklist item 1 and 2) screen mockup for 2.12 does not match the fields and text associated with the mockup.		

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.			✓		While the business requirements are not listed, the requirements document is referenced at the end of the document. This does make requirement comparison difficult. Section 2.1 displays the application flow. If the client completes the SNAP/Cash application first, then the HC application, there is no prompt or warning message to keep them from completing an additional SNAP/Cash application once they get to the end of the HC application. To prevent duplicate applications, the first screen and narrative needs to contain some informational section on this.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.			✓		This document does not contain mapping of the functional design elements to the business requirements.
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.	✓				While the business requirements are not listed, the requirements document is referenced at the end of the document.
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.			✓		Language should exist on the first screen/introduction screen of the application to warn people that there is no need to complete another SNAP/Cash application if they completed one immediately before.

ID	Checklist Item	Standard Measurement	Criteria Met Yes	Criteria Met Partial	Criteria Met No	Criteria Met NA	Reviewer Comments/ Recommendations
							(See Checklist Item #1.) Also, screen mockup for 2.12 does not match with the fields and text associated with it.
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	.
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Design Review Checklist - Functional			
Date Reviewed:	8/20/13	**Reviewed By:**	IV&V
Document Date:	8/18/13	**Version:**	v.05
Response Date:	8/20/13		
Applicable Documents: Functional Design – Health Coverage Online Application User Interface Specification CR401			

Overall General Assessment:	User Interface Specification Indiana Health Coverage Online Application UI Specifications CR401 did not pass checklist items 2, 3, and 5. For checklist item 2, the document did not contain any mapping to the business requirements. For checklist item 3, several issues were noted; date conversion rules are not consistent, certain data fields do not provide all details;, and the UI spec had not been updated to reflect most recent business rules in sections. For checklist item 5, two concerns were noted; screen mockup did not contain the accurate version of the Rights and Responsibilities screen and the mock-up did not contain any language to address what happens if the client has already completed the SNAP/Cash application just prior to the Health Coverage application.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.	✓				While the document does reference the requirement document that corresponds to the UI specification, there is no one-to-one comparison of design to requirement. This makes it difficult to determine if the solution is actually based on requirements without having the additional document open.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.			✓		This document does not contain mapping of the functional design elements to the business requirement.
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.			✓		While the UI specification contains the majority of the business rules, the document itself has some gaps in how the solution addresses the specific business rules. In 1.2, the general date conversion rule does not reflect what is listed in the Section 2.2.4 field for date or what is collected in ICES. In 2.4.2, the Rights and Responsibilities reflect prior business rules (regarding all three programs). There is no note to indicate these will be updated. In 2.5.5, the field length provided does not meet the business rules (zip code should be 5 or 9; not 6 or 9). Fields in a few sections are missing important data: • 2.10.5 – table is TBD

ID	Checklist Item	Standard Measurement	Criteria Met Yes	Partial	No	NA	Reviewer Comments/ Recommendations
							• 2.7.3 – dropdown menu has no data included. In 2.5.6.6, a validation should have been included to indicate what happens when a name has more than 15 characters.
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.			✓		In 2.4.2, the screen mock-up for the Rights and Responsibilities has not been updated to the most current and appropriate version. In 2.4.7.2, language should be included in the mock-up of the screen to address what happened if the client has already completed the SNAP/Cash application and the Health Coverage application when they get to the page that allows them to "start" the SNAP/Cash application again.
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	.
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Design Review Checklist - Functional			
Date Reviewed:	8/9/13	**Reviewed By:**	IV&V
Document Date:	8/15/13	**Version:**	3.01
Response Date:	8/9/13		
Applicable Documents: User Interface Specification for Case Due Task Wizards (Formerly, Case Due Requirements and Screen Design)			

Overall General Assessment:	The only change for MR 35 to this document, which originated in 2008 and was revised several times in 2011 and 2012, is to rename a task. The HHW Only task is to be renamed to Process New Application (HIP or Health Coverage Only), so the screen display of the error message "Unable to Close Task(s)" was modified to reflect the change in this task name. The document passed all of the relevant checklist items below, however IV&V suggested review of the changed section based on immerging information about a separate HIP application, and also suggested review of specific additional sections of the document to ensure that additional changes are not needed for MR 35.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.				✓	A business requirement document was not delivered nor found in SharePoint specific to the MR 35 Case Due Task Wizard changes for ACA. If rolled into another requirement document, the requirements are not referenced in the UI Spec.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.				✓	See comments for checklist item 1 directly above.
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design	✓				The only real change to the document in this version was "In MR 35 as part of PPACA changes, Process New Application HHW Only task was renamed as Process New Application (HIP or Health Coverage Only)

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
		document clearly outlines how the solution addresses specific business rules.					and the screen was modified to reflect the change". We recommended review as it is turning out that the State will very likely have a separate HIP application, so this task may not be combining HIP and Health Coverage, especially if separate HIP queues continue. IV&V requested review of the various task wizard screens in the document to ensure that they allow for a large number of AGS, since the number will be increasing due to one person per AG for MAGI AGs. Recommended stating limits to screen(s) regarding number of AGs in this document, or if none, stating so. IV&V also questioned whether 1.4.3 Daily Process – Close Selected Tasks has been reviewed to see if any new tasks or alerts to tasks being created for ACA need to be added, and whether the FFM holding an application would ever be a delay reason that might need added in 2.7.3.
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.	✓				However, document states "Currently ACS, Arbor, and FSSA users can reserve and update the Case Due and Case Due Extended tasks" carried over from prior versions, however Arbor no longer does eligibility so should not be included as staff that can reserve and update the above mentioned tasks.
5	Do the screen mock-ups/user interfaces include all the	The screen mock-ups/user interfaces include all data elements required to be	✓				

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
	necessary data elements?	captured per the business requirements.					
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Design Review Checklist - Functional			
Date Reviewed:	8/16/13	**Reviewed By:**	IV&V
Document Date:	8/5/13	**Version:**	5.0
Response Date:	8/16/13		
Applicable Documents: PC0430 – MAGI Existing Interfaces Functional Design			

Overall General Assessment:	PC0430 – MAGI Existing Interfaces Functional Design did not pass checklist items 1, but passed checklist items 2 and 3. For checklist item 1, several sections of the document did not include specific details on how the system would function. For example, several sections referenced to Medicaid AG related switches/flags but did not specify what categories would cause the switch/flag to be set to Y. Since this is a functional design, details on how this switch/flag would be set should be present. Also, there were multiple references to file layouts being available in Appendix B but the layouts were not included. For example, the file layout for GDE916 is not included in Appendix B but a reference to the layout in Appendix B is made in the document.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.			✓		Several design items need additional detail such as: • 6.1.1.1 - does not provide the details on what category codes will set the flag to Y. • 6.1.1.2 & 6.1.1.3 – does not provide the details on what data is being sent to "post payment(s) and open eligible AG." • 6.1.1.3 - does not provide the details on what category codes will set the MAGI AG-related switch to Y. • 6.1.5 – need to define what is meant by "good verification". Should include the data details that would represent "good verification". • Appendix B – several file layouts (GDE916, GDE056 and INT073) were missing from the appendices even though the document references they were included.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.	✓				
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.	✓				
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	
5	Do the screen mock-ups/user	The screen mock-ups/user interfaces				✓	

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Partial	No	NA	Reviewer Comments/ Recommendations
	interfaces include all the necessary data elements?	include all data elements required to be captured per the business requirements.					
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Design Review Checklist - Functional			
Date Reviewed:	8/29/13	**Reviewed By:**	IV&V
Document Date:	8/9/13	**Version:**	1.0
Response Date:	8/30/13		
Applicable Documents: PC0430: MAGI – Interfaces – Account Transfer Interim Solution Functional Design			

Overall General Assessment:	The functional design for PC0430 MAGI – Interfaces – Account Transfer Interim Solution did not pass checklist items 1 and 2. For checklist item 1, the document did not specify what will not be sent in regards to the statement "will not send to employer and similar address types" in 6.2. Also, 16.3 does not include integration testing with PostMasters. For checklist item 2, the document did not contain any business requirement 6.4 from the draft requirements document.

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Partial	No	NA	Reviewer Comments/ Recommendations
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where			✓		In 6.2, there is a statement next to the Primary-Contact-Address-Type that states "will not send to employer and similar address types" but does not specify what will not be sent.

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Criteria Met: Partial	Criteria Met: No	Criteria Met: NA	Reviewer Comments/ Recommendations
		the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.					16.3 states that integration testing will be performed with ICES, FACTS, IEDSS and MMIS. It is unclear what would be tested with IEDSS and MMIS. Also, integration testing should include PostMasters.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.			✓		Requirement 6.4 from the draft requirements document is not addressed in this design document.
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.	✓				
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.				✓	
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Design Review Checklist - Functional			
Date Reviewed:	8/9/13	**Reviewed By:**	IV&V
Document Date:	8/6/13	**Version:**	V2.03
Response Date:	8/9/13		
Applicable Documents: Functional Design – User Interface Specification for Authorization Related Tasks Wizards			

Overall General Assessment:	User Interface Specification for Authorization Related Tasks Wizards did not pass checklist items 1, 2, and 3. For checklist item 1, there is no reference to a requirements document in the Reference section, nor has a requirements document been received for review regarding this task wizard. For checklist item 2, the document did not contain any mapping to the business requirements. For checklist item 3, several concerns were noted including 1) There is no reference to a requirements document nor are the requirements included in the document; 2) One section did not address all of the triggers connected to what would cause an application to be denied in ARAD; 3) The design does not address how the screen will take into account all of the new AGs that need to fit on the screen.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.			✓		To date, there has been no official review sent to IV&V for the Authorization Related Task Wizard. This makes it difficult to compare the requirements to the functional areas. Additionally, there is no reference included in the document to the actual requirements for this change.
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements.			✓		This document does not contain mapping of the functional design elements to the business requirements.
3	Does the design include how the solution will address	The Functional Design document should either list all business rules or			✓		To date, there has been no official review sent to IV&V for the Authorization Related Task

ID	Checklist Item	Standard Measurement	Criteria Met: Yes	Partial	No	NA	Reviewer Comments/ Recommendations
	business rules?	should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.					Wizard Requirements document. This makes it difficult to compare the requirements to the functional areas. Additionally, there is no reference included in the document to the actual requirements for this change. On 2.1.3, under bullet 8 of "The following dialog displays on this screen:", should have included "duplicate application" added to list of triggers or a statement that other reasons the application would be denied in ARAD will be discussed in xxxxx document. On 2.1.5, a concern was raised regarding the number of AGs that might need to be reviewed due to the way MAGI is being processed. The functional design does not indicate how many AGs can fit on the wizard. The functional design should provide details regarding this.
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.				✓	
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they	The notice mock-ups include all data elements and State required text per the business requirements. The notice				✓	

ID	Checklist Item	Standard Measurement	Criteria Met Yes	Partial	No	NA	Reviewer Comments/ Recommendations
	conform to State notice standards?	mock-ups conform to State notice standards.					

Design Review Checklist - Functional			
Date Reviewed:	8/14/13	**Reviewed By:**	IV&V
Document Date:	7/31/13	**Version:**	2.03
Response Date:	8/14/13		
Applicable Documents: User Interface Specification for Application Related Tasks Wizard			

Overall General Assessment:	The only changes for MR 35 to this document, which originated in 2009 and has undergone several revisions since, was to make changes to the task closure screen for tasks New Application Ready for Initial Review, Potentially Eligible for Expedited FS Service, and Potentially Duplication Application to ask if the application was selected as duplicate, and to show the change of a task name on Close Task screens. No checklist items failed. IV&V questioned whether the document should be further modified to separate and include the new FFM application processing tasks.

ID	Checklist Item	Standard Measurement	Criteria Met Yes	Partial	No	NA	Reviewer Comments/ Recommendations
1	Does the design meet the all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.				✓	A business requirement document was not delivered nor found in SharePoint specific to the Application Related Tasks Wizard for MR 35. If rolled into another requirement document, the requirements are not referenced in this UI Spec.
2	Are all business requirements mapped to the functional design	The Functional Design documents maps the functional areas to the				✓	See comments for checklist item 1 directly above.

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
	for this functional area?	applicable business requirements.					
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business rules.	✓				The only changes for MR 35 to this document, which originated in 2009 and has undergone several revisions since for previous MRs, was to make changes to the task closure screen for tasks New Application Ready for Initial Review, Potentially Eligible for Expedited FS Service, and Potentially Duplicate Application to ask if the application was selected as duplicate and the other change was to reflect the change of a task name on Close Task screens. IV&V questioned whether the document should be further modified to separate and include the new FFM application processing tasks.
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.				✓	The document says, as it has in prior versions “All screens described are part of FACTS and will be accessible by the same people/roles as they are currently available.” This statement lacks clarity as to who will have access.
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.	✓				
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.				✓	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.				✓	

Appendix C – Future Checklists

Requirements Validation Checklist

Requirements Validation Checklist			
Date Reviewed:		Reviewed By:	
Document Date:		Version:	
Response Date:			
Applicable Documents:			
Overall General Assessment:			

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
1	Does each of the requirements specify a single distinct need and exclude specifications of design or implementation solutions?	Requirements specify only one distinct need and do not include design specifications or implementation solutions.					
2	Are the requirements specific and unambiguous, (e.g., uses measurable terms, such as specific numbers, rather than relative terms, such as acceptable, and does not contain lists ending in etc.)?	Requirements are specific and use measureable terms.					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
3	Are the requirements worded in a manner that avoids over statement of the requirements and possible restriction of design or implementation solutions, (unless design or implementation issues are a constraint)?	Requirements are not over stated nor do they impose design or implementation solutions.					
4	Is the language appropriate for the intended audience, (requirements are to be written in business language)?	Requirements are written in business language.					
5	Is the meaning of each requirement clear, (e.g., avoids jargon and words with possible double meaning)?	Requirements are clearly written and avoid jargon.					
6	Is there consistency among all requirements (i.e., one requirement does not conflict with another)?	Requirements are consistent and do not conflict with other requirements.					
7	Is the format of the requirements consistent with document standards, (e.g., compare the requirements format to the standards and, as prevention, ensure all document writers have a template reflecting the applicable standards)?	Requirements are consistent with the standards.					
8	Are all specified constraints reflected in the requirements (e.g., a constraint is a mandatory condition, such as government reporting requirements, or an unchangeable situation, such as the number of training sites)?	Requirements specify constraints, where applicable.					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	N/A	
9	Can satisfaction of the requirements be validated, (e.g., a requirement for a response time of less than five seconds can be validated, but a "quick" response time cannot be validated)?	Requirements can be validated.					
10	Is the list of requirements complete, (i.e., no significant or mandated requirements are missing)?	Requirements list is complete and appropriately mapped to the RFP/Charter Requirements.					

Functional Design Review Checklist

Design Review Checklist - Functional			
Date Reviewed:		Reviewed By:	
Document Date:		Version:	
Response Date:			
Applicable Documents:			
Overall General Assessment:			

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
1	Does the design meet all of the applicable business requirements for this functional area?	The Vendor's Functional Design document should either list out all business requirements or should reference an external document					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
		where the business requirements are addressed. Additionally, the Functional Design document clearly outlines how the solution addresses specific business requirements.					
2	Are all business requirements mapped to the functional design for this functional area?	The Functional Design documents maps the functional areas to the applicable business requirements,					
3	Does the design include how the solution will address business rules?	The Functional Design document should either list all business rules or should reference an external document where the business rules are addressed. Additionally, the Detailed Design document clearly outlines how the solution addresses specific business rules.					
4	Are user roles outlined in the document?	The document outlines all user roles that will be implemented.					
5	Do the screen mock-ups/user interfaces include all the necessary data elements?	The screen mock-ups/user interfaces include all data elements required to be captured per the business requirements.					
6	Do the report mock-ups include all necessary data elements and conform to State report standards?	The report mock-ups include all data elements required per the business requirements and conform to State standards.					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/ Recommendations
			Yes	Partial	No	NA	
7	Do the notice mock-ups include all necessary data elements and necessary State text. Do they conform to State notice standards?	The notice mock-ups include all data elements and State required text per the business requirements. The notice mock-ups conform to State notice standards.					

Technical Design Review Checklist

The Technical Design Review Checklist listed below is a general template based on experience with previous projects. The checklist may be modified to align with the DDI Vendor's design artifacts.

Design Review Checklist – Technical			
Date Reviewed:		Reviewed By:	
Document Date:		Version:	
Response Date:			

Overall General Assessment:	

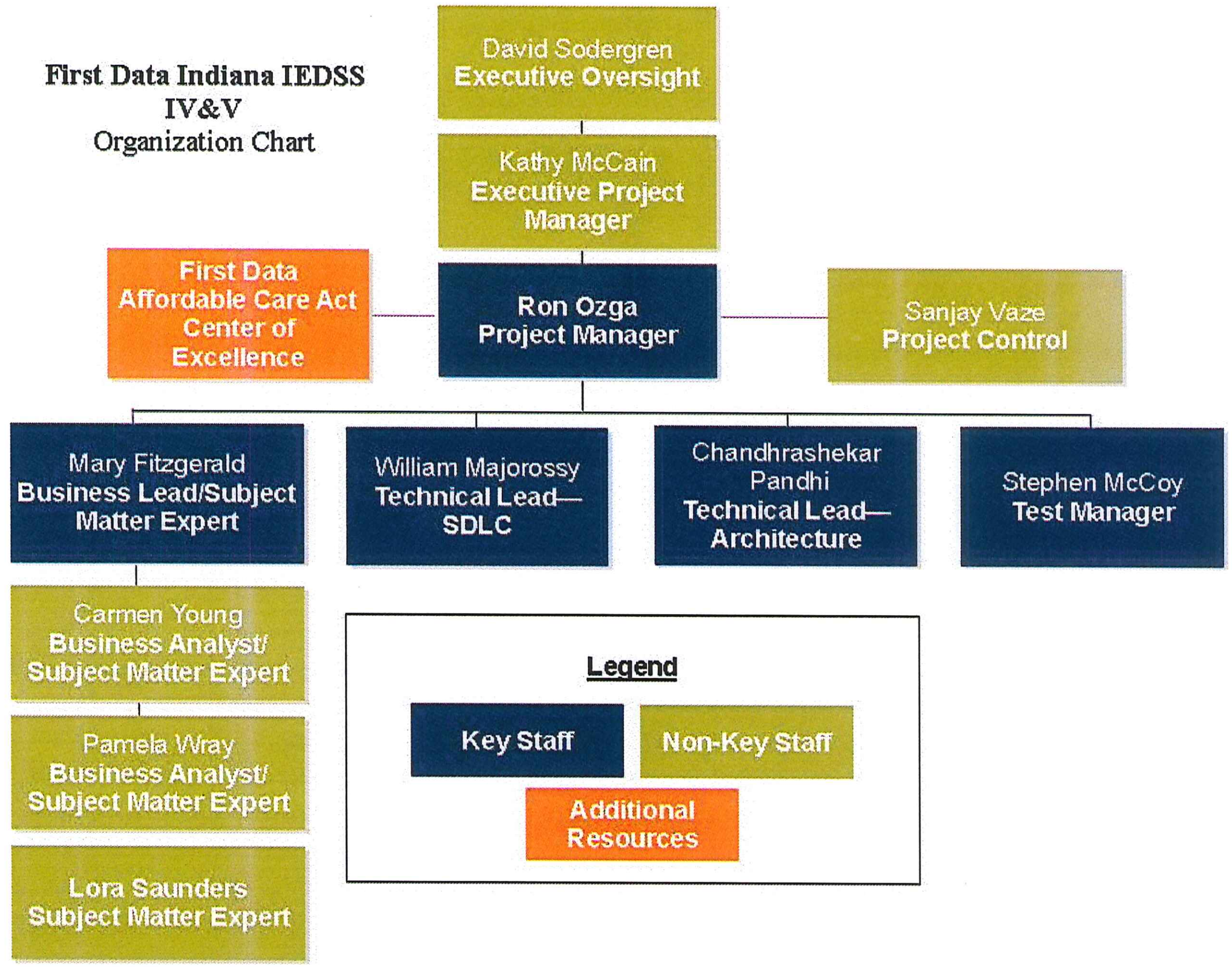
ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	NA	
1	Design should address CMS Seven Conditions and Standards	System design will comply with CMS Modularity standard, MITA Condition, Industry Standards Condition, Leverage Condition, Business Results Condition, Reporting Condition and Interoperability Condition. Design will explain how the design is satisfying the					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	NA	
		above conditions and standards.					
2	The design document should provide a set of standard sections	Should provide overview, purpose, scope, definitions, acronyms, abbreviations and references.					
3	The design should address how the technical requirements will be addressed	The Technical Design should either list all technical requirements or should reference an external document where the technical requirements are addressed.					
4	Update Requirements Traceability Matrix	The design should summarize how each technical and business requirement has been met in the design.					
5	The design should include the protocols used by the application	The design should include all protocols used by the application.					
6	All data formats will be outlined in the design	Design will define all external interfaces. Data formats between different, interfaced systems will be outlined. Includes a system block diagram or context diagram.					
7	The design will have a data flow schema	How data is pulled into the application via external interfaces and how that data is then presented to end users will be included in the design as a schema. Will provide logical /physical data models.					
8	Design will include system	Will summarize architecture of system.					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	NA	
	Architecture	Set system context by describing high-level data flows through external interfaces. Describe system architecture in more detail and architecture design patterns used.					
9	Design will include system Infrastructure Services	Describes how common services (e.g. security, performance monitoring and reporting) will be used, and whether the specific development will contribute to new infrastructure services for re-use. Design should meet the State's IT security requirements. Will provide security assessment/design.					
10	Design will include programming standards	Define or reference project programming standards. Specific points include modularity and structuring, headers and commenting, indenting and layout, library routines; language constructs to use and avoid.					
11	Outstanding design issues	Design will list unresolved design issues. Include options for resolution, their pros and cons, and their impact on the design.					
12	Design standards and processes	Design standards, methodology and tools used to develop the design should be in place and appropriate for the tasks at hand. Should explain and					

ID	Checklist Item	Standard Measurement	Criteria Met				Reviewer Comments/Recommendations
			Yes	Partial	No	NA	
		justify deviations and extensions. Should document or reference design naming conventions for files, programs, modules and other structures? GUI standards should be there.					
13	Design decomposition and each component description	Design should summarize software components. Each component should be described in terms of type, purpose, function, subordinates, dependencies, interfaces, resources, references, processing and data.					
14	Configuration	All design products/artifacts should be under configuration control					

Appendix D – Current Organizational Chart



Appendix E – Project Metrics

Requirements Sessions

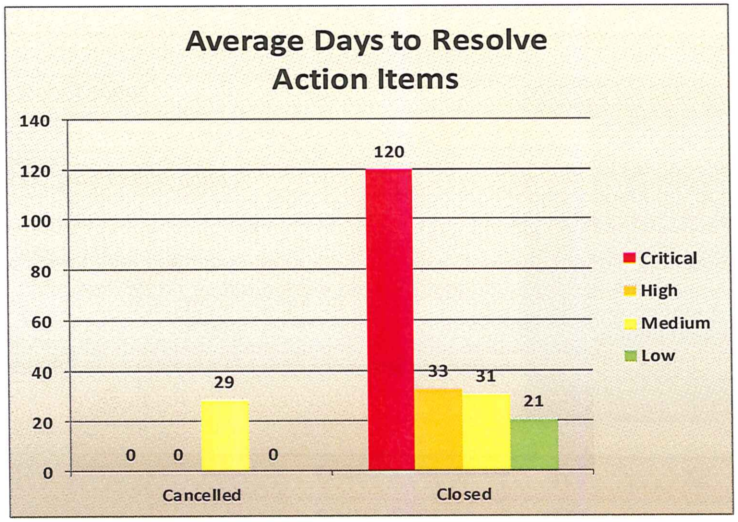
Requirements Sessions Tracking Summary					
Track	Sessions Scheduled via Outlook	Sessions Not Scheduled via Outlook	Sessions Completed	Sessions Not Completed	Materials Provided not within Timeframes
Self Service	4	2	3	3	3
Front Office	8	1	3	6	1
Back Office	1	4	0	5	0
Support	5	1	5	1	4
Reports	0	4	0	4	0
Interfaces	3	1	3	1	2
EDBC	6	3	6	3	4
Correspondence	1	2	1	2	1
Non-Functional	0	4	0	4	0
Grand Total	**28**	**22**	**21**	**29**	**15**

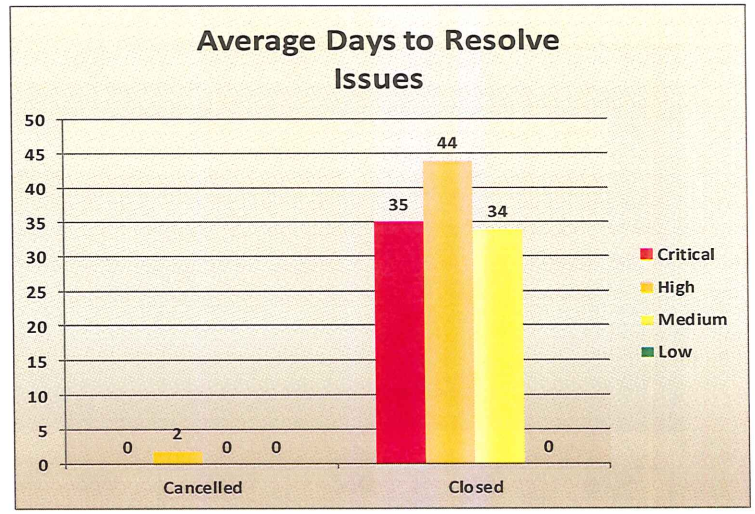
Testing Metrics

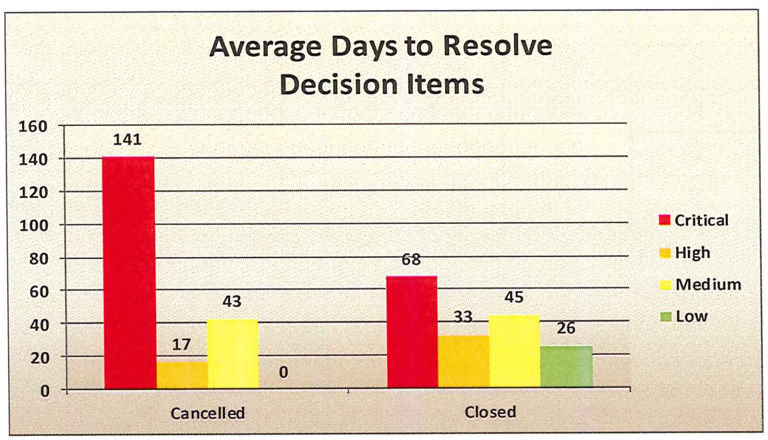
Execution Status									
Service	System Test Cycle	Total Number of Test Scripts	De-scoped Number of Test Scripts	Planned Number of Test Scripts	Actual Number of Test Scripts Executed	% of Test Scripts Completed	Test Scripts Passed	Test Scripts Failed	Pass Percentage
Non ESI MEC	Cycle 2 (of 2)	33	0	33	33	100%	26	7	79%
Non ESI MEC	Regression Cycle	12	0	12	12	100%	12	0	100%
VLP	Cycle 1 (of 2)	151	0	151	151	100%	132	19	87%
VLP	Cycle 2 (of 2)	151	0	151	151	100%	144	7	95%
Account Transfer Inbound	Cycle 1 (of 2)	94	0	94	94	100%	80	14	85%
Account Transfer Inbound	Cycle 2 (of 2)	100	0	100	30	30%	30	0	100%
EDBC	Cycle 1 (of 2)	223	0	223	223	100%	189	34	85%
EDBC	Cycle 2 (of 2)	261	25	236	236	100%	210	26	89%

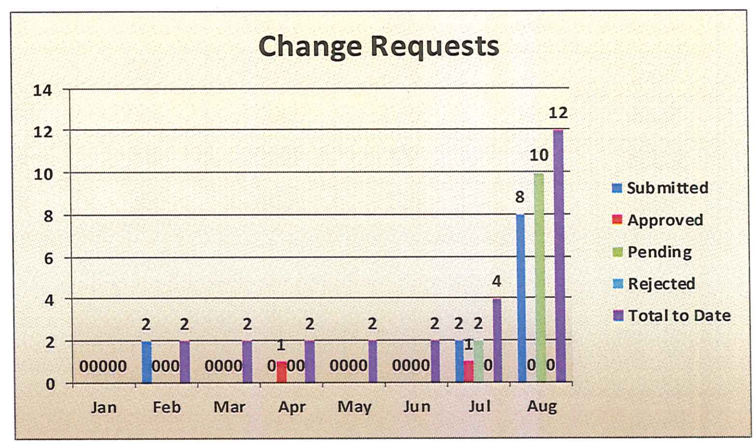
	Test Metrics				
Defects by category	Critical	High	Medium	Low	Total
	1	10	90	11	112
Defect Triage	Open	Pending	Closed	Rejected	Total
	15	0	96	1	112

Action Items, Issues, Decision Items and Change Requests Metrics









access health CT

Connecticut Health Benefits Exchange

IV&V Status Report

May 23, 2013

First Data.
beyond the transaction

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Introduction

First Data has been engaged to perform Independent Verification and Validation (IV&V) for the CT Health Insurance Exchange Project (CT-HIX). The purpose of the CT HIX IV&V effort is to provide an objective assessment of project status, work products, processes and outputs throughout the software delivery life cycle in an environment organizationally free from the influence, guidance and control of the development effort.

Our involvement began in April, at which point the HIX project team was fully formed and functioning. The IV&V team has experienced an exceptional degree of cooperation and support from DSS/AHCT as well as KPMG and Deloitte. We were able to rapidly on-board as it relates to work area, security credentials and network access. We have been provided access to all necessary document repositories. All requests for documents and inclusion onto meeting and document distribution lists have been provided.

The First Data team is currently reviewing relevant work products and deliverables; products that are outcomes of design, development and testing to evaluate whether state and federal requirements are being met and to make recommendations based on industry standards and "best practices". The First Data IV&V team is independent, but also sees itself as an integral team component, working in collaboration with our clients and other stakeholders to better ensure a successful implementation.

Initial IV&V efforts included a review of status reports and based upon our observations, meeting attendance and reviews, these status reports present a complete and accurate representation of the project. Given our start date relative to the commencement of the AHCT effort, IV&V makes no attempt to confirm historical project activities but rather is focused on determining an accurate current status, clearly defined critical success criteria and evaluation of key SDLC work products / deliverables.

In addition to our participation in regularly scheduled PMO meetings and ad hoc meeting, our structured activities include reviews of the following:

- Project Management Assessment
    - Master Project Plan
    - Application of Industry Standard Project Management Controls
- Technical Assessment
    - Technical Architectural Review
    - Solutions Architectural Review
    - Security Architectural Review
    - Operational Support Capacity Review
- Testing Assessment

- Test Planning, Process and Completion Assessment
- IV&V Testing

Each of these areas will be addressed in detail below.

Project Management Assessment

The IV&V team has had the opportunity to participate in a number of project planning and control meetings; review PM documentation such as the master project plan and evaluate some of the project control protocols. We have observed an organization structure that appears to be sized appropriately given the breath and complexity of the effort. Leadership roles are well delineated; the project management team is fully engaged and well organized. There is some overlap of role/responsibility but no more than expected for a project with this many diverse stakeholders.

Overall assessment is that, at this point, the HIX project has an established, well-organized and professional management team in place with the commitment, knowledge and experience required for a successful implementation.

The objective of the IV&V PM review is to address the following:

- Evaluate the overall project management organization, commitment and effectiveness
- Review the applied project management methodology and controls against industry standards, best practices and specific appropriateness for this engagement
- Assess viability of the overall project schedule or master project plan, tasks, dependencies and key milestones
- Provide project management recommendations to mitigate risk, establish a standard or improve a process

In order to complete the tasks listed above, the IV&V team has reviewed the master project plan for completeness and accuracy. The team has engaged responsible stakeholders to discuss the status of various tasks, especially tasks that are past due.

The IV&V team has been a regular attendee at all IT and Operation Project Management meetings. In addition, the team has reviewed minutes as well as additional post meeting reviews of documents used during the meetings.

IV&V has reviewed the Excel spreadsheet containing the requirements and dependencies and is meeting with Deloitte to gain greater insight regarding information captured in the spreadsheet. Deloitte has indicated that the requirement information has been migrated into JAMA. IV&V has requested access to the JAMA Contour environment to confirm the successful migration.

Initial Findings

- The HIX project management team is working effectively while dealing with the additional complexity of integration with the ongoing DSS ConneCT project. PM roles and responsibilities are generally clear, although there is some overlap between the PMO vendor and the State. We do not see this as a risk at this point but noted for further evaluation in our ongoing project management IV&V reviews.

- Project meetings generally follow a clear agenda, are well run and efficient with results (action items, risks, decisions) well documented.
- Project Protocols and Controls such as Risk Management, Change Control and Communication Planning are fully documented. The IV&V team is still evaluating how well these have been implemented and their effectiveness, however initial reviews indicate no current issues with project controls.
- The Master Project Plan is updated regularly and is documented at a highly granular level. Tasks are defined intuitively and seem to follow a good PMI best practices structure with dependencies and milestones clearly identified. IV&V project management plan concerns are related to the project schedule (a well-known risk) and a better defined critical path. The IV&V team will provide specific schedule recommendations beginning in our first full monthly report.
- The process of migrating requirements into the application design for traceability is on-going. There are concerns that the task of migration and traceability to functionality is unfinished with additional concerns about the correctness of the traceability. The IV&V team is reviewing at a more detailed level as we receive additional requirements traceability and design documentation. A recommendation will follow as further investigation is completed.
- There is concern regarding the amount of time and effort spent on the completion and acceptance of documentation deliverables. Deloitte has responsibility for the delivery of several project deliverables; responsibilities including presenting a deliverable that has been through their internal Q&A process. KPMG is responsible for executing the deliverable review process. In late April, there were 21 deliverables that had not been accepted. Many of these deliverables have direct bearing on current development efforts. The IV&V team has identified this bottleneck as a risk and provides an associated recommendation below.
- IV&V cannot confirm that the requirement spreadsheet is an accurate and complete representation of all necessary requirements. This ultimately represents a potential risk that the IV&V team will fully document as we further research traceability of requirements through Design, Development and Testing.
- Business Continuity documentation wasn't found during our initial review. This documentation is an essential component in supporting the business expectations of AHCT. Disaster Recovery documentation is present, but it lacks the specificity necessary to fully support the system. The IV&V team will confirm our initial findings before offering a recommendation.

- The IV&V team considers the integration of multiple call centers and the associated supporting vendors, applications and data a significant potential management risk. Our recommendation for this potential risk is in the technical section since this may have a significant impact to the technical solution as well as project management.
- Our final initial finding for the project management section is the overall lack of dedicated resources across the state agencies. This resource deficit relates not only to the project implementation tasks such as User Acceptance Testing but also for the successful implementation of new functionality. This risk is well known to DSS and AHCT and mitigation has been thoroughly discussed internally so needs no recommendation from the IV&V team.

Recommendations

- There has been progress regarding the approval of deliverables but there is still a risk associated with either moving ahead with work products that have not been approved or in delaying work to wait for approvals. Both options have the potential to cause significant schedule impacts. The IV&V team has identified this bottleneck as a risk and recommends an internal review of both the deliverable approval process and the change control process as soon as possible.

Additional Project Management recommendations will be provided in the next IV&V status report as the IV&V team further verifies and categorizes our initial findings as Risks or as Resolved.

Technical Assessment

The First Data team has completed its initial technical assessment of the proposed CT-HIX system for the May IV&V Report. This assessment is comprised of four separate reviews;

- Technical Architecture
- Solutions Architecture
- Security Architecture, and
- Operational Support Capability

The *Technical Architecture Review* includes; infrastructure, hardware, software, and interfaces with other systems for data exchange. Areas of particular interest are the SOA based infrastructure components such as the Enterprise Service Bus and the interfaces with State systems such as the DSS Eligibility Management System (EMS).

The *Solutions Architecture Review* includes issues concerning how services or solutions integrate with each other and whether they are adequate for the requirements will be addressed in the following Solutions Architecture Review.

The *Security Architecture Review* covers a broad array of security issues such as ID management, authentication, authorization, role-based access management and digital signatures will be addressed in the Security Architecture Review.

The *Operational Support Capability Review* is concerned with the operational support of the technical environment, including; change management, configuration management, performance capabilities, system restoration and recovery, SLA/MOU's and training.

The Technical Assessment is based on a large number of documents found in the Deloitte e-library and two technical design presentations (one to CMS by KPMG and one internally by Deloitte) that provide the best overview of how the proposed parts fit together. The other document that provides a good top down view of the technical architecture is the Technical Architecture Document submitted by Deloitte to BEST in November 2012 for their technical review of the project. Note that a list of Relevant Documentation utilized for this report can be found in the Appendix.

General observations to date are included in each Overview of the review and specific concerns will be found in the Findings section of each review. With the initial assessment limited primarily to documentation in the Deloitte e-libraries, this Technical Assessment will be limited to Initial Findings and will not identify these concerns as Risks and the appropriate Recommendations for Mitigation Strategy until further research has been conducted (review documentation that is not in the library and interview project staff). It is anticipated that this level of analysis will be completed by the next monthly IV&V Status Report.

Initial General Findings

While each technical review section includes observations and concerns related to that specific technical area, the following is a summary of those that cut across the four review areas;

- The overall design is based on the integration of services via an SOA infrastructure framework:
  - It is built on proven principles, not "cutting-edge" theory.
  - It is conceived to meet the seven CMS conditions and standards.
  - It appears to meet the State's strategic direction, which should improve interoperability with other agency's needs and solutions. The proposed technical environment is complex, with many pieces being built in parallel.
- Many detailed technical documents have been developed for the various technical components and solutions. To obtain a top-down view of how these components interoperate is usually accomplished with graphical overviews that do not always provide enough detail to assess interoperability.
- Many drafted design documents have been submitted for review and approval "pending approval", but work is proceeding with the assumption approval of the submitted design is forthcoming.
- The overall Solution Architecture may not be as adaptable or 'agile' as it will need to be:
  - There appears to be Eligibility Rules embedded in JAVA that should be the Corticon Rules Engine.
  - Multiple Security components and ID directories may need to be synchronized.
  - Integration between CT-HIX and ConneCT may not be tightly coupled enough.
- There is little in-house (AH CT, DSS or BEST) expertise available to support many of the new infrastructure components or the application code.
- The proposed technical environment is complex, with many pieces being built in parallel. This could lead to differences in technical design that may affect interoperability between CT-HIX and ConneCT.
- The complexity of the technical environment will also require closely managed testing between CT-HIX and ConneCT in a testing environment that accurately reflects production - this may affect the very tight project delivery schedule.
- There does not appear to be enough documentation of expectations between State agencies, outside agencies or outside service providers to ensure operational management of the system or manage changes in the future. For example best practices for an SOA solution requires "contract" level SLA's registered in the Service Registry of the Enterprise Service Bus to clarify expectations and accountability, and guide future replacement.

Technical Architectural Review

The First Data Team reviewed the proposed CT-HIX Technical Architecture, including the infrastructure, hardware, software, and interfaces with other systems for data exchange. Areas of particular interest are the SOA based infrastructure components such as the Enterprise Service Bus and the interfaces with State systems such as the DSS Eligibility Management System (EMS). The objective of this review is to ensure that the Technical Architecture and its components are logical, feasible, well documented, and adequately tested.

The Technical Architecture that Deloitte is using for CT-HIX is based on the Service Oriented Architecture framework that is being utilized for the ConneCT system being developed in parallel by Deloitte. This approach reflects the strategic direction of CMS and the State of Connecticut (as defined by BEST), and should facilitate the integration of the HIX and ConneCT systems to be able to provide the "No wrong door" requirement of CMS. It will also provide the ability to significantly reuse the technical infrastructure being put in place at BEST and DSS to support ConneCT, which is one of the "principles" of CMS MITA requirements.

The SOA approach built around an Enterprise Service Bus will also provide an excellent platform to interface with the various systems inside and outside the State that is necessary to provide the online eligibility and application functions required by both systems. The hardware and software being utilized for the infrastructure seem to be well thought out and Deloitte has been working closely with BEST staff to leverage existing components and make decisions about choosing new technical components. While the interfaces vary from simple data look-ups and exchanges to the full-blown Federal Hub being implemented for Access Health exchanges, the service based approach will make it much easier to evolve and grow CT-HIX and ConneCT on an incremental basis with interfaces being treated as services that can be plugged in and replaced at a later time.

While the SOA approach and the infrastructure to support it are not "bleeding edge" technology solutions, they are very new to the State of Connecticut and its support staff. This includes the ability to provide a "single sign-on" capability for outside users through the State portal and this capability is still relatively new and untested for the projected volume of CT-HIX or ConneCT users planned for. In general the complexity of the new environment being built by Deloitte and supported by AHCT, DSS, and BEST will require careful integration planning, testing and operational support planning to ensure that all the components and services being supported work seamlessly once in production. The pace at which volumes will ramp-up will make "on-the-fly" adjustments difficult, and "fixes" widely visible, so despite time pressures, adequate thorough testing is strongly recommended.

Initial Findings

- The implementation of the CT-HIX and ConneCT systems on the same Enterprise Service Bus (ESB) platform needs to be carefully planned and implemented or the capabilities of the SOA approach will not be leveraged, and could in fact become unnecessarily more complex to use and support.
- There are separate Deloitte teams working on the two projects with different constraints and timetables so keeping these two projects in synch given the tight timetables for both projects will be difficult.
- The complexity of the technical architecture and the infrastructure being implemented to support it will require careful planning, testing in a staging environment, and implementation with appropriate technical staff training for operational support capability. Many of the technical solutions being deployed are also new to most of the State staff in DSS and BEST, making appropriate planning, testing and operational preparedness critical to the success of CT-HIX.
- Interfaces with systems inside and outside the State need to be clearly defined in terms of interface standards, number and type of data requests and their performance impacts on the network and these systems, and the security of data exchanged. Many of these interfaces still need to be defined and contracted for via SLA's and MOU's.
- The interface with the DSS EMS system is of particular concern because the need for many "real time" calls for data are being requested of a system that was designed primarily for batch data interfaces. The EMS technical support staff at DSS is already stretched because of retirements and the difficulty to find trained IMS COBOL staff to replace them. In addition, the access rights assigned to roles of workers in other agencies is still being defined, so the ability of workers in one agency to complete transactions is in question.
- The number of interfaces with systems and services will require sufficient stress testing of the new system to ensure that the projected number of users, especially when the CT-HIX exchange is first opened, can be supported with the infrastructure being built.
- The internal interfacing between the Batch Ingestion Services for CT-HIX and ConneCT, the workflow rules in separate areas of the FileNet Content Engine and the workflow rules in the shared Corticon Business Rules Engine, and the eligibility rules in the "backend" could make routing of documents and workflow between HIX and DSS workers more difficult to implement and manage over time. It will also require careful testing between systems and well documented restoration and recovery procedures. This will be explored more in the following Solutions Architecture and Operations Capability Review sections.

- The complexity of managing ID security in multiple places with multiple products should be looked at closely to ensure true seamless "No Wrong Door" functionality between CT-HIX and ConneCT systems. While the Security Plan is very detailed, the complexity of the environment will make having a single client ID across systems difficult. This concern will be also discussed in the Security Architecture Review section.

Recommendations

- Before documenting risks for the Technical Architecture the IV&V team will need to look at current documentation and, if needed, interview staff on the proposed infrastructure, the out-of State as well as in-State interface requirements in more detail (especially for EMS). IV&V will also need to further evaluate the testing environments and planning to ensure that the environment is adequately stress tested before going into production, and the internal system interfaces between services are well understood and documented.

Solutions Architectural Review

The First Data Team reviewed the proposed AHCT Solutions Architecture, including the proposed service solutions, the infrastructure to support those services, integration with other systems as services, and whether the solution capabilities are realistic and compatibility. Areas of particular interest are the integration of the CT-HIX system with the DSS application services such as document management, forms management, workflow, the business rules engine and the call centers. Also of interest is the integration and management with services outside the CT-HIX and ConneCT systems such as identity proofing provided by the Federal Hub and other verification services inside and outside the State. The objective of this review is to ensure the Solutions Architecture is feasible, risk tolerant, well documented and adequately tested.

There is a business rules engine (Corticon) to manage and segregate business rules from the database and user interface which is consistent with N-Tier application development principles; however there are some concerns on how it is being used to manage eligibility rules (detailed in Findings). The integration of the FileNet content library function (Content Engine) with the workflow functionality (Process Engine) is also a best practice architecture principle for managing the integration of document indexing filing and retrieval, the workflow of documents and notices, and the allocation of work tasks for AHCT and DSS staff.

Documentation of each service component is generally adequate, but documentation on the integration between services is sometime inadequate or inconsistent so it needs additional

IV&V review. The use of the Enterprise Service Bus as the transport between services is a best practice for an SOA architecture, and the ESB being implemented in the current BEST IBM technical environment has been simplified to the level of being an "appliance" on a single server which should make support of this critical piece of the infrastructure much less complicated.

Initial Findings

- With the tight timelines for implementation of CT-HIX it will be difficult to plan and implement the needed integration of functions between CT-HIX and ConneCT. If CT-HIX goes ahead too far with implementing their system to meet timelines without sufficient planning and testing with the ConneCT system the advantages of sharing technical architecture could be diminished and require extra time and effort to rebuild components or services prior to planned future changes such as the replacement of the DSS Eligibility Management System (EMS).
- There are still unresolved issues with some of the services being used such as the SHOP application, and the Symantec VIP cloud service. These "loose ends" need to be resolved soon to ensure that an adequate "system test" environment can be created for comprehensive testing before production. As pointed out in the Technical Architecture Review, the integration of services internal to the CT-HIX and ConneCT systems is as important to look at as the integration of services outside these systems.
- There appears to be eligibility rules embedded in the application in Java code instead of the Corticon business rules engine. This will make it more difficult to make changes to the eligibility rules in the future (need a Java programmer, and substantial time to find the rule(s) in question).
  *** IV&V Update:** At the request of First Data, a meeting was held at the AHCT offices on May 22 to address this finding. The meeting was attended by Deloitte PM and Technical Architects and the First Data IV&V Team. Deloitte provided additional information on how eligibility business rules as well as other rules are being incorporated into the Corticon Rules engine presently. This discussion alleviated First Data's concern regarding this finding. First Data has requested that the clarification and resolution to business rule concerns that were discussed will be documented by Deloitte and provided to First Data.
- There is a Service Registry identified to support the ESB infrastructure, but we will need to look at this much closer to ensure that there are adequate "service contracts" defined for each service being interfaced. This is an important best practice for developing an SOA based environment because it will be critical for understanding what is expected from each service interface and how it will be

supported by the service provider if there are problems or enhancements to the systems.

- Integration requirements between the document workflow rules, staff workflow rules, the eligibility rules between CT-HIX and ConneCT systems, and ID management is still being defined. This integration of internal system services will be critical to providing a seamless client experience and staff support environment when both systems are being utilized. Requirements and workflow issues need to be resolved soon to ensure adequate time to implement and test this integration of services.
- Currently it appears that the workflow design will require AHCT and DSS workers to rekey the data embedded in forms instead of using a forms management functionality to pre-populate the CT-HIX and EMS screens. It is unclear why there needs to be so much manual rekeying of data or if this is only temporary for the initial Tier 1 implementation and will be rectified when EMS is replaced in the Tier 2 implementation. In general, the workflow being proposed between AHCT and DSS staff does not seem to be optimized to reduce staff workload.
- It is important that the staging environment must reflect all the components and services that constitute the final system design because of the number of interfaces and services that must be integrated to meet the business requirements of AHCT and DSS. Decisions are still being made on some of the components and their utility in the system which could impact the amount of time available for adequate testing. Consideration should be given to testing whether the Service Registry has adequate information to aid in recovering from system service disruptions.

Recommendations

- Before documenting risks for the Solutions Architecture in detail the IV&V team will need to look at current documentation and, if needed, interview staff on the proposed integration of systems and services internally as well as those with other State agencies and outside the State.
- The staging environment and associated test plan will need closer scrutiny to ensure that the planned integration of services meets requirements of AHCT and the shared requirements with DSS.
- The Service Registry and related Service Level Agreements should be looked at to ensure adequate documentation of expectations and responsibilities for services required to deliver system requirements.
- The workflow proposed for document routing and rekeying of data should be looked at closer to maximize staff time now or as soon as possible in future versions of the system.

Security Architectural Review

The First Data Team reviewed the proposed AHCT-CT Security Architecture, including the proposed identity / access / account management solutions for the various internal (AHCT, ConneCT, BEST, other agencies, HIX Call Center) and external (Individuals, Brokers, Carriers, "Helping Hands") user types and the infrastructure to support those services, interfaces and capability to integrate data with other systems as services (including but not limited to the Federal Hub), and the comprehensive protection offered by the solution including whether capabilities described are realistic. Areas of particular interest are the integration of access to and/or integration of information across various in-place State systems as well as systems being developed in parallel with AHCT. The objective of this review is to ensure the various security components and solutions work well together and accountability for their operations is clear.

Initial Findings

- Each component has been well described, including capabilities and purpose. Possible limitations or constraints to usage of these components experienced in similar environments are less well described. Most of the components will be supported primarily by BEST; many of these appear to be new or little used to date, based on the documents. Expected operational demands on AHCT and/or DSS such as administration of ID directories and procedures for "remediation" of security issues and who is responsible for which components are not included in the documents.
- While each component service is well documented, the environment is complex and relationship(s) across and between such services is not clear enough. With the complexity of the security components utilized for inside and outside security, it is important that these relationships are clear, logical, accountable and tested.
- Support resources are not thoroughly detailed, and if the same resources are expected to support many components, the "ramp-up" time to learn and support new services during stress testing or operational stress is a potential concern. Examples of new security components include the Open LDAP solution with ISIM and ISAM, the IBM WEBSEAL and Data Power security in the "DMZ", and the Adobe digital signature solution.
- Role based access to applications and documents are not granular enough. For example, there should be different role-based access for the different roles of AHCT and DSS staff workers and their supervisors.
- Testing of the entire security environment (including the ID Proofing through the Federal Hub) must be made in the staging environment that reflects production.

Recommendations

- Before documenting risks for the Security Architecture the IV&V team will need to look at new documents due for delivery now, such as "Safeguarding Procedure Report" and the "Privacy Impact Assessment" and, if needed, interview staff on the proposed infrastructure, the out-of State as well as in-State interface requirements in more detail (especially between CT-HIX and ConneCT). IV&V will need to further evaluate the testing environments to ensure that the new security components serving this environment are adequately stress-tested before going into production, and the internal system interfaces between services are well understood and documented.

Operational Support Capability Review

The First Data team reviewed the Operations planning and corresponding Change Management and Configuration Management planning and capabilities to ensure the ACT-CT system will be adequately supported once in production. Areas of interest include; Service Level Agreement and Memorandum of Understandings (with particular focus on clarity of accountability), change management capabilities and tools, configuration management capabilities and tools, restoration and recovery procedures, and adequate training of technical State staff. The objective of this review is to ensure that the AHCT is completely operational once in production with clear support responsibilities and adequate training of staff.

The approach of leveraging in-place State infrastructure at BEST together with their experienced technical support staff facilitates interoperability between AHCT and DSS, and use of shared network resources provides a substantial cushion to accommodate high-demand periods of AHCT activity.

Initial Findings

- Several service components of the CT-HIX system are still being finalized and MOU's are still being developed for services and interface exchanges of data. We have found no documentation of any existing or proposed Service Level Agreement (SLA) for any of the service interfaces, which would normally be a best practice of a Service Oriented Architecture (SOA) approach a system. Well documented SLA's are key to setting expectations and articulating alternatives; in an environment where such documentation is little used or enforced, there are potential risks to operational continuity.
- Change management and configuration management processes and controls need to be put in place for all components of the CT-HIX and ConneCT systems, not just for

the application software. We need more evidence that this is being adequately addressed.

- An SOA environment such as the federated (multi-agency) environment proposed requires an SOA governance process involving all agencies to ensure its success in the future (best practice per Gartner Group).
- We have found no Operation Manual or documentation of operational planning across the CT-HIX or DSS systems, or across ACH CT, DSS and BEST. This is required to ensure that the responsibilities for each component of the infrastructure and each service being interfaced are clear and expectations for what that component does in the system is understood. It should also articulate alternative support plans should resources become unavailable; while there is a disaster-recovery plan, it does not deal with lower-level interruptions, expected intervals for replacement of failed key infrastructure components and tools, or any inability to provide knowledgeable technical staff to support a service.
- It is not clear if adequate training of the technical staff responsible for supporting the systems has been planned for. There are many new technology components that State staff may be unfamiliar with. The SOA service support environment in particular will require additional training.

Recommendations

- Before documenting risks for Operational Support Capability in detail, the IV&V team will need to determine if current documentation clarifies and resolves any of the concerns listed. Then, if needed, the team will interview staff on the proposed approach, resolving as many concerns as possible, and documenting the basis for such resolution. Operational planning, technical training and documentation will need to be assessed for clarity and thoroughness to support the complexity of the systems across multiple agencies.

Testing Assessment

The IV&V team is reviewing and evaluating completed and on-going testing efforts of the CT-HIX system to better ensure the solution meets/exceeds the necessary technical and business requirements. The assessment consists of the following distinct tasks:

- plan-related documents reviewed
- test plan completeness evaluation
- test cases appropriateness
- correct test data employed
- appropriate testing environment confirmation
- test results review

- findings and recommendations reporting

In short, the primary question answered by an assessment is, "*did the testing effort conform to the test plan?*"

At the beginning of IV&V's engagement unit testing had been completed. IV&V has made no attempt to perform an assessment of unit testing. The IV&V team is reviewing/evaluating the following testing efforts;

- System Integration (SIT),
- Performance,
- Wave 1,
- Wave 3, and
- User Acceptance (UAT).

There are two releases of CT-HIX functionalities. Both releases contain specific, necessary functionalities addressing the business needs of AHCT. The releases are scheduled to go into production no later than October 1, 2013.

Release 1 functionalities support:

- Plan Management – the ability of the exchange to validate, upload and publish plan information available for selection by the purchaser. Included in this release will be the state's ability to access and download plan information from the National Association of Insurance Commissioners (NAIC) through the SERFF portal.
- Federal Data Services Hub (FDSH) – the ability for the Exchange to access services available through the Federal hub.

Release 2 functionalities support:

- Application Front End - a web based portal available to residents, carriers, state and AH CT staff.
- Eligibility – the determination of an individual's eligibility relating to Medicaid as well as individuals who qualify to purchase insurance through the exchange.
- Enrollment – the enrollment in state healthcare programs based on eligibility determination.
- Reports and Data Warehousing - the generation of reports on a variety of topics including, eligibility, enrollment, plan and financial management.

System Integration Testing

System Integration Testing (SIT) is performed to confirm that various CT-HIX components interact properly with other CT-HIX components. Release 1 SIT activities began on April 15, 2013 and were completed on May 6, 2013. Release .2 SIT activities are scheduled to begin on May 31, 2013 and continue through July 30, 2013.

Findings

- Deloitte adhered to the testing processes in the System Integration Test Plan.
- Deloitte's testing team conducted two distinct test cycles, the second cycle conducted as confirmation of the first.
- Identified testing defect are triaged (classified) by the Deloitte team.
- Deloitte employed capturing reporting processes in order to log defects and designated classifications.
- Deloitte prepared daily reports for review by Deloitte and AH CT staff.
- Defect identified in each test cycle of tests were addressed based on severity and retested.
- Deloitte prepared a defect summary report that listed all defects and their status at the time of publishing.
- No Severity 1 Defects existed at the conclusion of SIT; a limited number of Severity 2 defects remain, this was agreed to by Deloitte and AH CT management.
- Regression testing was performed throughout the SIT and is being extended into UAT when outstanding defects being fixed and to ensure existing functionality is working as expected.
- NAIC was unable to provide SERFF test data for Release 1 SIT. Once NAIC can provide the test data, additional testing will be necessary.
- SERFF and plan data were not available for Release 1 SIT. Required additional testing could produce new defects.
- CT-HIX inability to secure SERFF test data was due to changes to the existing data extract specifications.

Recommendations

- IV&V recommends conducting at least one additional set of SERFF-related tests once data from NAIC is available. The need for retesting is further amplified by the fact that NAIC will be supplying their data in a different extract format.

Performance Testing

The purpose of performance testing is to validate the responsiveness, reliability and throughput of CT-HIX based on various workload scenarios. Adequate workload stressing of the shared environment will be critical because of the additional workload by ConneCT users on the infrastructure when it goes into production. The primary question being, *"how will CT-HIX perform during these workload scenarios?"*

Findings

- Only those components necessary for Release 1 functionalities were tested.

- Performance testing was measured by using a stop watch.
- Performance tests focused on two scenarios;
  - the ability to upload data/information,
  - the ability to view uploaded information.

<u>Risks</u>

- Testing the application manually and measuring response times by stop watch is imprecise, especially when dealing with performance. The value of the results is increasing diminished when one takes into account small data volume loaded or queried and a small number of simultaneous users.

Recommendations

- Additional performance testing is necessary using more realistic volumes of data and a far greater number of simultaneous users.
- Employment of a performance testing tool that can better document findings allowing for the more detailed analyses using industry metrics.
- IV&V recommends that all performance testing occur in an environment that mirrors the production environment.

Wave 1 Testing

Wave 1 Testing is carried out to verify the CT-HIX and the Federal Hub are able to share, in secure environment, information relating eligibility. Specifically, five Federal services were tested between March 23, 2013 and April 12, 2013.

Findings

- The Federal services tested are:
  - H19: Advance Payment Premium
  - H1: Remote Identity Proofing
  - H3: SSA Composite
  - H31: Non Employer Sponsored Minimum Coverage
  - H9: Verify household Income/Size
- Testing could not verify what information was send and Via ESB or Test Harness.
- Test results did not distinguish between Open Book and Closed Book tests as indicated in FEPS Test Plan.
- Testing progress reports were inconsistent in terms of identified defects, and pass/fail tests results for each service.
- Testing progress reports do not include all Defect IDs.
- The defect ID's shown does not match between reports.
- Wave 1 testing conducted could not confirm payload 4 results.

Recommendations

- The inclusion of Defect IDs on all relevant reports is essential for tracking and monitoring.
- The ability to provide information regarding tests that include Payload 4 results is necessary.
- Proper evaluation includes the ability to verify outgoing and incoming data through ESB Layer to validate CMS Test Data usage.

Wave 3 Testing

Wave 3 Testing will be conducted verify the CT-HIX and the Federal Hub are able to share, in secure environment, information relating eligibility. Wave 3 testing focuses on 10, never before tested by CT-HIX, Federal services. Wave 3 testing is scheduled to begin on May 21, 2013.

Federal Services expected to be tested are:

- Remote ID Proofing
- SSA Composite
- Verify Non-Employer-Sponsored-Insurance (ESI) Minimum Essential Coverage (MEC)
- Advance Payment Computation (Transactional)
- Verify Annual Household Income and Family Size (Transactional)
- Verify Lawful Presence (VLP) Service
- Verify Lawful Presence (VLP) Docs Mail to DHS
- Verify Lawful Presence (VLP) Close Case
- Verify Lawful Presence (VLP) Retrieve Resolution
- Verify Lawful Presence (VLP) Get Case Details

User Acceptance Testing

UAT is a process to obtain confirmation by, in this case ADCT/DSS, that the CT-HIX meets the business requirements. Testing will conducted with the staging environment hosted by BEST. Tester location will vary based on the nature of the test. A test facility is in place for UAT, but not all testers will execute tests in the facility. UAT is under way and will be completed no later than the end of May, 2013. UAT testing activities are limited to Release 1 functionalities. UAT testing activities relating to Release 2will begin on July 30, 2013.

Findings

- The UAT Test Plan does not exist.
- Most of the UAT cases are taken from the SIT Test Plan for Release 1.
- Smoke testing was performed prior to formal UAT testing.

- An adequate volume of test data was available at the commencement of testing.
- Deloitte provided tester training in the usage of two testing support applications; JIRA for defect tracking and JAMA Contour for test execution.
- Defects are being logged and triaged with Development teams and escalated based on Severity.
- Daily Test Status is being provided during the UAT testing activity.
- AH CT and DSS are serving as user acceptance.

Risks

- The use of SIT cases could well prove problematic. Properly prepared UAT cases are necessary. The SIT testers and UAT testers usually have much different skillsets and UAT testers need cases that align with real workplace processes.
- If UAT timelines are exceeded, a lack of available testers is realistic, especially if there is a large amount of retesting. An inadequate number of qualified testers could result in delaying UAT completion, thus impacting the CT-HIX go live date October 1, 2013.

Recommendations

- A separate Test Plan or Test Strategy must be in place and have details of what will be tested and how the system or systems will be tested.
- UAT team must be provided with appropriate UAT cases.
- All existing scripts from SIT testing planned for UAT must be thoroughly checked for their appropriateness in UAT.
- Recruit or secure outside resources to augment the existing UAT tester pool.

Reference Material Listing

The following table contains the documents reviewed by the IV&V team. The left-hand column identifies the IV&V Project Status Report area and the right-hand column contains the document citation,

Project Management	Weekly IT PowerPoint Presentations KPMG Weekly Operations PowerPoint Presentations KPMG Excel spreadsheet containing identified requirements and requirement-to-testing information
Technical Architectural Review	AHCT FDDR Design Review Presentation to CMS 3/27/13 - KPMG Technical Architecture Document for BEST SDM November 2012 - Deloitte Technical Design Overview 3/13/13 – Deloitte Data Exchanges and Interfaces Design Review 12/19/13 – Deloitte System Architecture Design version 2.0 04/03/13 – Deloitte CT-HIX Eligibility – Supplemental Sources Interface Control Document version 1.0 02/08/13 – Deloitte CT-HIX Enrollment Interface Control Document version 1.0 02/08/13 – Deloitte CT-HIX Financial Management Interface Control Document version 1.0 02/08/13 – Deloitte
Solutions Architectural Review	AHCT FDDR Design Review Presentation to CMS 3/27/13 - KPMG Technical Architecture Document for BEST SDM November 2012 - Deloitte Technical Design Overview 3/13/13 – Deloitte Data Exchanges and Interfaces Design Review 12/19/13 – Deloitte System Architecture Design version 2.0 04/03/13 – Deloitte SIT Test Plan version 2.0 04/30/13 CT-HIX Document Management and Notices Technical

	Design version 1.0 03/15/13 – Deloitte CT HIX Front End – Administration Functionality and Task Workflow Design Document version 1.0 03/15/13 - Deloitte
Security Architectural Review	AHCT FDDR Design Review Presentation to CMS 3/27/13 – KPMG Technical Architecture Document for BEST SDM November 2012 - Deloitte Technical Design Overview 3/13/13 – Deloitte Security Plan version 2.0 01/17/12- Deloitte CT HIX Security Solution Design version 1.0 03/15/13 – Deloitte Privacy Security Timelines for IRS version 1.0 April 2013 – CMS Contingency Recovery Plan version 1.0 4/19/13 – Deloitte CT HIX Component Level Security Roles Matrix Technical Design Document version 1.0 03/15/12 – Deloitte Affordable Care Act (ACA) System Security Plan (SSP) Approach 12/06/13 – Deloitte
Operational Support Capability Review	AHCT FDDR Design Review Presentation to CMS 3/27/13 - KPMG Technical Architecture Document for BEST SDM November 2012 - Deloitte Technical Design Overview 03/13/13 – Deloitte Data Exchanges and Interfaces Design Review 12/19/13 – Deloitte Contingency Recovery Plan version 1.0 04/19/13 – Deloitte Implementation Plan version 2.0 04/24/13 – Deloitte Training Plan version 1.0 03/29/13 – Deloitte SIT Test Plan version 2.0 04/30/13 - Deloitte CT-HIX Eligibility – Supplemental Sources Interface Control Document version 1.0 02/08/13 - Deloitte Transition and Knowledge Transfer Plan version 2.0

	04/24/13 - Deloitte CT-HIX Organizational Readiness Plan version 1.0 03/14/13 - Deloitte
Test Effort Activities	Wave 1 Connecticut State based Exchange FD Test Plan, CMS FDSH Wave 1 Test Strategy March 2013, Deloitte Wave 1 Test Readiness review sign off Check list, CMS Wave 1 Testing Progress, April 2, 2013 and Wave 1 Testing Progress, April 3, 2013, Deloitte Connecticut Daily Defect Tracking Report, CMS FEPS Formal State Testing- Wave 1 CT Test Summary Report, CMS CT HIX Testing Overview submitted 04 10 2013, Deloitte AHCT FDDR Presentation-Design Review, Deloitte March 27-28th 2013 042313 AHCT ITPMO PowerPoint presentation, KPMG 25 R1 SIT Test Plan_SIT_Plan_Management_Defects_05022013 Testcase_register_R1_v4, Deloitte CT_SBE_to_FEPS_application_Data_3-1-2013, CMS

NE EES Project		Phase 1		Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Phase 9	Phase 10	Phase 11	Phase 12	Phase 13	Phase 14
		Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Deliverables	**Role**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Initial Project Assessment Report	Exec Oversight	10	10													
	Project Manager		30													
	Sr IV&V Consultant	100	90													
	Technical Consultant	115	75													
	Test Lead/Bus Analyst	110	90													
	BA															
	Subtotal	335	295	0	0	0	0	0	0	0	0	0	0	0	0	0
IV&V Project Management Plan	Exec Oversight	10	10													
	Project Manager	60	60													
	Sr IV&V Consultant	30														
	Technical Consultant	20														
	Test Lead/Bus Analyst	40	40													
	BA															
	Subtotal	160	110	0	0	0	0	0	0	0	0	0	0	0	0	0
IV&V Project Status Report	Exec Oversight	20	10									10				
	Project Manager	40	40	40	20	20	20	20	20	20	20	40	20	20	20	20
	Sr IV&V Consultant															
	Technical Consultant															
	Test Lead/Bus Analyst		20													
	BA															
	Subtotal	60	70	40	20	20	20	20	20	20	20	50	20	20	20	20
IV&V Project Schedule	Exec Oversight															
	Project Manager	40	20													
	Sr IV&V Consultant	20	20													
	Technical Consultant	20	20													
	Test Lead/Bus Analyst															
	BA															
	Subtotal	80	60	0	0	0	0	0	0	0	0	0	0	0	0	0
Performance Standards Planning	Exec Oversight															
	Project Manager			30												
	Sr IV&V Consultant		20	80												
	Technical Consultant		20	70												
	Test Lead/Bus Analyst			20												
	BA															
	Subtotal	0	40	200	0	0	0	0	0	0	0	0	0	0	0	0
Performance Metrics Document	Exec Oversight															
	Project Manager			10												
	Sr IV&V Consultant		20	70												
	Technical Consultant		20	25												
	Test Lead/Bus Analyst			50												
	BA															
	Subtotal	0	40	155	0	0	0	0	0	0	0	0	0	0	0	0
Monthly Management Briefing Report	Exec Oversight			10				10					10			10
	Project Manager			40	30	20	20	20	30	20	20	30	30	20	20	30
	Sr IV&V Consultant															
	Technical Consultant															
	Test Lead/Bus Analyst															
	BA															
	Subtotal	0	0	50	30	20	20	30	30	20	20	30	40	20	20	40
Risk Assessment Report	Exec Oversight					10										
	Project Manager				30		20	20	10	10	50	20	10	30	30	30
	Sr IV&V Consultant	10	10	10	60	10	30	55	40	10	25	20	10	20	30	30
	Technical Consultant	5	5	5	40	5			5	5		5	5	10	5	5
	Test Lead/Bus Analyst															
	BA							20			20			20		
	Subtotal	15	15	15	130	25	50	95		25	95	45	25	80	65	65
EES Estimating and Schedule review	Exec Oversight															
	Project Manager	10			10			10	30		10	20	40	30		
	Sr IV&V Consultant								50					40		
	Technical Consultant															
	Test Lead/Bus Analyst	10	10	40	60	10	10	10	40	10	10	10	10	40		
	BA															
	Subtotal	20	10	40	70	10	10	20	120	10	20	30	50	110	0	0
EES Deliverable Review Report	Exec Oversight				20	10										
	Project Manager				40	30	40	40	20	30	20	20	20	20	60	60
	Sr IV&V Consultant				100	80	80	95	40	40	65	110	120	70	130	130
	Technical Consultant				60	65	80	35	75	40	40	70	70	35	75	90
	Test Lead/Bus Analyst				90	75	100	100	95	120	100	80	90	40	90	110
	BA							80	80	100	80	160	160	140	140	140
	Subtotal	0	0	0	310	260	300	350	310	330	305	440	460	305	495	530

NE EES Project		Phase 1		Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Phase 9	Phase 10	Phase 11	Phase 12	Phase 13	Phase 14
		Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Deliverables	Role	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Critical Incident Report	Exec Oversight															
	Project Manager				20	40	10	10	20	10	10	20	10	10	10	10
	Sr IV&V Consultant					20										
	Technical Consultant															
	Test Lead/Bus Analyst															
	BA															
	Subtotal	0	0	0	20	60	10	10	20	10	10	20	10	10	10	10
EES Project Milestone and Cost Status	Exec Oversight															
	Project Manager	10	10	40	10	10	30	30	10	10	10	10	30	30	10	10
	Sr IV&V Consultant															
	Technical Consultant					20		25			10			10		
	Test Lead/Bus Analyst							30						10		
	BA															
	Subtotal	10	10	40	10	30	30	85	10	10	20	10	30	50	10	10
EES Design and Analysis Review	Exec Oversight															
	Project Manager					40	20		20	60						
	Sr IV&V Consultant					20	40		20	60						
	Technical Consultant		20	60	35	20	30	40	20	55						
	Test Lead/Bus Analyst			50	10											
	BA															
	Subtotal	0	20	110	45	80	90	40	60	175	0	0	0	0	0	0
Unit Testing and Review Report	Exec Oversight															
	Project Manager							10			20					
	Sr IV&V Consultant									30	50					
	Technical Consultant					20					45					
	Test Lead/Bus Analyst					45	50	20	25	30	50					
	BA							60	80	60	60					
	Subtotal	0	0	0	0	65	50	90	105	120	225	0	0	0	0	0
EES Technical Review Report	Exec Oversight															
	Project Manager															
	Sr IV&V Consultant					30	10	10	10	20	20	30	30	30		
	Technical Consultant				25	30	40	40	40	40	40	50	50	60		
	Test Lead/Bus Analyst					30						50	40	50		
	BA															
	Subtotal	0	0	0	25	90	50	50	50	60	60	130	120	140	0	0
Data Conversion Process Review	Exec Oversight															
	Project Manager														10	
	Sr IV&V Consultant															
	Technical Consultant						10	20	20	20	25	25	25	25	60	
	Test Lead/Bus Analyst											20	20	20	50	
	BA															
	Subtotal	0	0	0	0	0	10	20	20	20	25	45	45	45	120	0
Data Conversion Error Report	Exec Oversight															
	Project Manager															
	Sr IV&V Consultant															
	Technical Consultant											10	10	20	20	65
	Test Lead/Bus Analyst														20	50
	BA														20	20
	Subtotal	0	0	0	0	0	0	0	0	0	0	10	10	20	60	135
Total	Exec Oversight	40	30	10	20	20	0	10	0	0	0	10	10	0	0	10
	Project Manager	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160
	Sr IV&V Consultant	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160
	Technical Consultant	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160
	Test Lead/Bus Analyst	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160
	BA	0	0	0	0	0	0	160	160	160	160	160	160	160	160	160
	Subtotal	680	670	650	660	660	640	810	800	800	800	810	810	800	800	810

NE EES Project		Phase 15	Phase 16	Phase 17	Phase 18	Phase 19	Phase 20	Phase 21	Phase 22	Phase 23	Phase 24	
		Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
Deliverables	**Role**	16	17	18	19	20	21	22	23	24	25	Hours
Initial Project Assessment Report	Exec Oversight											20
	Project Manager											30
	Sr IV&V Consultant											190
	Technical Consultant											190
	Test Lead/Bus Analyst											200
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	630
IV&V Project Management Plan	Exec Oversight											20
	Project Manager											120
	Sr IV&V Consultant											30
	Technical Consultant											20
	Test Lead/Bus Analyst											80
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	270
IV&V Project Status Report	Exec Oversight											40
	Project Manager	20	20	20	20	20	20	20	20	20	20	580
	Sr IV&V Consultant											0
	Technical Consultant											0
	Test Lead/Bus Analyst											20
	BA											0
	Subtotal	20	20	20	20	20	20	20	20	20	20	640
IV&V Project Schedule	Exec Oversight											0
	Project Manager											60
	Sr IV&V Consultant											40
	Technical Consultant											40
	Test Lead/Bus Analyst											0
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	140
Performance Standards Planning	Exec Oversight											0
	Project Manager											30
	Sr IV&V Consultant											100
	Technical Consultant											90
	Test Lead/Bus Analyst											20
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	240
Performance Metrics Document	Exec Oversight											0
	Project Manager											10
	Sr IV&V Consultant											90
	Technical Consultant											45
	Test Lead/Bus Analyst											50
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	195
Monthly Management Briefing Report	Exec Oversight		10		10		10	10	10			90
	Project Manager	30	20	20	20	20	20	20	20	20	20	540
	Sr IV&V Consultant											0
	Technical Consultant											0
	Test Lead/Bus Analyst											0
	BA											0
	Subtotal	30	30	20	30	20	30	30	30	20	20	630
Risk Assessment Report	Exec Oversight											10
	Project Manager	30	30	30	30	50	60	60				550
	Sr IV&V Consultant	50	20	60	20	20	20	40				600
	Technical Consultant	20	20	20	20	20	20	20				240
	Test Lead/Bus Analyst			20	20							40
	BA	20										80
	Subtotal	120	70	130	90	90	100	120	0	0	0	1,465
EES Estimating and Schedule review	Exec Oversight											0
	Project Manager											160
	Sr IV&V Consultant											90
	Technical Consultant											0
	Test Lead/Bus Analyst											270
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	520
EES Deliverable Review Report	Exec Oversight											30
	Project Manager	60	70	50	50	60	50	50	110	110	110	1,120
	Sr IV&V Consultant	110	140	100	140	140	140	120	160	160	40	2,310
	Technical Consultant	90	80	140	130	140	140	60	80	40	40	1,675
	Test Lead/Bus Analyst	120	100	140	130	160	160	80	80			2,060
	BA	120	140									1,340
	Subtotal	500	530	430	450	500	490	310	430	310	190	8,535

NE EES Project		Phase 15	Phase 16	Phase 17	Phase 18	Phase 19	Phase 20	Phase 21	Phase 22	Phase 23	Phase 24	
		Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
Deliverables	Role	16	17	18	19	20	21	22	23	24	25	Hours
Critical Incident Report	Exec Oversight											0
	Project Manager	10	10	10	10	10	10	10	10	10	10	280
	Sr IV&V Consultant											20
	Technical Consultant											0
	Test Lead/Bus Analyst											0
	BA											0
	Subtotal	10	10	10	10	10	10	10	10	10	10	300
EES Project Milestone and Cost Status	Exec Oversight											0
	Project Manager	10	10	30	30							340
	Sr IV&V Consultant											0
	Technical Consultant				10							75
	Test Lead/Bus Analyst				10							50
	BA											0
	Subtotal	10	10	30	50	0	0	0	0	0	0	465
EES Design and Analysis Review	Exec Oversight											0
	Project Manager											140
	Sr IV&V Consultant											140
	Technical Consultant											280
	Test Lead/Bus Analyst											60
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	620
Unit Testing and Review Report	Exec Oversight											0
	Project Manager											30
	Sr IV&V Consultant											80
	Technical Consultant											65
	Test Lead/Bus Analyst											220
	BA											260
	Subtotal	0	0	0	0	0	0	0	0	0	0	655
EES Technical Review Report	Exec Oversight											0
	Project Manager											0
	Sr IV&V Consultant											190
	Technical Consultant											415
	Test Lead/Bus Analyst											170
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	775
Data Conversion Process Review	Exec Oversight											0
	Project Manager											10
	Sr IV&V Consultant											0
	Technical Consultant											230
	Test Lead/Bus Analyst											110
	BA											0
	Subtotal	0	0	0	0	0	0	0	0	0	0	350
Data Conversion Error Report	Exec Oversight											0
	Project Manager											0
	Sr IV&V Consultant											0
	Technical Consultant	50	60									235
	Test Lead/Bus Analyst	40	60									170
	BA	20	20									80
	Subtotal	110	140	0	0	0	0	0	0	0	0	485
Total	Exec Oversight	0	10	0	10	0	10	10	10	0	0	210
	Project Manager	160	160	160	160	160	160	160	160	160	160	4,000
	Sr IV&V Consultant	160	160	160	160	160	160	160	160	160	40	3,880
	Technical Consultant	160	160	160	160	160	160	80	80	40	40	3,600
	Test Lead/Bus Analyst	160	160	160	160	160	160	80	80	0	0	3,520
	BA	160	160	0	0	0	0	0	0	0	0	1,760
	Subtotal	800	810	640	650	640	650	490	490	360	240	**16,970**

ACORD® CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/14/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
Willis Ins Serv of Atlanta Inc One Glenlake Parkway, 11th Fl Atlanta GA 30328	CONTACT NAME: Heather Folsom PHONE (A/C, No, Ext): 404-224-5000 FAX (A/C, No): 404-224-5001 E-MAIL ADDRESS: heather.folsom@willis.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Ins. Co.	19445
INSURER B: New Hampshire Ins. Co.	23841
INSURER C: Illinois National Ins. Co.	23817
INSURER D: National Union Fire Insurance Co of	47326
INSURER E:	
INSURER F: ACE Property & Casualty Insurance C	

INSURED FIRSDAT

First Data Corporation
Attn: Lara Pearson-Fomin
5565 Glenridge Connector NE, GH-13
Atlanta GA 30342-1335

COVERAGES **CERTIFICATE NUMBER:** 1086847359 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
D	**GENERAL LIABILITY** X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			9645234	1/1/2013	1/1/2014	EACH OCCURRENCE	$1000000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$1000000
							MED EXP (Any one person)	$10000
							PERSONAL & ADV INJURY	$1000000
							GENERAL AGGREGATE	$3000000
							PRODUCTS - COMP/OP AGG	$3000000
								$
	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS			5196209 5196210 (VA)	1/1/2013 1/1/2013	1/1/2014 1/1/2014	COMBINED SINGLE LIMIT (Ea accident)	$2000000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
F	X **UMBRELLA LIAB** X OCCUR **EXCESS LIAB** CLAIMS-MADE DED X RETENTION $10000			XOOG27049217	1/1/2013	1/1/2014	EACH OCCURRENCE	$5,000,000
							AGGREGATE	$5,000,000
								$
B C D A	**WORKERS COMPENSATION AND EMPLOYERS' LIABILITY** Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		018112586 (AOS) 018112587 (MA,WY) 018112588 (CA) 018112589 (FL)	1/1/2013 1/1/2013 1/1/2013 1/1/2013	1/1/2014 1/1/2014 1/1/2014 1/1/2014	X WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$1000000
							E.L. DISEASE - EA EMPLOYEE	$1000000
							E.L. DISEASE - POLICY LIMIT	$1000000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

FIRST DATA CORPORATION
5565 GLENRIDGE CONNECTOR, NE GH-13
ATLANTA GA 30342

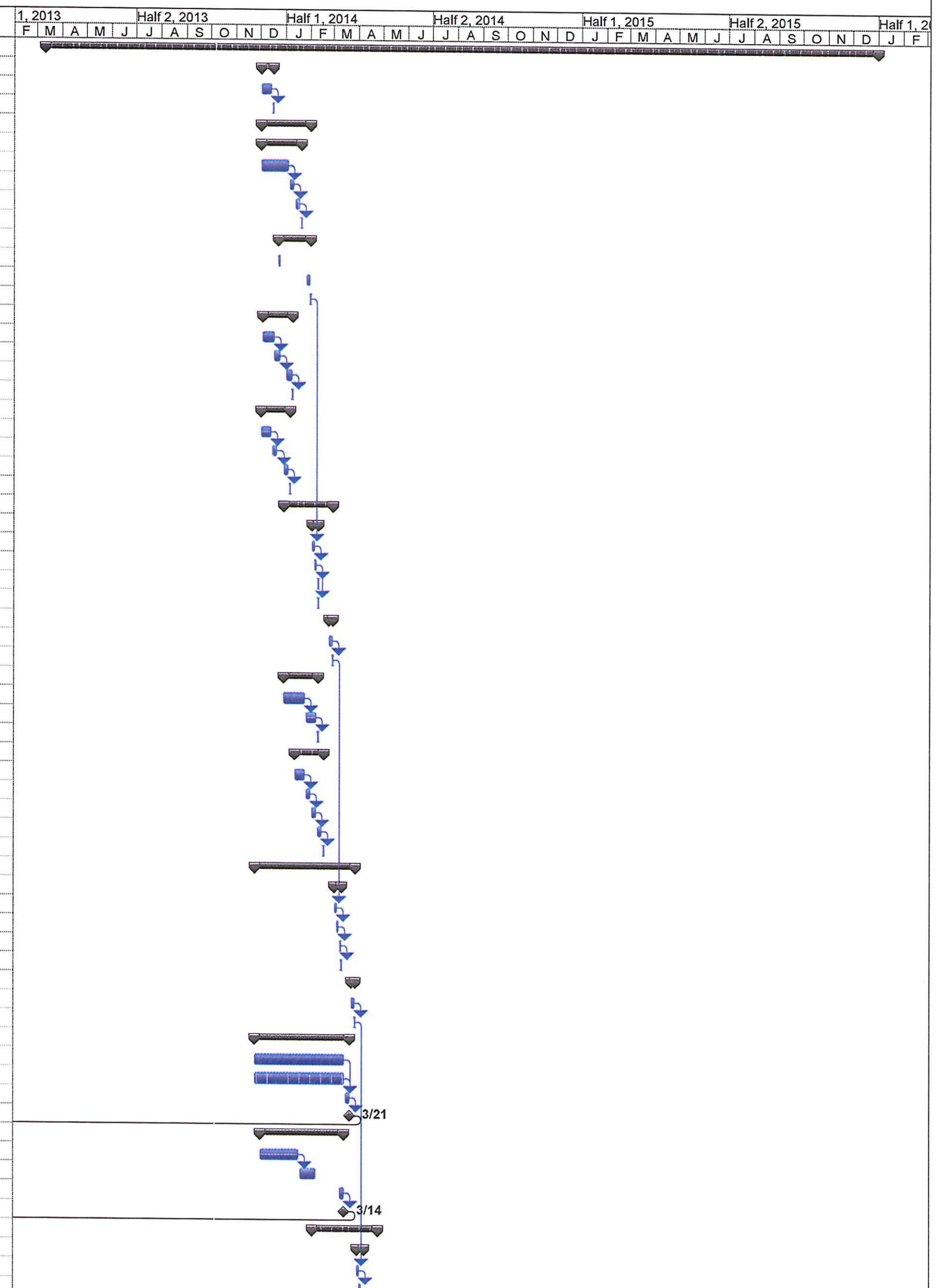
CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

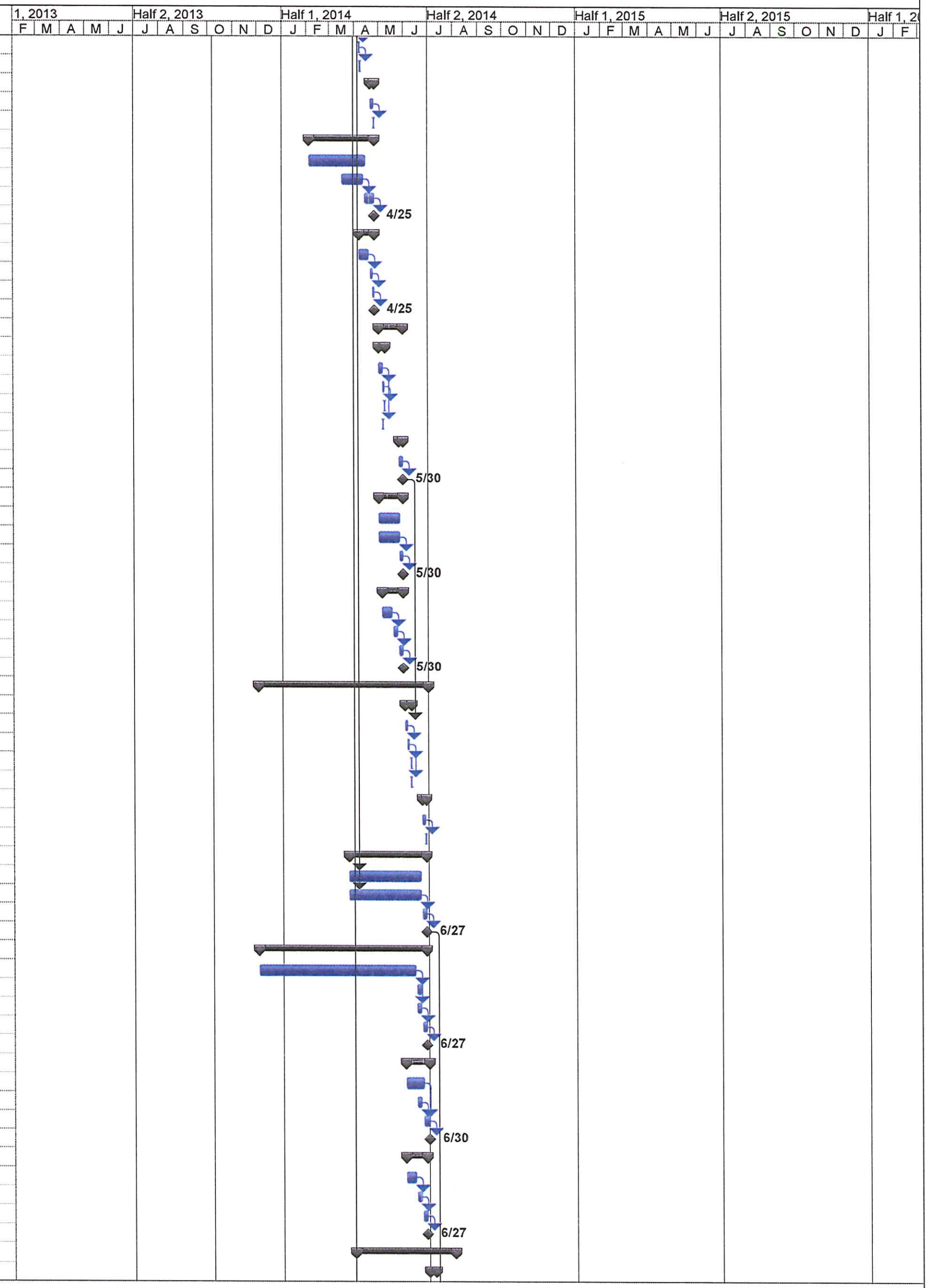
AUTHORIZED REPRESENTATIVE

Nebraska EES IV&V Work Plan

ID	Task Name	Duration	Start	Finish
1	**IEDSS IV&V Project**	**734 days**	**Mon 3/11/13**	**Thu 12/31/15**
2	**Project Initiation**	**11 days**	**Mon 12/2/13**	**Mon 12/16/13**
3	Develop Project Kick-Off Meeting Materials	10 days	Mon 12/2/13	Fri 12/13/13
4	Conduct Project Kick-Off Meeting	1 day	Mon 12/16/13	Mon 12/16/13
5	**Phase 1**	**45 days**	**Mon 12/2/13**	**Fri 1/31/14**
6	**Initial Project Assessment Report**	**36 days**	**Mon 12/2/13**	**Mon 1/20/14**
7	Develop initial draft report	25 days	Mon 12/2/13	Fri 1/3/14
8	State reviews and provides comments	5 days	Mon 1/6/14	Fri 1/10/14
9	IV&V Vendor incorporates State comments	5 days	Mon 1/13/14	Fri 1/17/14
10	Final Initial Project Assessment Report delivered to the State	1 day	Mon 1/20/14	Mon 1/20/14
11	**Project Status Report**	**30 days**	**Mon 12/23/13**	**Fri 1/31/14**
12	Develop Status Report Template	2 days	Mon 12/23/13	Tue 12/24/13
13	Compile Status Report	4 days	Mon 1/27/14	Thu 1/30/14
14	Submit Status Report	1 day	Fri 1/31/14	Fri 1/31/14
15	**IV&V Project Management Plan**	**27 days**	**Wed 12/4/13**	**Thu 1/9/14**
16	Develop IV&V Management Plan	10 days	Wed 12/4/13	Tue 12/17/13
17	State reviews and provides comments	5 days	Wed 12/18/13	Tue 12/24/13
18	IV&V Vendor incorporates States Comments	5 days	Thu 1/2/14	Wed 1/8/14
19	Final Management Plan delivered to the State	1 day	Thu 1/9/14	Thu 1/9/14
20	**IV&V Project Schedule**	**26 days**	**Mon 12/2/13**	**Mon 1/6/14**
21	Develop IV&V Project Schedule	10 days	Mon 12/2/13	Fri 12/13/13
22	State reviews and provides comments	5 days	Mon 12/16/13	Fri 12/20/13
23	IV&V Vendor incorporates States Comments	5 days	Mon 12/30/13	Fri 1/3/14
24	Final Work Plan delivered to the State	1 day	Mon 1/6/14	Mon 1/6/14
25	**Phase 2**	**45 days**	**Mon 12/30/13**	**Fri 2/28/14**
26	**Management Briefing Report**	**6 days**	**Mon 2/3/14**	**Mon 2/10/14**
27	Consolidate findings from the reporting period	3 days	Mon 2/3/14	Wed 2/5/14
28	Create Management Briefing Report	2 days	Thu 2/6/14	Fri 2/7/14
29	Submit Management Briefing Report	1 day	Mon 2/10/14	Mon 2/10/14
30	Present Management Briefing Report to Department Management	1 day	Mon 2/10/14	Mon 2/10/14
31	**IV&V Status Report**	**5 days**	**Mon 2/24/14**	**Fri 2/28/14**
32	Compile Status Report	4 days	Mon 2/24/14	Thu 2/27/14
33	Submit Status Report	1 day	Fri 2/28/14	Fri 2/28/14
34	**Performance Standards and Planning Document**	**31 days**	**Mon 12/30/13**	**Mon 2/10/14**
35	Determine how to apply performance standards	20 days	Mon 12/30/13	Fri 1/24/14
36	Create performance Standards and Planning Document	10 days	Mon 1/27/14	Fri 2/7/14
37	Submit Performance Standards and Planning Document	1 day	Mon 2/10/14	Mon 2/10/14
38	**Performance Metrics Document**	**26 days**	**Mon 1/13/14**	**Mon 2/17/14**
39	Identify reporting areas/milestones	10 days	Mon 1/13/14	Fri 1/24/14
40	Determine thresholds	5 days	Mon 1/27/14	Fri 1/31/14
41	Create dashboard	5 days	Mon 2/3/14	Fri 2/7/14
42	Create Performance Metrics Document	5 days	Mon 2/10/14	Fri 2/14/14
43	Submit Performance Metrics Document	1 day	Mon 2/17/14	Mon 2/17/14
44	**Phase 3**	**90 days**	**Mon 11/25/13**	**Fri 3/28/14**
45	**Management Briefing Report**	**7 days**	**Mon 3/3/14**	**Tue 3/11/14**
46	Consolidate findings from the reporting period	3 days	Mon 3/3/14	Wed 3/5/14
47	Create Management Briefing Report	2 days	Thu 3/6/14	Fri 3/7/14
48	Submit Management Briefing Report	1 day	Mon 3/10/14	Mon 3/10/14
49	Present Management Briefing Report to Department Management	1 day	Tue 3/11/14	Tue 3/11/14
50	**IV&V Status Report**	**5 days**	**Mon 3/24/14**	**Fri 3/28/14**
51	Compile Status Report	4 days	Mon 3/24/14	Thu 3/27/14
52	Submit Status Report	1 day	Fri 3/28/14	Fri 3/28/14
53	**Risk Assessment Report**	**85 days**	**Mon 11/25/13**	**Fri 3/21/14**
54	Compile Risks	80 days	Mon 11/25/13	Fri 3/14/14
55	Document Mitigation Strategies	80 days	Mon 11/25/13	Fri 3/14/14
56	Create Risk Assessment Report	5 days	Mon 3/17/14	Fri 3/21/14
57	Submit Risk Assessment Report	0 days	Fri 3/21/14	Fri 3/21/14
58	**EES Estimating and Schedule Review Recommendations Report**	**75 days**	**Mon 12/2/13**	**Fri 3/14/14**
59	Review EES Contractor Schedule	35 days	Mon 12/2/13	Fri 1/17/14
60	Document Schedule timing and resource observations	15 days	Mon 1/20/14	Fri 2/7/14
61	Create EES Estimating and Schedule Review Recommendations Report	5 days	Mon 3/10/14	Fri 3/14/14
62	Submit EES Estimating and Schedule Review Recommendations Report	0 days	Fri 3/14/14	Fri 3/14/14
63	**Phase 4**	**59 days**	**Tue 2/4/14**	**Fri 4/25/14**
64	**Management Briefing Report**	**7 days**	**Mon 3/31/14**	**Tue 4/8/14**
65	Consolidate findings from the reporting period	3 days	Mon 3/31/14	Wed 4/2/14
66	Create Management Briefing Report	2 days	Thu 4/3/14	Fri 4/4/14

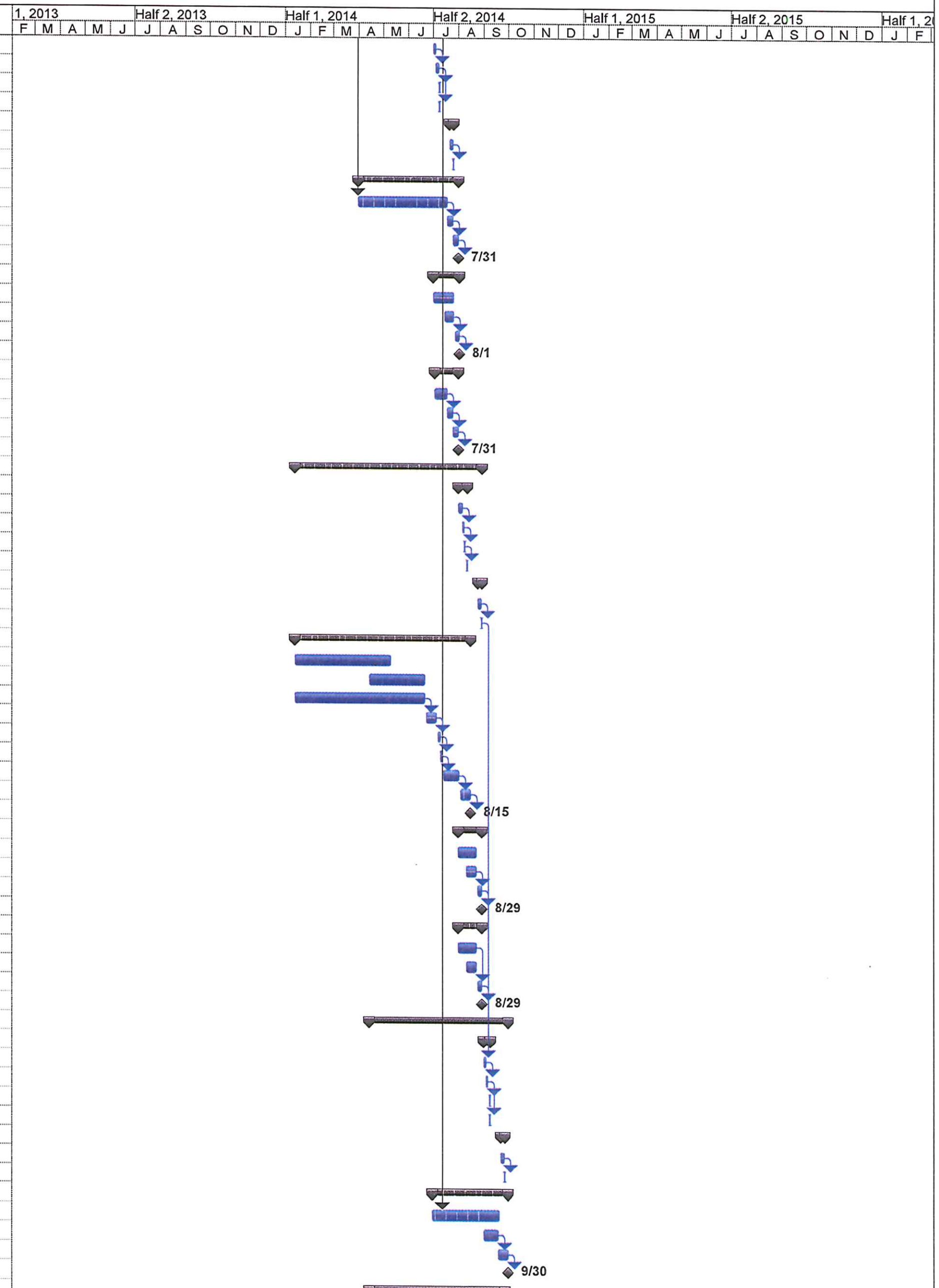


ID	Task Name	Duration	Start	Finish
67	Submit Management Briefing Report	1 day	Mon 4/7/14	Mon 4/7/14
68	Present Management Briefing Report to Department Management	1 day	Tue 4/8/14	Tue 4/8/14
69	**IV&V Status Report**	**5 days**	**Mon 4/21/14**	**Fri 4/25/14**
70	Compile Status Report	4 days	Mon 4/21/14	Thu 4/24/14
71	Submit Status Report	1 day	Fri 4/25/14	Fri 4/25/14
72	**EES Deliverable Review Report**	**59 days**	**Tue 2/4/14**	**Fri 4/25/14**
73	Compile the results for deliverable reviews conducted during the phase	50 days	Tue 2/4/14	Mon 4/14/14
74	Document all Deliverable deficiencies	20 days	Mon 3/17/14	Fri 4/11/14
75	Create EES Deliverable Review Report	10 days	Mon 4/14/14	Fri 4/25/14
76	Submit EES Deliverable Review Report	0 days	Fri 4/25/14	Fri 4/25/14
77	**Critical Incident Report**	**15 days**	**Mon 4/7/14**	**Fri 4/25/14**
78	Compile Critical Incidents Reported during the phase	10 days	Mon 4/7/14	Fri 4/18/14
79	Document the Action Plans for the critical incidents and report on progress	3 days	Mon 4/21/14	Wed 4/23/14
80	Create Critical Incident Report	2 days	Thu 4/24/14	Fri 4/25/14
81	Submit Critical Incident Report	0 days	Fri 4/25/14	Fri 4/25/14
82	**Phase 5**	**22 days**	**Thu 5/1/14**	**Fri 5/30/14**
83	**Management Briefing Report**	**6 days**	**Thu 5/1/14**	**Thu 5/8/14**
84	Consolidate findings from the reporting period	3 days	Thu 5/1/14	Mon 5/5/14
85	Create Management Briefing Report	2 days	Tue 5/6/14	Wed 5/7/14
86	Submit Management Briefing Report	1 day	Thu 5/8/14	Thu 5/8/14
87	Present Management Briefing Report to Department Management	1 day	Tue 5/6/14	Tue 5/6/14
88	**IV & V Status Report**	**5 days**	**Mon 5/26/14**	**Fri 5/30/14**
89	Compile Status Report	5 days	Mon 5/26/14	Fri 5/30/14
90	Submit Status Report	0 days	Fri 5/30/14	Fri 5/30/14
91	**EES Deliverable Review Report**	**22 days**	**Thu 5/1/14**	**Fri 5/30/14**
92	Compile the results for deliverable reviews conducted during the phase	18 days	Thu 5/1/14	Mon 5/26/14
93	Document all Deliverable deficiencies	18 days	Thu 5/1/14	Mon 5/26/14
94	Create EES Deliverable Review Report	4 days	Tue 5/27/14	Fri 5/30/14
95	Submit EES Deliverable Review Report	0 days	Fri 5/30/14	Fri 5/30/14
96	**Critical Incident Report**	**20 days**	**Mon 5/5/14**	**Fri 5/30/14**
97	Compile Critical Incidents Reported during the phase	10 days	Mon 5/5/14	Fri 5/16/14
98	Document the Action Plans for the critical incidents and report on progress	5 days	Mon 5/19/14	Fri 5/23/14
99	Create Critical Incident Report	5 days	Mon 5/26/14	Fri 5/30/14
100	Submit Critical Incident Report	0 days	Fri 5/30/14	Fri 5/30/14
101	**Phase 6**	**151 days**	**Mon 12/2/13**	**Mon 6/30/14**
102	**Management Briefing Report**	**6 days**	**Mon 6/2/14**	**Mon 6/9/14**
103	Consolidate findings from the reporting period	3 days	Mon 6/2/14	Wed 6/4/14
104	Create Management Briefing Report	2 days	Thu 6/5/14	Fri 6/6/14
105	Submit Management Briefing Report	1 day	Mon 6/9/14	Mon 6/9/14
106	Present Management Briefing Report to Department Management	1 day	Mon 6/9/14	Mon 6/9/14
107	**IV & V Status Report**	**5 days**	**Mon 6/23/14**	**Fri 6/27/14**
108	Compile Status Report	4 days	Mon 6/23/14	Thu 6/26/14
109	Submit Status Report	1 day	Fri 6/27/14	Fri 6/27/14
110	**Risk Assessment Report**	**70 days**	**Mon 3/24/14**	**Fri 6/27/14**
111	Compile Risks	65 days	Mon 3/24/14	Fri 6/20/14
112	Document Mitigation Strategies	65 days	Mon 3/24/14	Fri 6/20/14
113	Create Risk Assessment Report	5 days	Mon 6/23/14	Fri 6/27/14
114	Submit Risk Assessment Report	0 days	Fri 6/27/14	Fri 6/27/14
115	**EES Project Milestone and Cost Status Report**	**150 days**	**Mon 12/2/13**	**Fri 6/27/14**
116	Monitor project milestones and baseline budget expenditures	140 days	Mon 12/2/13	Fri 6/13/14
117	Document milestone schedule variances	5 days	Mon 6/16/14	Fri 6/20/14
118	Document Budget expenditure variances	5 days	Mon 6/16/14	Fri 6/20/14
119	Create EES Project Milestone and Cost Status Report	5 days	Mon 6/23/14	Fri 6/27/14
120	Submit EES Project Milestone and Cost Status Report	0 days	Fri 6/27/14	Fri 6/27/14
121	**EES Deliverable Review Report**	**21 days**	**Mon 6/2/14**	**Mon 6/30/14**
122	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 6/2/14	Mon 6/23/14
123	Document all Deliverable deficiencies	5 days	Mon 6/16/14	Fri 6/20/14
124	Create EES Deliverable Review Report	5 days	Tue 6/24/14	Mon 6/30/14
125	Submit EES Deliverable Review Report	0 days	Mon 6/30/14	Mon 6/30/14
126	**Critical Incident Report**	**20 days**	**Mon 6/2/14**	**Fri 6/27/14**
127	Compile Critical Incidents Reported during the phase	10 days	Mon 6/2/14	Fri 6/13/14
128	Document the Action Plans for the critical incidents and report on progress	5 days	Mon 6/16/14	Fri 6/20/14
129	Create Critical Incident Report	5 days	Mon 6/23/14	Fri 6/27/14
130	Submit Critical Incident Report	0 days	Fri 6/27/14	Fri 6/27/14
131	**Phase 7**	**90 days**	**Mon 3/31/14**	**Fri 8/1/14**
132	**Management Briefing Report**	**6 days**	**Tue 7/1/14**	**Tue 7/8/14**

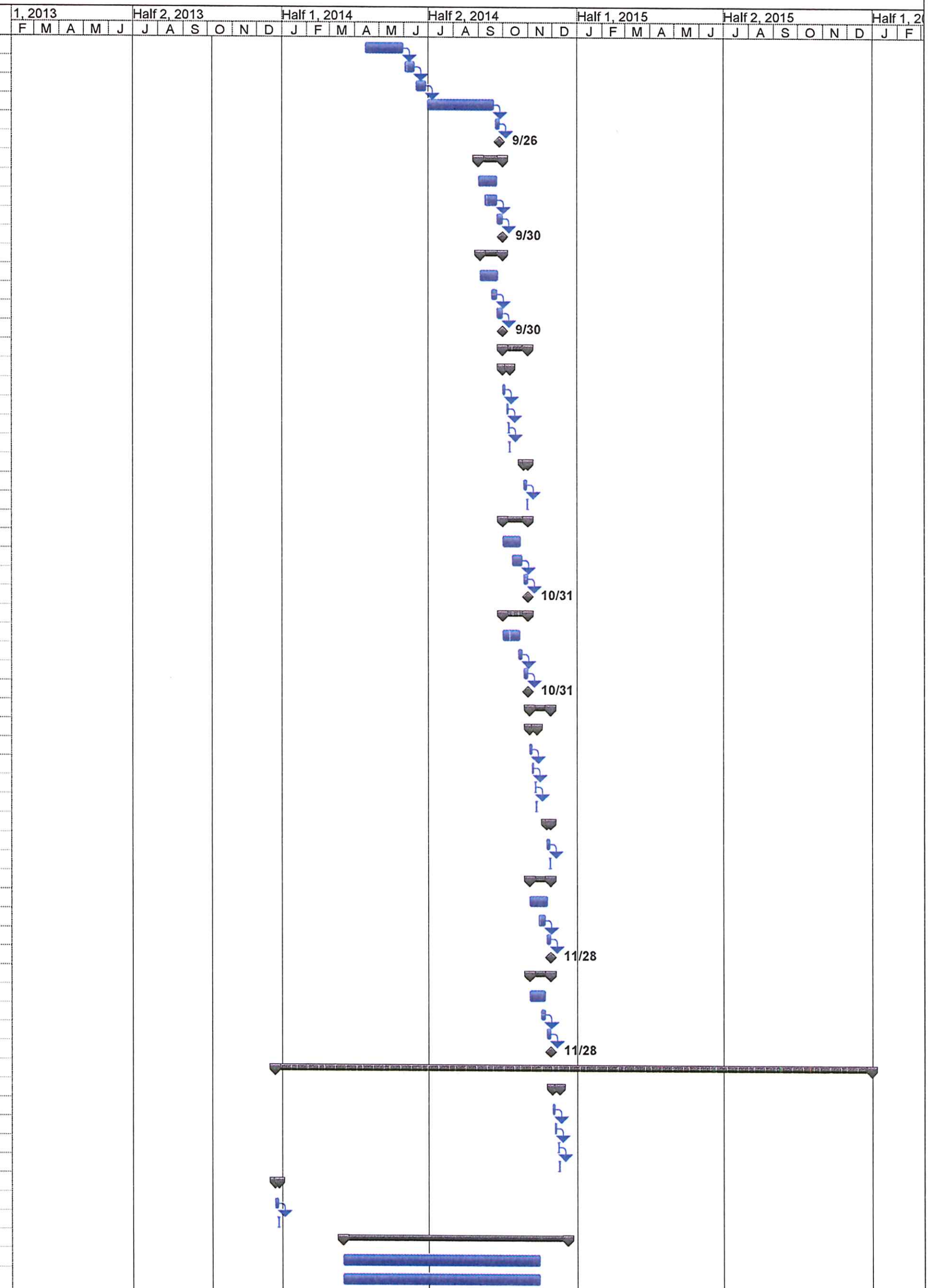


Nebraska EES IV&V Work Plan

ID	Task Name	Duration	Start	Finish
133	Consolidate findings from the reporting period	3 days	Tue 7/1/14	Thu 7/3/14
134	Create Management Briefing Report	2 days	Fri 7/4/14	Mon 7/7/14
135	Submit Management Briefing Report	1 day	Tue 7/8/14	Tue 7/8/14
136	Present Management Briefing Report to Department Management	1 day	Tue 7/8/14	Tue 7/8/14
137	**IV & V Status Report**	**5 days**	**Mon 7/21/14**	**Fri 7/25/14**
138	Compile Status Report	4 days	Mon 7/21/14	Thu 7/24/14
139	Submit Status Report	1 day	Fri 7/25/14	Fri 7/25/14
140	**EES Estimating and Schedule Review Recommendations Report**	**89 days**	**Mon 3/31/14**	**Thu 7/31/14**
141	Review EES Contractor Schedule	79 days	Mon 3/31/14	Thu 7/17/14
142	Document Schedule timing and resource observations	5 days	Fri 7/18/14	Thu 7/24/14
143	Create EES Estimating and Schedule Review Recommendations Report	5 days	Fri 7/25/14	Thu 7/31/14
144	Submit EES Estimating and Schedule Review Recommendations Report	0 days	Thu 7/31/14	Thu 7/31/14
145	**EES Deliverable Review Report**	**24 days**	**Tue 7/1/14**	**Fri 8/1/14**
146	Compile the results for deliverable reviews conducted during the phase	19 days	Tue 7/1/14	Fri 7/25/14
147	Document all Deliverable deficiencies	9 days	Tue 7/15/14	Fri 7/25/14
148	Create EES Deliverable Review Report	5 days	Mon 7/28/14	Fri 8/1/14
149	Submit EES Deliverable Review Report	0 days	Fri 8/1/14	Fri 8/1/14
150	**Critical Incident Report**	**21 days**	**Thu 7/3/14**	**Thu 7/31/14**
151	Compile Critical Incidents Reported during the phase	11 days	Thu 7/3/14	Thu 7/17/14
152	Document the Action Plans for the critical incidents and report on progress	5 days	Fri 7/18/14	Thu 7/24/14
153	Create Critical Incident Report	5 days	Fri 7/25/14	Thu 7/31/14
154	Submit Critical Incident Report	0 days	Thu 7/31/14	Thu 7/31/14
155	**Phase 8**	**165 days**	**Mon 1/13/14**	**Fri 8/29/14**
156	**Management Briefing Report**	**7 days**	**Fri 8/1/14**	**Mon 8/11/14**
157	Consolidate findings from the reporting period	3 days	Fri 8/1/14	Tue 8/5/14
158	Create Management Briefing Report	2 days	Wed 8/6/14	Thu 8/7/14
159	Submit Management Briefing Report	1 day	Fri 8/8/14	Fri 8/8/14
160	Present Management Briefing Report to Department Management	1 day	Mon 8/11/14	Mon 8/11/14
161	**IV & V Status Report**	**5 days**	**Mon 8/25/14**	**Fri 8/29/14**
162	Compile Status Report	4 days	Mon 8/25/14	Thu 8/28/14
163	Submit Status Report	1 day	Fri 8/29/14	Fri 8/29/14
164	**EES Design Analysis Review Report**	**155 days**	**Mon 1/13/14**	**Fri 8/15/14**
165	Validate the high level design	85 days	Mon 1/13/14	Fri 5/9/14
166	Validate the detailed design	50 days	Mon 4/14/14	Fri 6/20/14
167	Evaluate Design products	115 days	Mon 1/13/14	Fri 6/20/14
168	Evaluate Design Standards	10 days	Mon 6/23/14	Fri 7/4/14
169	Verify configuration control processes	3 days	Mon 7/7/14	Wed 7/9/14
170	Validate Unit Testing Processes	2 days	Thu 7/10/14	Fri 7/11/14
171	Document findings	15 days	Mon 7/14/14	Fri 8/1/14
172	Create EES Design Analysis Review Report	10 days	Mon 8/4/14	Fri 8/15/14
173	Submit EES Design Analysis Review Report	0 days	Fri 8/15/14	Fri 8/15/14
174	**EES Deliverable Review Report**	**21 days**	**Fri 8/1/14**	**Fri 8/29/14**
175	Compile the results for deliverable reviews conducted during the phase	16 days	Fri 8/1/14	Fri 8/22/14
176	Document all Deliverable deficiencies	10 days	Mon 8/11/14	Fri 8/22/14
177	Create EES Deliverable Review Report	5 days	Mon 8/25/14	Fri 8/29/14
178	Submit EES Deliverable Review Report	0 days	Fri 8/29/14	Fri 8/29/14
179	**Critical Incident Report**	**21 days**	**Fri 8/1/14**	**Fri 8/29/14**
180	Compile Critical Incidents Reported during the phase	16 days	Fri 8/1/14	Fri 8/22/14
181		10 days	Mon 8/11/14	Fri 8/22/14
182	Create Critical Incident Report	5 days	Mon 8/25/14	Fri 8/29/14
183	Submit Critical Incident Report	0 days	Fri 8/29/14	Fri 8/29/14
184	**Phase 9**	**122 days**	**Mon 4/14/14**	**Tue 9/30/14**
185	**Management Briefing Report**	**6 days**	**Mon 9/1/14**	**Mon 9/8/14**
186	Consolidate findings from the reporting period	3 days	Mon 9/1/14	Wed 9/3/14
187	Create Management Briefing Report	2 days	Thu 9/4/14	Fri 9/5/14
188	Submit Management Briefing Report	1 day	Mon 9/8/14	Mon 9/8/14
189	Present Management Briefing Report to Department Management	1 day	Mon 9/8/14	Mon 9/8/14
190	**IV & V Status Report**	**5 days**	**Mon 9/22/14**	**Fri 9/26/14**
191	Compile Status Report	4 days	Mon 9/22/14	Thu 9/25/14
192	Submit Status Report	1 day	Fri 9/26/14	Fri 9/26/14
193	**Risk Assessment Report**	**67 days**	**Mon 6/30/14**	**Tue 9/30/14**
194	Compile Risks	60 days	Mon 6/30/14	Fri 9/19/14
195	Document Mitigation Strategies	14 days	Mon 9/1/14	Thu 9/18/14
196	Create Risk Assessment Report	8 days	Fri 9/19/14	Tue 9/30/14
197	Submit Risk Assessment Report	0 days	Tue 9/30/14	Tue 9/30/14
198	**Unit Testing Review Report**	**120 days**	**Mon 4/14/14**	**Fri 9/26/14**

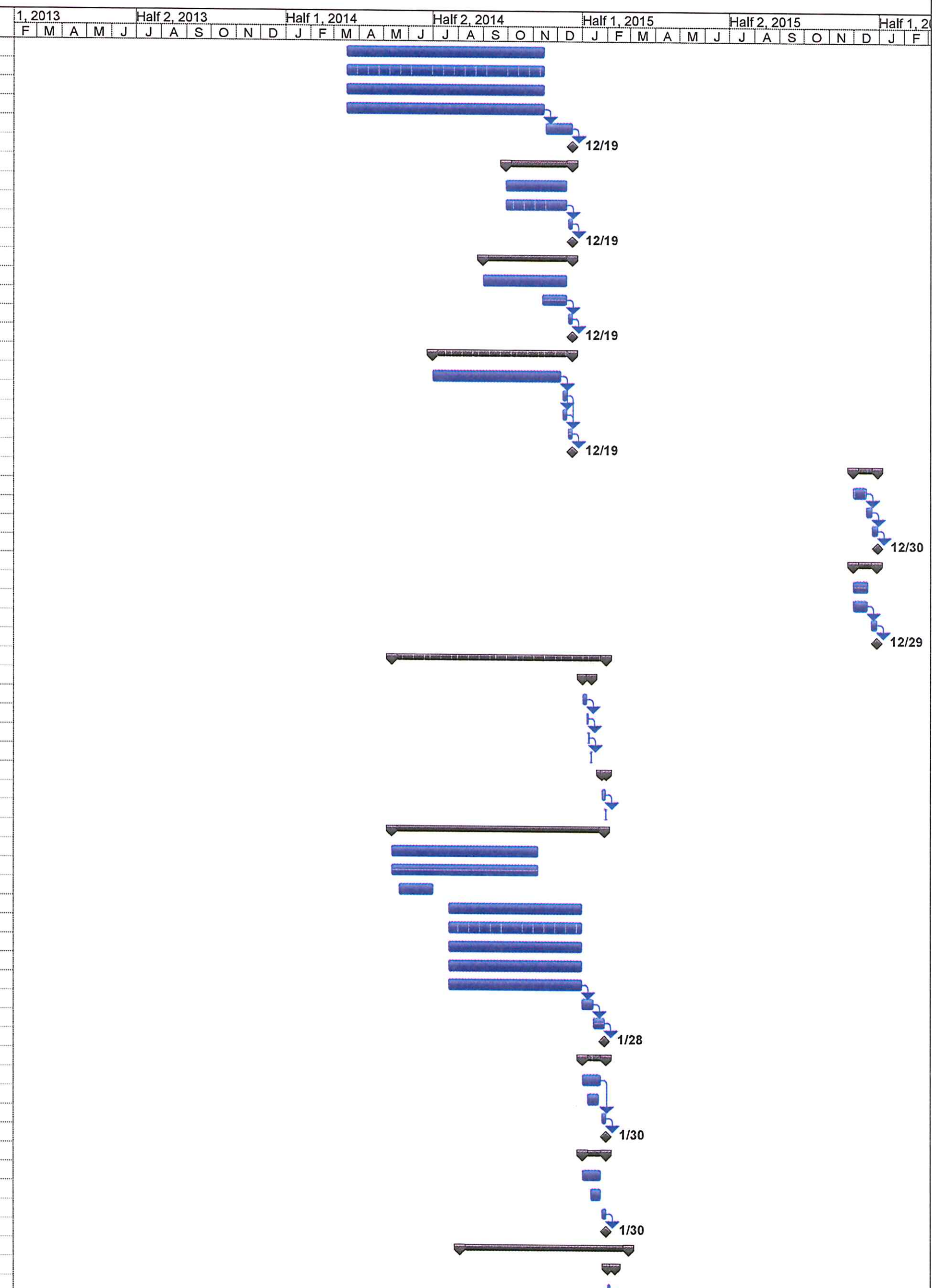


ID	Task Name	Duration	Start	Finish
199	Review Unit Testing Plan and approach	35 days	Mon 4/14/14	Fri 5/30/14
200	Validate scope of Unit Testing	10 days	Mon 6/2/14	Fri 6/13/14
201	Verify Unit Testing processes and procedures	10 days	Mon 6/16/14	Fri 6/27/14
202	Assess Unit Testing outcomes	60 days	Mon 6/30/14	Fri 9/19/14
203	Create Unit Testing Review Report	5 days	Mon 9/22/14	Fri 9/26/14
204	Submit Unit Testing Review Report	0 days	Fri 9/26/14	Fri 9/26/14
205	**EES Deliverable Review Report**	**22 days**	**Mon 9/1/14**	**Tue 9/30/14**
206	Compile the results for deliverable reviews conducted during the phase	17 days	Mon 9/1/14	Tue 9/23/14
207	Document all Deliverable deficiencies	11 days	Tue 9/9/14	Tue 9/23/14
208	Create EES Deliverable Review Report	5 days	Wed 9/24/14	Tue 9/30/14
209	Submit EES Deliverable Review Report	0 days	Tue 9/30/14	Tue 9/30/14
210	**Critical Incident Report**	**20 days**	**Wed 9/3/14**	**Tue 9/30/14**
211	Compile Critical Incidents Reported during the phase	16 days	Wed 9/3/14	Wed 9/24/14
212	Document the Action Plans for the critical incidents and report on progress	5 days	Wed 9/17/14	Tue 9/23/14
213	Create Critical Incident Report	5 days	Wed 9/24/14	Tue 9/30/14
214	Submit Critical Incident Report	0 days	Tue 9/30/14	Tue 9/30/14
215	**Phase 10**	**23 days**	**Wed 10/1/14**	**Fri 10/31/14**
216	**Management Briefing Report**	**7 days**	**Wed 10/1/14**	**Thu 10/9/14**
217	Consolidate findings from the reporting period	3 days	Wed 10/1/14	Fri 10/3/14
218	Create Management Briefing Report	2 days	Mon 10/6/14	Tue 10/7/14
219	Submit Management Briefing Report	1 day	Wed 10/8/14	Wed 10/8/14
220	Present Management Briefing Report to Department Management	1 day	Thu 10/9/14	Thu 10/9/14
221	**IV & V Status Report**	**5 days**	**Mon 10/27/14**	**Fri 10/31/14**
222	Compile Status Report	4 days	Mon 10/27/14	Thu 10/30/14
223	Submit Status Report	1 day	Fri 10/31/14	Fri 10/31/14
224	**EES Deliverable Review Report**	**23 days**	**Wed 10/1/14**	**Fri 10/31/14**
225	Compile the results for deliverable reviews conducted during the phase	16 days	Wed 10/1/14	Wed 10/22/14
226	Document all Deliverable deficiencies	10 days	Mon 10/13/14	Fri 10/24/14
227	Create EES Deliverable Review Report	5 days	Mon 10/27/14	Fri 10/31/14
228	Submit EES Deliverable Review Report	0 days	Fri 10/31/14	Fri 10/31/14
229	**Critical Incident Report**	**23 days**	**Wed 10/1/14**	**Fri 10/31/14**
230	Compile Critical Incidents Reported during the phase	15 days	Wed 10/1/14	Tue 10/21/14
231	Document the Action Plans for the critical incidents and report on progress	5 days	Mon 10/20/14	Fri 10/24/14
232	Create Critical Incident Report	5 days	Mon 10/27/14	Fri 10/31/14
233	Submit Critical Incident Report	0 days	Fri 10/31/14	Fri 10/31/14
234	**Phase 11**	**20 days**	**Mon 11/3/14**	**Fri 11/28/14**
235	**Management Briefing Report**	**7 days**	**Mon 11/3/14**	**Tue 11/11/14**
236	Consolidate findings from the reporting period	3 days	Mon 11/3/14	Wed 11/5/14
237	Create Management Briefing Report	2 days	Thu 11/6/14	Fri 11/7/14
238	Submit Management Briefing Report	1 day	Mon 11/10/14	Mon 11/10/14
239	Present Management Briefing Report to Department Management	1 day	Tue 11/11/14	Tue 11/11/14
240	**IV & V Status Report**	**5 days**	**Mon 11/24/14**	**Fri 11/28/14**
241	Compile Status Report	4 days	Mon 11/24/14	Thu 11/27/14
242	Submit Status Report	1 day	Fri 11/28/14	Fri 11/28/14
243	**EES Deliverable Review Report**	**20 days**	**Mon 11/3/14**	**Fri 11/28/14**
244	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 11/3/14	Mon 11/24/14
245	Document all Deliverable deficiencies	6 days	Fri 11/14/14	Fri 11/21/14
246	Create EES Deliverable Review Report	5 days	Mon 11/24/14	Fri 11/28/14
247	Submit EES Deliverable Review Report	0 days	Fri 11/28/14	Fri 11/28/14
248	**Critical Incident Report**	**20 days**	**Mon 11/3/14**	**Fri 11/28/14**
249	Compile Critical Incidents Reported during the phase	15 days	Mon 11/3/14	Fri 11/21/14
250	Document the Action Plans for the critical incidents and report on progress	5 days	Mon 11/17/14	Fri 11/21/14
251	Create Critical Incident Report	5 days	Mon 11/24/14	Fri 11/28/14
252	Submit Critical Incident Report	0 days	Fri 11/28/14	Fri 11/28/14
253	**Phase 12**	**528 days**	**Mon 12/23/13**	**Wed 12/30/15**
254	**Management Briefing Report**	**7 days**	**Mon 12/1/14**	**Tue 12/9/14**
255	Consolidate findings from the reporting period	3 days	Mon 12/1/14	Wed 12/3/14
256	Create Management Briefing Report	2 days	Thu 12/4/14	Fri 12/5/14
257	Submit Management Briefing Report	1 day	Mon 12/8/14	Mon 12/8/14
258	Present Management Briefing Report to Department Management	1 day	Tue 12/9/14	Tue 12/9/14
259	**IV & V Status Report**	**5 days**	**Mon 12/23/13**	**Fri 12/27/13**
260	Compile Status Report	4 days	Mon 12/23/13	Thu 12/26/13
261	Submit Status Report	1 day	Fri 12/27/13	Fri 12/27/13
262	**EES Technical Recommendations Report**	**200 days**	**Mon 3/17/14**	**Fri 12/19/14**
263	Evaluate the system hardware and software plans	175 days	Mon 3/17/14	Fri 11/14/14
264	Assess hardware and software against the existing State infrastructure and IT Standards	175 days	Mon 3/17/14	Fri 11/14/14



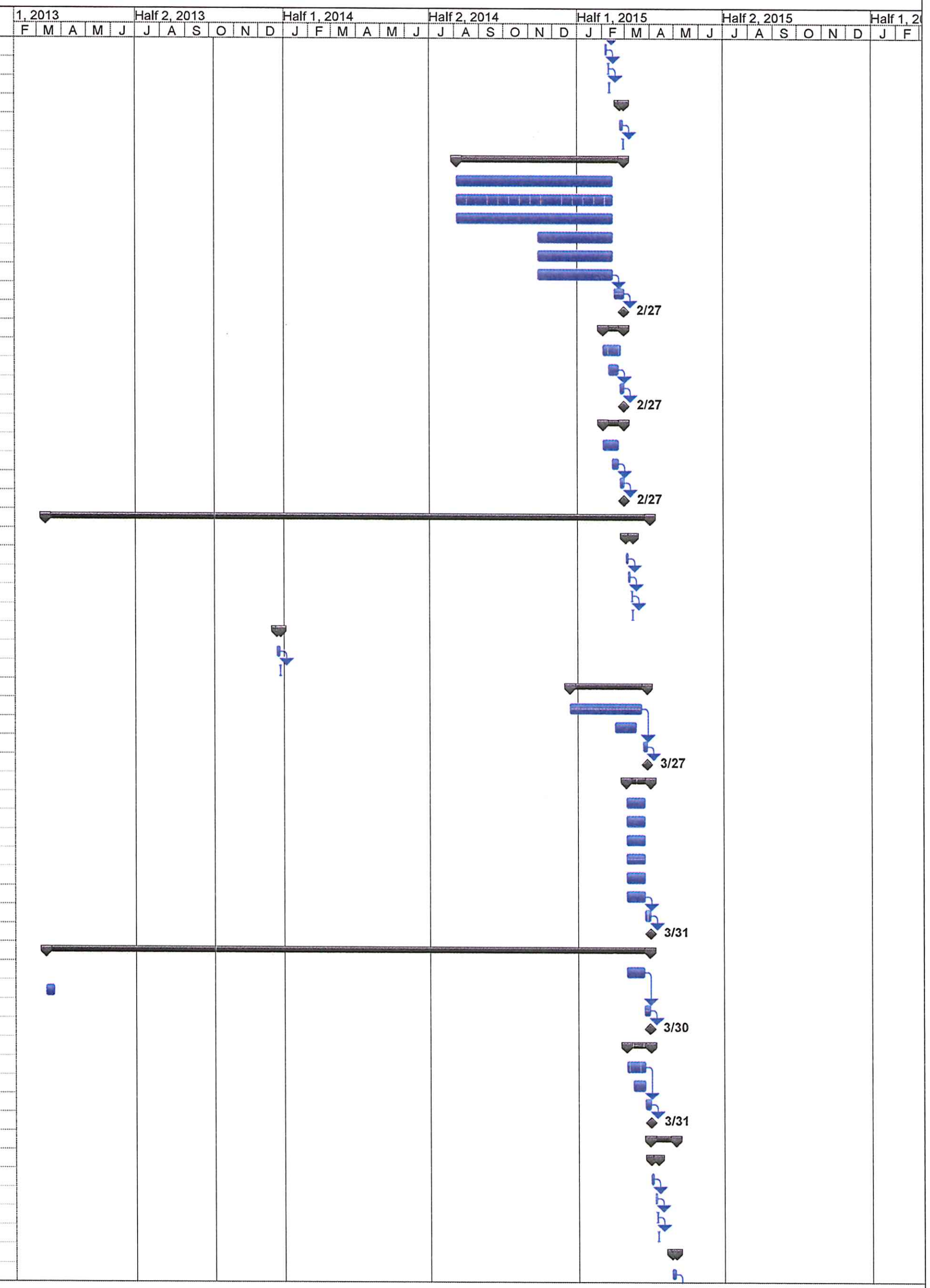
Nebraska EES IV&V Work Plan

ID	Task Name	Duration	Start	Finish
265	Validate the life expectancy of the software and maintainability	175 days	Mon 3/17/14	Fri 11/14/14
266	Validate the usability and adaptability of the database products and design	175 days	Mon 3/17/14	Fri 11/14/14
267	Evaluate the performance of the tools selected	175 days	Mon 3/17/14	Fri 11/14/14
268	Verify the capacity plans and scalability of the system	175 days	Mon 3/17/14	Fri 11/14/14
269	Create EES Technical Recommendations Report	25 days	Mon 11/17/14	Fri 12/19/14
270	Submit EES Technical Recommendations Report	0 days	Fri 12/19/14	Fri 12/19/14
271	**Risk Assessment Report**	**60 days**	**Mon 9/29/14**	**Fri 12/19/14**
272	Compile Risks	55 days	Mon 9/29/14	Fri 12/12/14
273	Document Mitigation Strategies	55 days	Mon 9/29/14	Fri 12/12/14
274	Create Risk Assessment Report	5 days	Mon 12/15/14	Fri 12/19/14
275	Submit Risk Assessment Report	0 days	Fri 12/19/14	Fri 12/19/14
276	**EES Estimating and Schedule Review Recommendations Report**	**80 days**	**Mon 9/1/14**	**Fri 12/19/14**
277	Review EES Contractor Schedule	75 days	Mon 9/1/14	Fri 12/12/14
278	Document Schedule timing and resource observations	22 days	Thu 11/13/14	Fri 12/12/14
279	Create EES Estimating and Schedule Review Recommendations Report	5 days	Mon 12/15/14	Fri 12/19/14
280	Submit EES Estimating and Schedule Review Recommendations Report	0 days	Fri 12/19/14	Fri 12/19/14
281	**EES Project Milestone and Cost Status Report**	**124 days**	**Tue 7/1/14**	**Fri 12/19/14**
282	Monitor project milestones and baseline budget expenditures	114 days	Tue 7/1/14	Fri 12/5/14
283	Document milestone schedule variances	5 days	Mon 12/8/14	Fri 12/12/14
284	Document Budget expenditure variances	5 days	Mon 12/8/14	Fri 12/12/14
285	Create EES Project Milestone and Cost Status Report	5 days	Mon 12/15/14	Fri 12/19/14
286	Submit EES Project Milestone and Cost Status Report	0 days	Fri 12/19/14	Fri 12/19/14
287	**EES Deliverable Review Report**	**22 days**	**Tue 12/1/15**	**Wed 12/30/15**
288	Compile the results for deliverable reviews conducted during the phase	12 days	Tue 12/1/15	Wed 12/16/15
289	Document all Deliverable deficiencies	5 days	Thu 12/17/15	Wed 12/23/15
290	Create EES Deliverable Review Report	5 days	Thu 12/24/15	Wed 12/30/15
291	Submit EES Deliverable Review Report	0 days	Wed 12/30/15	Wed 12/30/15
292	**Critical Incident Report**	**21 days**	**Tue 12/1/15**	**Tue 12/29/15**
293	Compile Critical Incidents Reported during the phase	14 days	Tue 12/1/15	Fri 12/18/15
294	Document the Action Plans for the critical incidents and report on progress	13 days	Tue 12/1/15	Thu 12/17/15
295	Create Critical Incident Report	5 days	Wed 12/23/15	Tue 12/29/15
296	Submit Critical Incident Report	0 days	Tue 12/29/15	Tue 12/29/15
297	**Phase 13**	**190 days**	**Mon 5/12/14**	**Fri 1/30/15**
298	**Management Briefing Report**	**7 days**	**Fri 1/2/15**	**Mon 1/12/15**
299	Consolidate findings from the reporting period	3 days	Fri 1/2/15	Tue 1/6/15
300	Create Management Briefing Report	2 days	Wed 1/7/15	Thu 1/8/15
301	Submit Management Briefing Report	1 day	Fri 1/9/15	Fri 1/9/15
302	Present Management Briefing Report to Department Management	1 day	Mon 1/12/15	Mon 1/12/15
303	**IV & V Status Report**	**5 days**	**Mon 1/26/15**	**Fri 1/30/15**
304	Compile Status Report	4 days	Mon 1/26/15	Thu 1/29/15
305	Submit Status Report	1 day	Fri 1/30/15	Fri 1/30/15
306	**Data Conversion Process Review Report**	**188 days**	**Mon 5/12/14**	**Wed 1/28/15**
307	Assess the Conversion Plan	130 days	Mon 5/12/14	Fri 11/7/14
308	Assess the Conversion Strategy	130 days	Mon 5/12/14	Fri 11/7/14
309	Assess the Conversion tools	30 days	Wed 5/21/14	Tue 7/1/14
310	Assess the Conversion Data Dictionary	118 days	Mon 7/21/14	Wed 12/31/14
311	Assess the ETL processes and timings	118 days	Mon 7/21/14	Wed 12/31/14
312	Assess data clean-up and default conversion strategies	118 days	Mon 7/21/14	Wed 12/31/14
313	Assess the Conversion System	118 days	Mon 7/21/14	Wed 12/31/14
314	Assess the Back-up and Recovery Plan	118 days	Mon 7/21/14	Wed 12/31/14
315	Compile the results	10 days	Thu 1/1/15	Wed 1/14/15
316	Create Data Conversion Process Review Report	10 days	Thu 1/15/15	Wed 1/28/15
317	Submit Data Conversion Process Review Report	0 days	Wed 1/28/15	Wed 1/28/15
318	**EES Deliverable Review Report**	**21 days**	**Fri 1/2/15**	**Fri 1/30/15**
319	Compile the results for deliverable reviews conducted during the phase	16 days	Fri 1/2/15	Fri 1/23/15
320	Document all Deliverable deficiencies	10 days	Thu 1/8/15	Wed 1/21/15
321	Create EES Deliverable Review Report	5 days	Mon 1/26/15	Fri 1/30/15
322	Submit EES Deliverable Review Report	0 days	Fri 1/30/15	Fri 1/30/15
323	**Critical Incident Report**	**21 days**	**Fri 1/2/15**	**Fri 1/30/15**
324	Compile Critical Incidents Reported during the phase	16 days	Fri 1/2/15	Fri 1/23/15
325	Document the Action Plans for the critical incidents and report on progress	10 days	Mon 1/12/15	Fri 1/23/15
326	Create Critical Incident Report	5 days	Mon 1/26/15	Fri 1/30/15
327	Submit Critical Incident Report	0 days	Fri 1/30/15	Fri 1/30/15
328	**Phase 14**	**150 days**	**Mon 8/4/14**	**Fri 2/27/15**
329	**Management Briefing Report**	**7 days**	**Mon 2/2/15**	**Tue 2/10/15**
330	Consolidate findings from the reporting period	3 days	Mon 2/2/15	Wed 2/4/15

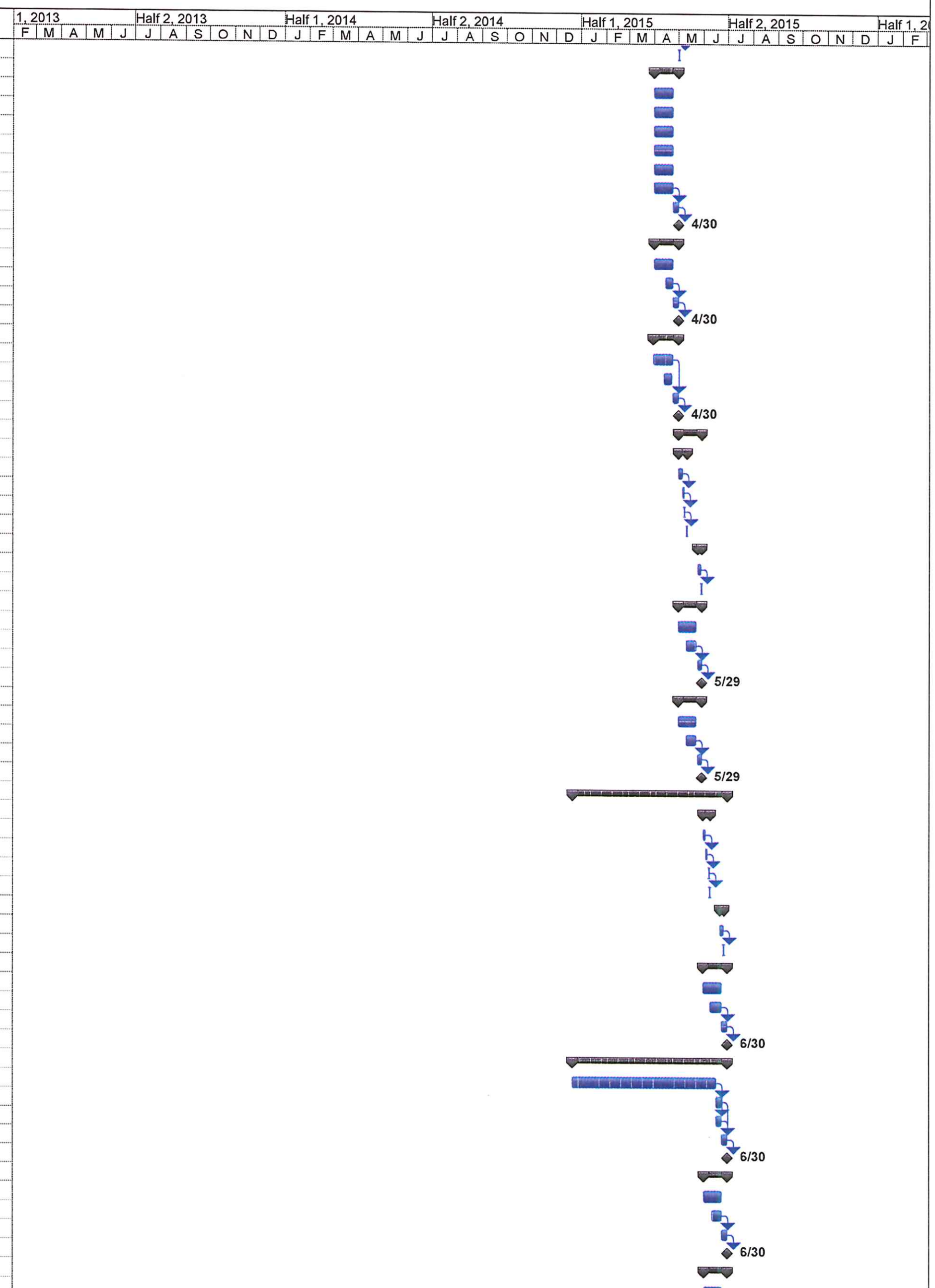


Nebraska EES IV&V Work Plan

ID	Task Name	Duration	Start	Finish
331	Create Management Briefing Report	2 days	Thu 2/5/15	Fri 2/6/15
332	Submit Management Briefing Report	1 day	Mon 2/9/15	Mon 2/9/15
333	Present Management Briefing Report to Department Management	1 day	Tue 2/10/15	Tue 2/10/15
334	**IV & V Status Report**	**5 days**	**Mon 2/23/15**	**Fri 2/27/15**
335	Compile Status Report	4 days	Mon 2/23/15	Thu 2/26/15
336	Submit Status Report	1 day	Fri 2/27/15	Fri 2/27/15
337	**Data Conversion Error Report**	**150 days**	**Mon 8/4/14**	**Fri 2/27/15**
338	Asses Data Conversion Error Rates	140 days	Mon 8/4/14	Fri 2/13/15
339	Assess Conversion Issues and prioritization	140 days	Mon 8/4/14	Fri 2/13/15
340	Assess data integrity impacts	140 days	Mon 8/4/14	Fri 2/13/15
341	Assess Medicaid eligibility impacts	67 days	Thu 11/13/14	Fri 2/13/15
342	Assess data clean-up impact if not resolved	67 days	Thu 11/13/14	Fri 2/13/15
343	Assess mitigation strategies	67 days	Thu 11/13/14	Fri 2/13/15
344	Create Data Conversion Error Report	10 days	Mon 2/16/15	Fri 2/27/15
345	Submit Data Conversion Error Report	0 days	Fri 2/27/15	Fri 2/27/15
346	**EES Deliverable Review Report**	**20 days**	**Mon 2/2/15**	**Fri 2/27/15**
347	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 2/2/15	Mon 2/23/15
348	Document all Deliverable deficiencies	10 days	Mon 2/9/15	Fri 2/20/15
349	Create EES Deliverable Review Report	5 days	Mon 2/23/15	Fri 2/27/15
350	Submit EES Deliverable Review Report	0 days	Fri 2/27/15	Fri 2/27/15
351	**Critical Incident Report**	**20 days**	**Mon 2/2/15**	**Fri 2/27/15**
352	Compile Critical Incidents Reported during the phase	15 days	Mon 2/2/15	Fri 2/20/15
353	Document the Action Plans for the critical incidents and report on progress	6 days	Fri 2/13/15	Fri 2/20/15
354	Create Critical Incident Report	5 days	Mon 2/23/15	Fri 2/27/15
355	Submit Critical Incident Report	0 days	Fri 2/27/15	Fri 2/27/15
356	**Phase 15**	**537 days**	**Mon 3/11/13**	**Tue 3/31/15**
357	**Management Briefing Report**	**7 days**	**Mon 3/2/15**	**Tue 3/10/15**
358	Consolidate findings from the reporting period	3 days	Mon 3/2/15	Wed 3/4/15
359	Create Management Briefing Report	2 days	Thu 3/5/15	Fri 3/6/15
360	Submit Management Briefing Report	1 day	Mon 3/9/15	Mon 3/9/15
361	Present Management Briefing Report to Department Management	1 day	Tue 3/10/15	Tue 3/10/15
362	**IV & V Status Report**	**5 days**	**Mon 12/23/13**	**Fri 12/27/13**
363	Compile Status Report	4 days	Mon 12/23/13	Thu 12/26/13
364	Submit Status Report	1 day	Fri 12/27/13	Fri 12/27/13
365	**Risk Assessment Report**	**70 days**	**Mon 12/22/14**	**Fri 3/27/15**
366	Compile Risks	65 days	Mon 12/22/14	Fri 3/20/15
367	Document Mitigation Strategies	20 days	Mon 2/16/15	Fri 3/13/15
368	Create Risk Assessment Report	5 days	Mon 3/23/15	Fri 3/27/15
369	Submit Risk Assessment Report	0 days	Fri 3/27/15	Fri 3/27/15
370	**Data Conversion Error Report**	**22 days**	**Mon 3/2/15**	**Tue 3/31/15**
371	Asses Data Conversion Error Rates	17 days	Mon 3/2/15	Tue 3/24/15
372	Assess Conversion Issues and prioritization	17 days	Mon 3/2/15	Tue 3/24/15
373	Assess data integrity impacts	17 days	Mon 3/2/15	Tue 3/24/15
374	Assess Medicaid eligibility impacts	17 days	Mon 3/2/15	Tue 3/24/15
375	Assess data clean-up impact if not resolved	17 days	Mon 3/2/15	Tue 3/24/15
376	Assess mitigation strategies	17 days	Mon 3/2/15	Tue 3/24/15
377	Create Data Conversion Error Report	5 days	Wed 3/25/15	Tue 3/31/15
378	Submit Data Conversion Error Report	0 days	Tue 3/31/15	Tue 3/31/15
379	**EES Deliverable Review Report**	**536 days**	**Mon 3/11/13**	**Mon 3/30/15**
380	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 3/2/15	Mon 3/23/15
381	Document all Deliverable deficiencies	8 days	Mon 3/11/13	Wed 3/20/13
382	Create EES Deliverable Review Report	5 days	Tue 3/24/15	Mon 3/30/15
383	Submit EES Deliverable Review Report	0 days	Mon 3/30/15	Mon 3/30/15
384	**Critical Incident Report**	**22 days**	**Mon 3/2/15**	**Tue 3/31/15**
385	Compile Critical Incidents Reported during the phase	17 days	Mon 3/2/15	Tue 3/24/15
386	Document the Action Plans for the critical incidents and report on progress	11 days	Tue 3/10/15	Tue 3/24/15
387	Create Critical Incident Report	5 days	Wed 3/25/15	Tue 3/31/15
388	Submit Critical Incident Report	0 days	Tue 3/31/15	Tue 3/31/15
389	**Phase 16**	**24 days**	**Tue 3/31/15**	**Fri 5/1/15**
390	**Management Briefing Report**	**7 days**	**Wed 4/1/15**	**Thu 4/9/15**
391	Consolidate findings from the reporting period	3 days	Wed 4/1/15	Fri 4/3/15
392	Create Management Briefing Report	2 days	Mon 4/6/15	Tue 4/7/15
393	Submit Management Briefing Report	1 day	Wed 4/8/15	Wed 4/8/15
394	Present Management Briefing Report to Department Management	1 day	Thu 4/9/15	Thu 4/9/15
395	**IV & V Status Report**	**5 days**	**Mon 4/27/15**	**Fri 5/1/15**
396	Compile Status Report	4 days	Mon 4/27/15	Thu 4/30/15

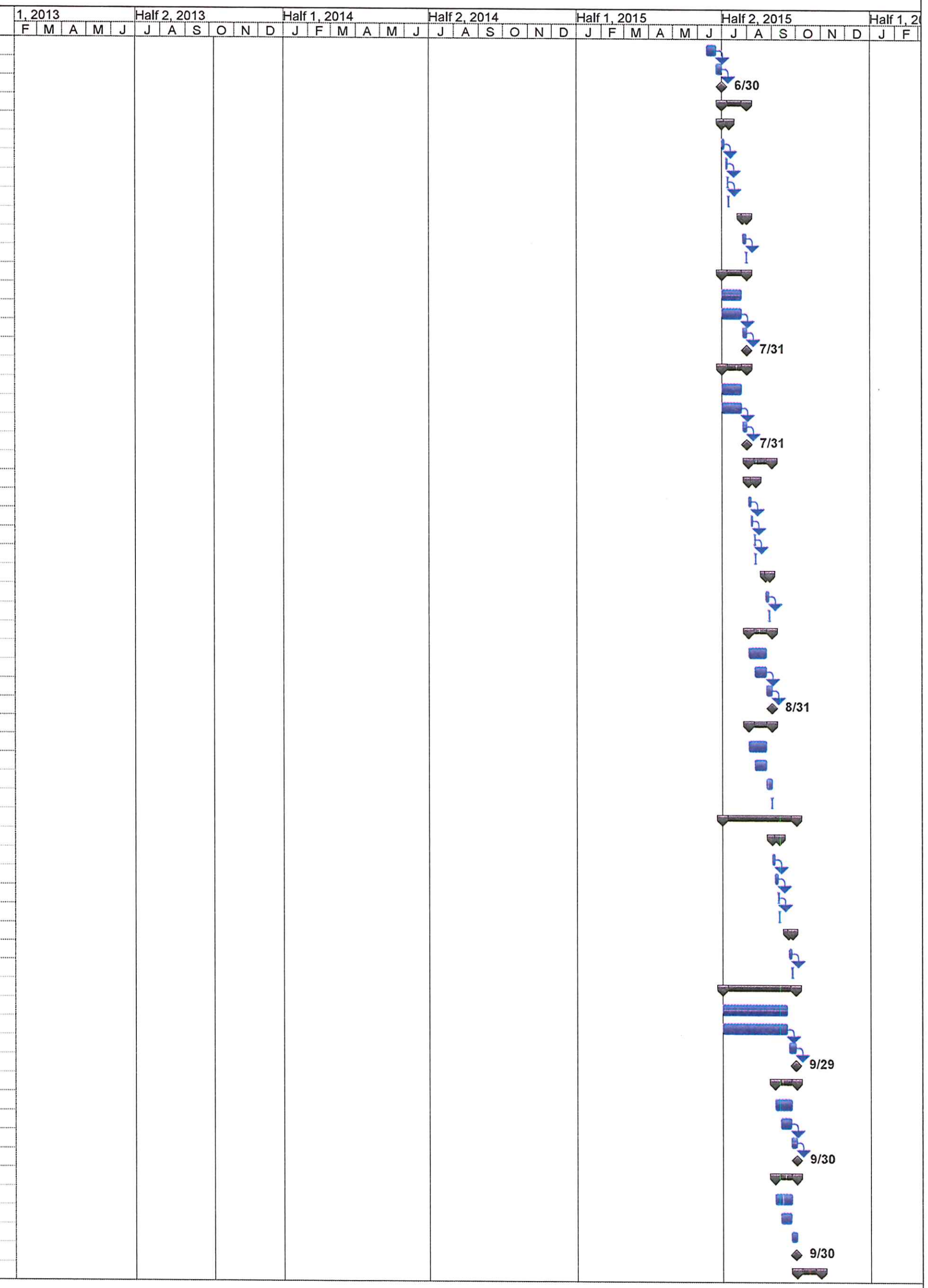


ID	Task Name	Duration	Start	Finish
397	Submit Status Report	1 day	Fri 5/1/15	Fri 5/1/15
398	**Data Conversion Error Report**	**22 days**	**Wed 4/1/15**	**Thu 4/30/15**
399	Asses Data Conversion Error Rates	17 days	Wed 4/1/15	Thu 4/23/15
400	Assess Conversion Issues and prioritization	17 days	Wed 4/1/15	Thu 4/23/15
401	Assess data integrity impacts	17 days	Wed 4/1/15	Thu 4/23/15
402	Assess Medicaid eligibility impacts	17 days	Wed 4/1/15	Thu 4/23/15
403	Assess data clean-up impact if not resolved	17 days	Wed 4/1/15	Thu 4/23/15
404	Assess mitigation strategies	17 days	Wed 4/1/15	Thu 4/23/15
405	Create Data Conversion Error Report	5 days	Fri 4/24/15	Thu 4/30/15
406	Submit Data Conversion Error Report	0 days	Thu 4/30/15	Thu 4/30/15
407	**EES Deliverable Review Report**	**22 days**	**Wed 4/1/15**	**Thu 4/30/15**
408	Compile the results for deliverable reviews conducted during the phase	17 days	Wed 4/1/15	Thu 4/23/15
409	Document all Deliverable deficiencies	7 days	Wed 4/15/15	Thu 4/23/15
410	Create EES Deliverable Review Report	5 days	Fri 4/24/15	Thu 4/30/15
411	Submit EES Deliverable Review Report	0 days	Thu 4/30/15	Thu 4/30/15
412	**Critical Incident Report**	**23 days**	**Tue 3/31/15**	**Thu 4/30/15**
413	Compile Critical Incidents Reported during the phase	18 days	Tue 3/31/15	Thu 4/23/15
414	Document the Action Plans for the critical incidents and report on progress	8 days	Mon 4/13/15	Wed 4/22/15
415	Create Critical Incident Report	5 days	Fri 4/24/15	Thu 4/30/15
416	Submit Critical Incident Report	0 days	Thu 4/30/15	Thu 4/30/15
417	**Phase 17**	**21 days**	**Fri 5/1/15**	**Fri 5/29/15**
418	**Management Briefing Report**	**7 days**	**Fri 5/1/15**	**Mon 5/11/15**
419	Consolidate findings from the reporting period	3 days	Fri 5/1/15	Tue 5/5/15
420	Create Management Briefing Report	2 days	Wed 5/6/15	Thu 5/7/15
421	Submit Management Briefing Report	1 day	Fri 5/8/15	Fri 5/8/15
422	Present Management Briefing Report to Department Management	1 day	Mon 5/11/15	Mon 5/11/15
423	**IV & V Status Report**	**5 days**	**Mon 5/25/15**	**Fri 5/29/15**
424	Compile Status Report	4 days	Mon 5/25/15	Thu 5/28/15
425	Submit Status Report	1 day	Fri 5/29/15	Fri 5/29/15
426	**EES Deliverable Review Report**	**21 days**	**Fri 5/1/15**	**Fri 5/29/15**
427	Compile the results for deliverable reviews conducted during the phase	16 days	Fri 5/1/15	Fri 5/22/15
428	Document all Deliverable deficiencies	10 days	Mon 5/11/15	Fri 5/22/15
429	Create EES Deliverable Review Report	5 days	Mon 5/25/15	Fri 5/29/15
430	Submit EES Deliverable Review Report	0 days	Fri 5/29/15	Fri 5/29/15
431	**Critical Incident Report**	**21 days**	**Fri 5/1/15**	**Fri 5/29/15**
432	Compile Critical Incidents Reported during the phase	16 days	Fri 5/1/15	Fri 5/22/15
433	Document the Action Plans for the critical incidents and report on progress	10 days	Mon 5/11/15	Fri 5/22/15
434	Create Critical Incident Report	5 days	Mon 5/25/15	Fri 5/29/15
435	Submit Critical Incident Report	0 days	Fri 5/29/15	Fri 5/29/15
436	**Phase 18**	**137 days**	**Mon 12/22/14**	**Tue 6/30/15**
437	**Management Briefing Report**	**7 days**	**Mon 6/1/15**	**Tue 6/9/15**
438	Consolidate findings from the reporting period	3 days	Mon 6/1/15	Wed 6/3/15
439	Create Management Briefing Report	2 days	Thu 6/4/15	Fri 6/5/15
440	Submit Management Briefing Report	1 day	Mon 6/8/15	Mon 6/8/15
441	Present Management Briefing Report to Department Management	1 day	Tue 6/9/15	Tue 6/9/15
442	**IV & V Status Report**	**5 days**	**Mon 6/22/15**	**Fri 6/26/15**
443	Compile Status Report	4 days	Mon 6/22/15	Thu 6/25/15
444	Submit Status Report	1 day	Fri 6/26/15	Fri 6/26/15
445	**Risk Assessment Report**	**22 days**	**Mon 6/1/15**	**Tue 6/30/15**
446	Compile Risks	17 days	Mon 6/1/15	Tue 6/23/15
447	Document Mitigation Strategies	10 days	Wed 6/10/15	Tue 6/23/15
448	Create Risk Assessment Report	5 days	Wed 6/24/15	Tue 6/30/15
449	Submit Risk Assessment Report	0 days	Tue 6/30/15	Tue 6/30/15
450	**EES Project Milestone and Cost Status Report**	**137 days**	**Mon 12/22/14**	**Tue 6/30/15**
451	Monitor project milestones and baseline budget expenditures	127 days	Mon 12/22/14	Tue 6/16/15
452	Document milestone schedule variances	5 days	Wed 6/17/15	Tue 6/23/15
453	Document Budget expenditure variances	5 days	Wed 6/17/15	Tue 6/23/15
454	Create EES Project Milestone and Cost Status Report	5 days	Wed 6/24/15	Tue 6/30/15
455	Submit EES Project Milestone and Cost Status Report	0 days	Tue 6/30/15	Tue 6/30/15
456	**EES Deliverable Review Report**	**21 days**	**Tue 6/2/15**	**Tue 6/30/15**
457	Compile the results for deliverable reviews conducted during the phase	16 days	Tue 6/2/15	Tue 6/23/15
458	Document all Deliverable deficiencies	8 days	Fri 6/12/15	Tue 6/23/15
459	Create EES Deliverable Review Report	5 days	Wed 6/24/15	Tue 6/30/15
460	Submit EES Deliverable Review Report	0 days	Tue 6/30/15	Tue 6/30/15
461	**Critical Incident Report**	**21 days**	**Tue 6/2/15**	**Tue 6/30/15**
462	Compile Critical Incidents Reported during the phase	16 days	Tue 6/2/15	Tue 6/23/15

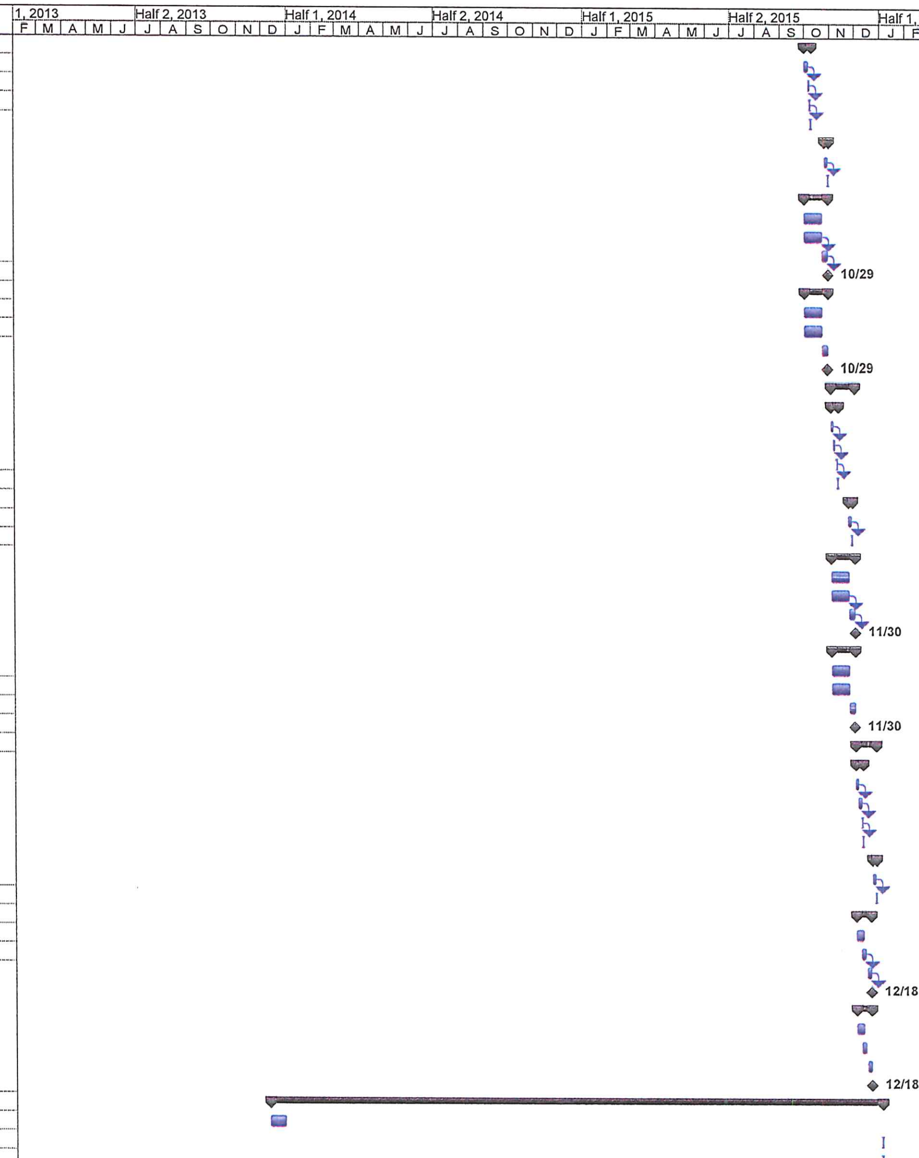


Nebraska EES IV&V Work Plan

ID	Task Name	Duration	Start	Finish
463	Document the Action Plans for the critical incidents and report on progress	8 days	Fri 6/12/15	Tue 6/23/15
464	Create Critical Incident Report	5 days	Wed 6/24/15	Tue 6/30/15
465	Submit Critical Incident Report	0 days	Tue 6/30/15	Tue 6/30/15
466	**Phase 19**	**23 days**	**Wed 7/1/15**	**Fri 7/31/15**
467	**Management Briefing Report**	**7 days**	**Wed 7/1/15**	**Thu 7/9/15**
468	Consolidate findings from the reporting period	3 days	Wed 7/1/15	Fri 7/3/15
469	Create Management Briefing Report	2 days	Mon 7/6/15	Tue 7/7/15
470	Submit Management Briefing Report	1 day	Wed 7/8/15	Wed 7/8/15
471	Present Management Briefing Report to Department Management	1 day	Thu 7/9/15	Thu 7/9/15
472	**IV & V Status Report**	**5 days**	**Mon 7/27/15**	**Fri 7/31/15**
473	Compile Status Report	4 days	Mon 7/27/15	Thu 7/30/15
474	Submit Status Report	1 day	Fri 7/31/15	Fri 7/31/15
475	**EES Deliverable Review Report**	**23 days**	**Wed 7/1/15**	**Fri 7/31/15**
476	Compile the results for deliverable reviews conducted during the phase	18 days	Wed 7/1/15	Fri 7/24/15
477	Document all Deliverable deficiencies	18 days	Wed 7/1/15	Fri 7/24/15
478	Create EES Deliverable Review Report	5 days	Mon 7/27/15	Fri 7/31/15
479	Submit EES Deliverable Review Report	0 days	Fri 7/31/15	Fri 7/31/15
480	**Critical Incident Report**	**23 days**	**Wed 7/1/15**	**Fri 7/31/15**
481	Compile Critical Incidents Reported during the phase	18 days	Wed 7/1/15	Fri 7/24/15
482	Document the Action Plans for the critical incidents and report on progress	18 days	Wed 7/1/15	Fri 7/24/15
483	Create Critical Incident Report	5 days	Mon 7/27/15	Fri 7/31/15
484	Submit Critical Incident Report	0 days	Fri 7/31/15	Fri 7/31/15
485	**Phase 20**	**21 days**	**Mon 8/3/15**	**Mon 8/31/15**
486	**Management Briefing Report**	**7 days**	**Mon 8/3/15**	**Tue 8/11/15**
487	Consolidate findings from the reporting period	3 days	Mon 8/3/15	Wed 8/5/15
488	Create Management Briefing Report	2 days	Thu 8/6/15	Fri 8/7/15
489	Submit Management Briefing Report	1 day	Mon 8/10/15	Mon 8/10/15
490	Present Management Briefing Report to Department Management	1 day	Tue 8/11/15	Tue 8/11/15
491	**IV & V Status Report**	**5 days**	**Mon 8/24/15**	**Fri 8/28/15**
492	Compile Status Report	4 days	Mon 8/24/15	Thu 8/27/15
493	Submit Status Report	1 day	Fri 8/28/15	Fri 8/28/15
494	**EES Deliverable Review Report**	**21 days**	**Mon 8/3/15**	**Mon 8/31/15**
495	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 8/3/15	Mon 8/24/15
496	Document all Deliverable deficiencies	11 days	Mon 8/10/15	Mon 8/24/15
497	Create EES Deliverable Review Report	5 days	Tue 8/25/15	Mon 8/31/15
498	Submit EES Deliverable Review Report	0 days	Mon 8/31/15	Mon 8/31/15
499	**Critical Incident Report**	**21 days**	**Mon 8/3/15**	**Mon 8/31/15**
500	Compile Critical Incidents Reported during the phase	16 days	Mon 8/3/15	Mon 8/24/15
501	Document the Action Plans for the critical incidents and report on progress	11 days	Mon 8/10/15	Mon 8/24/15
502	Create Critical Incident Report	5 days	Tue 8/25/15	Mon 8/31/15
503	Submit Critical Incident Report	1 day	Mon 8/31/15	Mon 8/31/15
504	**Phase 21**	**66 days**	**Wed 7/1/15**	**Wed 9/30/15**
505	**Management Briefing Report**	**7 days**	**Tue 9/1/15**	**Wed 9/9/15**
506	Consolidate findings from the reporting period	3 days	Tue 9/1/15	Thu 9/3/15
507	Create Management Briefing Report	2 days	Fri 9/4/15	Mon 9/7/15
508	Submit Management Briefing Report	1 day	Tue 9/8/15	Tue 9/8/15
509	Present Management Briefing Report to Department Management	1 day	Wed 9/9/15	Wed 9/9/15
510	**IV & V Status Report**	**5 days**	**Mon 9/21/15**	**Fri 9/25/15**
511	Compile Status Report	4 days	Mon 9/21/15	Thu 9/24/15
512	Submit Status Report	1 day	Fri 9/25/15	Fri 9/25/15
513	**Risk Assessment Report**	**65 days**	**Wed 7/1/15**	**Tue 9/29/15**
514	Compile Risks	58 days	Wed 7/1/15	Fri 9/18/15
515	Document Mitigation Strategies	58 days	Wed 7/1/15	Fri 9/18/15
516	Create Risk Assessment Report	7 days	Mon 9/21/15	Tue 9/29/15
517	Submit Risk Assessment Report	0 days	Tue 9/29/15	Tue 9/29/15
518	**EES Deliverable Review Report**	**19 days**	**Fri 9/4/15**	**Wed 9/30/15**
519	Compile the results for deliverable reviews conducted during the phase	15 days	Fri 9/4/15	Thu 9/24/15
520	Document all Deliverable deficiencies	9 days	Fri 9/11/15	Wed 9/23/15
521	Create EES Deliverable Review Report	5 days	Thu 9/24/15	Wed 9/30/15
522	Submit EES Deliverable Review Report	0 days	Wed 9/30/15	Wed 9/30/15
523	**Critical Incident Report**	**19 days**	**Fri 9/4/15**	**Wed 9/30/15**
524	Compile Critical Incidents Reported during the phase	15 days	Fri 9/4/15	Thu 9/24/15
525	Document the Action Plans for the critical incidents and report on progress	9 days	Fri 9/11/15	Wed 9/23/15
526	Create Critical Incident Report	5 days	Thu 9/24/15	Wed 9/30/15
527	Submit Critical Incident Report	0 days	Wed 9/30/15	Wed 9/30/15
528	**Phase 22**	**22 days**	**Thu 10/1/15**	**Fri 10/30/15**



ID	Task Name	Duration	Start	Finish
529	**Management Briefing Report**	**7 days**	**Thu 10/1/15**	**Fri 10/9/15**
530	Consolidate findings from the reporting period	3 days	Thu 10/1/15	Mon 10/5/15
531	Create Management Briefing Report	2 days	Tue 10/6/15	Wed 10/7/15
532	Submit Management Briefing Report	1 day	Thu 10/8/15	Thu 10/8/15
533	Present Management Briefing Report to Department Management	1 day	Fri 10/9/15	Fri 10/9/15
534	**IV & V Status Report**	**5 days**	**Mon 10/26/15**	**Fri 10/30/15**
535	Compile Status Report	4 days	Mon 10/26/15	Thu 10/29/15
536	Submit Status Report	1 day	Fri 10/30/15	Fri 10/30/15
537	**EES Deliverable Review Report**	**21 days**	**Thu 10/1/15**	**Thu 10/29/15**
538	Compile the results for deliverable reviews conducted during the phase	16 days	Thu 10/1/15	Thu 10/22/15
539	Document all Deliverable deficiencies	16 days	Thu 10/1/15	Thu 10/22/15
540	Create EES Deliverable Review Report	5 days	Fri 10/23/15	Thu 10/29/15
541	Submit EES Deliverable Review Report	0 days	Thu 10/29/15	Thu 10/29/15
542	**Critical Incident Report**	**21 days**	**Thu 10/1/15**	**Thu 10/29/15**
543	Compile Critical Incidents Reported during the phase	16 days	Thu 10/1/15	Thu 10/22/15
544	Document the Action Plans for the critical incidents and report on progress	16 days	Thu 10/1/15	Thu 10/22/15
545	Create Critical Incident Report	5 days	Fri 10/23/15	Thu 10/29/15
546	Submit Critical Incident Report	0 days	Thu 10/29/15	Thu 10/29/15
547	**Phase 23**	**21 days**	**Mon 11/2/15**	**Mon 11/30/15**
548	**Management Briefing Report**	**7 days**	**Mon 11/2/15**	**Tue 11/10/15**
549	Consolidate findings from the reporting period	3 days	Mon 11/2/15	Wed 11/4/15
550	Create Management Briefing Report	2 days	Thu 11/5/15	Fri 11/6/15
551	Submit Management Briefing Report	1 day	Mon 11/9/15	Mon 11/9/15
552	Present Management Briefing Report to Department Management	1 day	Tue 11/10/15	Tue 11/10/15
553	**IV & V Status Report**	**5 days**	**Mon 11/23/15**	**Fri 11/27/15**
554	Compile Status Report	4 days	Mon 11/23/15	Thu 11/26/15
555	Submit Status Report	1 day	Fri 11/27/15	Fri 11/27/15
556	**EES Deliverable Review Report**	**21 days**	**Mon 11/2/15**	**Mon 11/30/15**
557	Compile the results for deliverable reviews conducted during the phase	16 days	Mon 11/2/15	Mon 11/23/15
558	Document all Deliverable deficiencies	16 days	Mon 11/2/15	Mon 11/23/15
559	Create EES Deliverable Review Report	5 days	Tue 11/24/15	Mon 11/30/15
560	Submit EES Deliverable Review Report	0 days	Mon 11/30/15	Mon 11/30/15
561	**Critical Incident Report**	**21 days**	**Mon 11/2/15**	**Mon 11/30/15**
562	Compile Critical Incidents Reported during the phase	16 days	Mon 11/2/15	Mon 11/23/15
563	Document the Action Plans for the critical incidents and report on progress	16 days	Mon 11/2/15	Mon 11/23/15
564	Create Critical Incident Report	5 days	Tue 11/24/15	Mon 11/30/15
565	Submit Critical Incident Report	0 days	Mon 11/30/15	Mon 11/30/15
566	**Phase 24**	**19 days**	**Tue 12/1/15**	**Fri 12/25/15**
567	**Final Management Briefing Report**	**7 days**	**Tue 12/1/15**	**Wed 12/9/15**
568	Consolidate findings from the reporting period	3 days	Tue 12/1/15	Thu 12/3/15
569	Create Management Briefing Report	2 days	Fri 12/4/15	Mon 12/7/15
570	Submit Management Briefing Report	1 day	Tue 12/8/15	Tue 12/8/15
571	Present Management Briefing Report to Department Management	1 day	Wed 12/9/15	Wed 12/9/15
572	**Final IV & V Status Report**	**5 days**	**Mon 12/21/15**	**Fri 12/25/15**
573	Compile Status Report	4 days	Mon 12/21/15	Thu 12/24/15
574	Submit Status Report	1 day	Fri 12/25/15	Fri 12/25/15
575	**Final EES Deliverable Review Report**	**14 days**	**Tue 12/1/15**	**Fri 12/18/15**
576	Compile the results for deliverable reviews conducted during the phase	7 days	Tue 12/1/15	Wed 12/9/15
577	Document all Deliverable deficiencies	5 days	Mon 12/7/15	Fri 12/11/15
578	Create EES Deliverable Review Report	5 days	Mon 12/14/15	Fri 12/18/15
579	Submit EES Deliverable Review Report	0 days	Fri 12/18/15	Fri 12/18/15
580	**Final Critical Incident Report**	**14 days**	**Tue 12/1/15**	**Fri 12/18/15**
581	Compile Critical Incidents Reported during the phase	7 days	Tue 12/1/15	Wed 12/9/15
582	Document the Action Plans for the critical incidents and report on progress	5 days	Mon 12/7/15	Fri 12/11/15
583	Create Critical Incident Report	5 days	Mon 12/14/15	Fri 12/18/15
584	Submit Critical Incident Report	0 days	Fri 12/18/15	Fri 12/18/15
585	**Project Closure**	**539 days**	**Mon 12/9/13**	**Thu 12/31/15**
586	Verify all deliverables are complete	15 days	Mon 12/9/13	Fri 12/27/13
587	Submit all deliverables to the Project Library	1 day	Thu 12/31/15	Thu 12/31/15
588	Submit final invoices	1 day	Thu 12/31/15	Thu 12/31/15



First Data
b›yond the transaction

State of Nebraska

Department of Health & Human Services (DHHS)

Request for Proposal (RFP) for

Eligibility & Enrollment Solution (EES), Independent Verification & Validation (IV&V) Services

RFP# 4468Z1

October 8, 2013
2:00PM

COST PROPOSAL

5565 Glenridge Connector NE,
Suite 1600
Atlanta, GA 30342
www.firstdata.com

ORIGINAL

Revised Form B
Cost Sheet /Dated: 10/08/13
Request for Proposal Number 4468Z1

Name of Bidder: First Data Government Solutions, LP

Form B has been provided for Bidders to submit as their cost proposal. Bidders must submit a Total Cost that includes all tasks, activities and deliverables defined in the RFP and supplied on the embedded spreadsheet. The cost for each category must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses. Detailed backup must be provided.

The Cost Proposal shall include all anticipated costs of successful implementation of all deliverables provided in the Cost Form. Bidders are required to specify deliverables, tasks or activities for each phase and the associated costs for each deliverable. Bidders may move a scheduled deliverable on the price to match their proposed Project Schedule or add additional deliverables however Bidders cannot delete a deliverable. Bidders should add rows as appropriate.

The cost must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses.

Detailed back up must be provided.

Phase	Description		Cost
1	Initial Project Assessment Report		83,850.00
	IV&V Project Status Report		3,854.17
	IV&V Project Management Plan		36,000.00
	IV&V Project Schedule		20,500.00
		Sub-Total	144,204.17
2	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Performance Standards Planning Document		33,850.00
	Performance Metrics Document		26,950.00
		Sub-Total	68,293.30
3	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	EES Estimating and Schedule Review Recommendations Report		24,166.67
		Sub-Total	62,638.54

4	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
5	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
6	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	EES Project Milestone and Cost Status Report		23,233.33
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	118,509.96
7	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Estimating and Schedule Review Recommendations Report		24,166.67
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	88,464.73
8	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Design and Analysis Review Report		88,300.00
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	152,598.06
9	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	Unit Testing Review Report		82,150.00
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	177,426.63

10	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
11	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
12	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Technical Recommendations Report		106,800.00
	Risk Assessment Report		30,978.57
	EES Estimating and Schedule Review Recommendations Report		24,166.67
	EES Project Milestone and Cost Status Report		23,233.33
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	249,476.63
13	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Data Conversion Process Review Report		48,050.00
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	112,348.06
14	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Data Conversion Error Report		21,266.67
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	85,564.73
15	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	Data Conversion Error Report		21,266.67
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	116,543.30

16	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Data Conversion Error Report		21,266.67
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	85,564.73
17	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
18	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	EES Project Milestone and Cost Status Report		23,233.33
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	118,509.96
19	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
20	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
21	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	Risk Assessment Report		30,978.57
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	95,276.63
22	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06

23	Management Briefing Report		3,639.13
	IV&V Project Status Report		3,854.17
	EES Deliverable Review Report		54,604.76
	Critical Incident Report		2,200.00
		Sub-Total	64,298.06
24	Final Management Briefing Report		3,639.13
	Final IV&V Project Status Report		3,854.17
	Final EES Deliverable Review Report		54,604.76
	Final Critical Incident Report		2,200.00
		Sub-Total	64,298.06
		TOTAL	2,318,400.03

NEBRASKA AdministrativeServices

Dave Heineman, Governor

Carlos Castillo, Jr.
Director

ADDENDUM FOUR

DATE: September 26, 2013

TO: All Vendors

FROM: Pete Kroll/Robert Thompson, Buyers
State Purchasing Bureau

RE: RFP Number 4468Z1

REVISED SCHEDULE OF EVENTS

The State expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

	ACTIVITY	DATE/TIME
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	~~September 24, 2013~~ **October 8, 2013** 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	~~September 24, 2013~~ **October 8, 2013**
6.	Evaluation period	~~September 25, 2013~~ **October 9, 2013** To ~~October 11, 2013~~ **October 25, 2013**
7.	"Oral Interviews/Presentations and/or Demonstrations" (if required)	~~October 11, 2013~~ **October 25, 2013** To ~~November 1, 2013~~ **November 14, 2013**
8.	Post "Letter of Intent to Contract" to Internet at: http://www.as.materielpurchasing@nebraska.gov/rfp.htm	~~November 4, 2013~~ **November 18, 2013**
9.	~~Performance bond submission~~	~~November 11, 2013~~ ~~**November 25, 2013**~~
10.	Contract award	~~November 11, 2013~~ **November 25, 2013**
11.	Contractor start date	~~November 15, 2013~~ **December 2, 2013**

The response to question 34,36, 45 & 48 from Addendum Two (2) is hereby amended as follows:

34. General What is the timeline for the EES project? Personnel 43/44 Page 43 indicates that resumes for all staff should be included as part of the proposal, whereas page 44 indicates the Bidder should provide resumes for key personnel. Are resumes required for all staff?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract. Please submit resumes for key personnel only.
36. Personnel 45 Section V. states that project personnel may not be reassigned, but later in that section it clarified "key project personnel". Is it only key personnel who cannot be reassigned?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract. Please see the amended language below.
45. section V, A, 3, I Page 43, On page 43 it states resumes are required for ALL personnel proposed, yet on page 44 it states resumes are required for KEY personnel proposed. Are resumes required for ALL proposed personnel or just for KEY personnel? If required for ALL personnel, it then appears there are more requirements for the content of KEY personnel resumes (see page 44)?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract. Please submit resumes for key personnel only.

48. section V, A, 3, I Page 44-45 Ensure continuity of Key Staff - a previous paragraph on page 44, states "…describe policies, plans and intentions with regard to maintaining continuity of key personnel and the implementation team assigned to the project…", yet this paragraph only mentions Key Staff. Should this apply to ALL personnel proposed? Is the IV&V vendor providing an "implementation team" or is this regarding the non-key personnel proposed?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract. Please see the amended language below.

The following language has been amended in the RFP (Section V.A.i SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH):

RFP Language:

The bidder shall provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

Amended Language:

The bidder shall provide resumes for key personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

RFP Language:

The Bidder's proposal shall describe policies, plans and intentions with regard to maintaining continuity of key personnel and the implementation team assigned to the project to avoid and minimize the impact of necessary staff changes.

Amended Language:

The Bidder's proposal shall describe policies, plans and intentions with regard to maintaining continuity of key personnel and the project team assigned to the project to avoid and minimize the impact of necessary staff changes.

RFP Language:

In order to ensure the success of this project, it is important that there is a continuity of Key Staff assigned to the project. The Bidder's proposal must:

Amended Language:

In order to ensure the success of this project, it is important that there is a continuity of personnel assigned to the project. The Bidder's proposal must:

This addendum will become part of the Request For Proposal and should be acknowledged with the Request For Proposal response.

ADDENDUM THREE

DATE: September 12, 2013

TO: All Vendors

FROM: Pete Kroll/Robert Thompson, Buyers
State Purchasing Bureau

RE: RFP Number 4468Z1

REVISED SCHEDULE OF EVENTS

The State expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

	ACTIVITY	DATE/TIME
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	~~September 24, 2013~~ **October 8, 2013** 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	~~September 24, 2013~~ **October 8, 2013**
6.	Evaluation period	~~September 25, 2013~~ **October 9, 2013** To ~~October 11, 2013~~ **October 25, 2013**
7.	"Oral Interviews/Presentations and/or Demonstrations" (if required)	~~October 11, 2013~~ **October 25, 2013** To ~~November 1, 2013~~ **November 14, 2013**
8.	Post "Letter of Intent to Contract" to Internet at: http://www.as.materielpurchasing@nebraska.gov/rfp.htm	~~November 4, 2013~~ **November 18, 2013**
9.	Performance bond submission	~~November 11, 2013~~ **November 25, 2013**
10.	Contract award	~~November 11, 2013~~ **November 25, 2013**
11.	Contractor start date	~~November 15, 2013~~ **December 2, 2013**

The response to question 31 from Addendum Two (2) is hereby amended as follows:

31. General What is the timeline for the EES project?	The State anticipates the DDI phase of the EES project for which IV&V work is required will be from January 2014 to December 2015. IV&V work may begin prior to EES DDI work as noted in response #12.

This addendum will become part of the proposal and should be acknowledged with the RFP.

ADDENDUM TWO

DATE: September 10, 2013

TO: All Vendors

FROM: Pete Kroll, Robert Thompson, Buyers
State Purchasing Bureau

RE: Questions and Answers for RFP Number 4468 Z1
to be opened September 24, 2013

Following are the questions submitted and answers provided for the above mentioned Request For Proposal. The questions and answers are to be considered as part of the Request For Proposal.

QUESTIONS	ANSWERS
1. Page 45 of RFP 4468Z1, EES IV&V Services - Section V, Proposal Instructions; Sub-Section A, Technical Proposal; Sub-Section 4 Technical Approach; Items d and e state V.A.4.d A documented methodology for developing performance matrices that has proved successful on past projects. And V.A.4.e A documented methodology for developing the performance matrices. Are these requirements intended to refer to performance <u>metrics</u> (rather than matrices)? If not, please describe the performance matrix/matrices to which these requirements refer. Additionally, these appear to be duplicate requirements. Please clarify if these are in fact duplicates, and if not, please clarify the difference in Proposal response you are seeking.	The correct term is metrics. V.A.4.d and V.A.4.e are very similar but not the same. V.A.4.d asks for the methodology used on <u>previous</u> projects. V.A.4.e asks for the methodology that will be used on this project.

QUESTIONS		ANSWERS
2.	I.A. 1 This section indicates that the Performance Bond is due on 11/11/13. Please provide the State's requirements for this bond. What is the expected dollar amount of the bond or percentage of Contract's bid price should be factored into the pricing? Will the State accept an alternative in lieu of a performance bond? If so, please describe.	Line 9 "Performance Bond Submission" has been deleted in its entirety from the Schedule of Events.
3.	I.D 3 What are the names of the organizations that submitted questions in response to this RFP?	The intent of the Question and Answer section is to provide direct information relating to the RFP. The State of Nebraska will not be disclosing the names of the organizations/ individuals who have submitted questions at this point due to the current timeframe of the solicitation.
4.	V.A 40 This section indicates that the Technical Proposal shall consist of four sections. In what section(s) should we include (1) our copy of the signed Terms and Conditions, and (2) the completed Form A, Bidder Contact Sheet?	Please include "Form A" in combination with the "Terms and Conditions" from Section III with the Technical Proposal as part of the "Request For Proposal For Contractual Services" section. Please see Section V. (A.1)
5.	V.A.i 44 We have found that a cost-effective approach to IV&V can be deployed with periodic, but not full-time, on-site participation by IV&V resources. IV&V team members can effectively engage in the project utilizing a blend of on-site and remote interactions aided by teleconferencing and web-conferencing technologies. This approach also helps to reduce client expenses as we are able to provide more competitive pricing. Is the State open to this approach? Please explain.	The State will consider this approach with the following requirements:. 1. The IV&V Contractor must have an on-site presence Lincoln at all times; 2. The Bidder must document in their proposal what positions will be on-site part of the time; and 3. The Bidder must document in their proposal the percentage of time each position will be on-site.
6.	V.A.3.vi 45 This subsection requires State approval prior to assigning key project personnel to new/additional contracts. This assumes that key personnel are assigned on a full-time basis to this contract. Is this the State's expectation? Please explain.	The State does not assume Key Personnel to be full-time. However the State must approve the reassignment of Key Personnel to new contracts. Refer to RFP Section III.(I&J) Contractor Personnel

QUESTIONS		ANSWERS
7.	V.A.4.d&e 45 These two subsections addressing “documented methodology” are fairly redundant to one another. Would it be permissible to combine these into one subsection? Please elaborate on the State’s expectations for the Contractor’s response to each item.	Please see Question 1.
8.	V.B 46 What is the State’s anticipated budget for this project?	The State of Nebraska will not disclose this information at this time. All bidders should provide their best proposal to meet all requirements.
9.	Form B Form B What is the timeframe for each Phase listed on this form? Can you please indicate when each deliverable will be due?	There is no direct relation to time when the word “phase” is used on Form B. The timeframe for each phase is dependent on the vendors response and approach to the IV&V RFP.
10.	General Could the State provide an initial deliverable dictionary for the EES systems vendor on which the IV&V scope of work can be based?	The EES Contractor has not been selected therefore there is no initial deliverable dictionary.
11.	General When does the State envision the release of the EES systems RFP?	The State of Nebraska will not comment on the status of any future RFP’s, including release dates. Please continue to watch the State Purchasing Bureau’s website for any bid opportunities.
12.	General Does the State anticipate IV&V work commencing prior to the award of the EES systems contract?	Yes.
13.	General Does the State anticipate issuing any other RFPs for work related to this project in addition to the IV&V RFP and the systems RFP?	No.

QUESTIONS	ANSWERS
14. II.A;II.F Page 2;Page 4 The RFP requests that bidders "Please note that the address label should appear in Section II part A as specified on the face of each container or bidder's bid response packet." Could the State please define how the term "container" is being used (i.e., is it the package or the binder)? Additionally, could the State please confirm or clarify that the intention of this sentence is that the two addresses listed in Section II part A must be provided as a label on all components of the response (e.g., the entire package, the original Cost and Technical proposals, etc.)?	The word "container" is referencing the main "packaging" provided by the bidder. The State of Nebraska does not require a label on each individual component.
15. II.F Page 4 Does the State require that the original copy be separately sealed, or is it sufficient that it be clearly labeled as the original version? If the former, does the State require both a separately sealed original Technical Proposal as well as a separately sealed original Cost Proposal?	The State of Nebraska will accept an original version contained in the same packaging as the required copies, contingent upon it is appropriately marked/labeled as per Section II.(F) of the RFP.
16. II.F Page 4 Does the State require that the Cost Proposal be submitted in a separately sealed package, or is it acceptable for the Cost and Technical to be provided in the same sealed package so long as they are provided in separate binders?	The State of Nebraska does not require the Cost Proposal to be submitted in a separately sealed package. The bidder should package the Technical and Cost Proposals separately as per Section II.(F) of the RFP.
17. III.A through III.AAA Pages 8 through 25 It is our understanding that the State is requesting that we initial each clause contained its Term and Conditions to indicate our acceptance or rejection. Where would the State like us to include our initialed version of this section of the RFP in our response package?	Please include "Form A" in combination with the "Terms and Conditions" from Section III with the Technical Proposal as part of the "Request For Proposal For Contractual Services" Section. Please see Section V. (A.1)
18. IV Pages 26 through 39 Does the State have any expectations regarding the number of full time staff required to perform the scope of work as described in Section IV?	No.

QUESTIONS		ANSWERS
19.	IV Page 26 The RFP states, “An analysis was conducted by the Nebraska Department of Health and Human Services to determine the most desirable option for meeting ACA compliance, and CMS Seven Standards and Conditions as defined in Medicaid IT Supplement (MITS-11-01-v1.0).” If a final written report was generated, can the State provide a copy for our review?	Please see attached Appendix A.
20.	IV.F Page 36 In this section, the RFP notes that, “all of the IV&V contractor’s personnel that attend any meeting with the Department or other Department stakeholders shall be physically present at the location of the meeting, unless the Department gives prior written permission to attend by telephone or video conference.” Does the Department extend the stakeholder umbrella to other project contractors, such as the EES systems contractor? Additionally, would the Department consider alternate approaches to this requirement for some meetings such as an on-site meeting participant with supporting team members joining by phone or video conference?	Yes, the Department will be extending this umbrella to other project stakeholders. The requirements clearly allow for alternate approaches if the Department gives prior written permission.
21.	V.A Page 26 Where should Form A be included in our response package? If it is not a part of our Technical Proposal, does the State require multiple copies?	Please include “Form A” in combination with the “Terms and Conditions” from Section III with the Technical Proposal as part of the “Request For Proposal For Contractual Services” section. Please see Section V. (A.1)
22.	V.A.3.h Pages 42 through 43 Could the State please confirm our understanding that the summary matrix is a listing of all previous relevant projects, and stands alone from the three (3) narrative project descriptions also requested in this section that will be used as references?	No. The State of Nebraska will select three (3) narratives from the summary matrix.

QUESTIONS	ANSWERS
23. V.A.4.d and V.A.4 e Page 45 Could the State please clarify its expectations for the "performance matrices," which are noted in items d and e (e.g., expected frequency, anticipated level of detail, required information)?	Please see Question 1. V.A.4.d and V.A.4.e are very similar but not the same. V.A.4.d asks for the methodology used on previous projects. V.A.4.e asks for the methodology that will be used on this project.
24. Form B N/A In Form B, it is stated, "Detailed back up must be provided." Could the State please clarify what constitutes "detailed back up"?	Bidders should provide their methodology and financial breakdown of how they arrived at their costs.
25. V 40 Is there any page limitation for any of the response sections other than the three (3) page limit for resumes?	No, just the three (3) page limit for resumes.
26. Scope of the Request for Proposal 1 The State precludes the awarded contractor for the IV&V contract from submitting a proposal in any subsequent contract related to the EES project. If we submit a bid for the IV&V contract, but are not awarded the contract, can we still submit for a subsequent EES bid?	Yes. .
27. Cooperation with Other Contractors 12 Section G states that this contract may be awarded to two or more potential contractors. However, in Section IV. Project Description and Scope of Work (page 26), the fifth paragraph states that the Department will award one Contractor to fulfill all the IV&V responsibilities described herein. Can you please clarify how many contracts will be awarded?	The State of Nebraska intends to award the EES IV&V project to one contractor but reserves the right to award to two or more contractors.

QUESTIONS		ANSWERS
28.	Independent Contractor 12 From time to time we contract with individuals or small consulting firms to provide services to us in a staff augmentation role. We may use these non-employee, independent consultants to provide a portion of the proposed services for this project. Would the State consider these non-employee consultants to be subcontractors as that term is used throughout the RFP?	Yes. Please see the requirements as identified in Section III (H, I & J) and Section V. (A.3.j).
29.	Contractor Responsibility 12 Section I states that we cannot use any subcontractors not specifically included in our proposal in the performance of the contract. Would the State agree to a change in subcontractor in the event that a change would need to be made for circumstances beyond our control?	. Please see Section III (I&J).
30.	General Did the state use a planning vendor to prepare the EES SI RFP and the IV&V RFP?? If so, who are they and are they allowed to bid on the IV&V services?	Yes. The State of Nebraska will not be disclosing this information at this time. Any contractor used during the preparation of the EES IV&V and the EES RFP is precluded from bidding on either project.
31.	General What is the timeline for the EES project?	The timeline for the EES IV&V contract is the same as the DDI period of the EES contract.
32.	General Is there a budget for the IV&V Services?	Please see question #8.
33.	Financials 41 Due to the large volume of our financial data (over 200 pages for each year), would the State accept our financial statements on a CD/USB in lieu of the printed version? And if so how many (CD/USBs) do you require us to submit?	NO CD/USB will be accepted.
34.	Personnel 43/44 Page 43 indicates that resumes for all staff should be included as part of the proposal, whereas page 44 indicates the Bidder should provide resumes for key personnel. Are resumes required for all staff?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract.

QUESTIONS	ANSWERS
35. Technical approach 45 Bullet items d. and e. are similar in nature. Is there something different the State is looking for between these two questions? d. A documented methodology for developing performance matrices that has proved successful on past projects e. A documented methodology for developing the performance matrices.	Please see Question 1.
36. Personnel 45 Section V. states that project personnel may not be reassigned, but later in that section it clarified “key project personnel”. Is it only key personnel who cannot be reassigned?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor’s approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract.
37. Section III, CC, Penalty 18 Would the Department consider removing the $1000 per day Penalty for unapproved deliverables, since no payment for unapproved deliverables is allowed under the terms of item EE.PROHIBITION AGAINST ADVANCE PAYMENT (page 18) and item C. PAYMENT SCHEDULE (page 46)?	No.
38. Section IV, A Project Overview 27 Will the new EES application perform eligibility and enrollment for Non-Medicaid programs (TANF, SNAP, LIHEAP)?	No-Non-Medicaid programs are not part of the current scope.
39. Section IV, B, 1, c. 28 Are the Monthly Management Briefings conducted at a State provided facility?	Yes.
40. General Does the Department require that all IV&V work be performed on-site in Lincoln?	Please see Question 5.

QUESTIONS	ANSWERS
41. Section IV, C 34 The RFP states *"The IV&V Contractor shall perform ongoing program monitoring activities and shall review and validate issues/deficiencies/risks identified with the Department Project Management Team and the EES Contractor."* Does the Department require a continuous IV&V presence in Lincoln over the term of the contract for "ongoing project monitoring"?	Please see Question 5.
42. Form B Cost Sheet Row 48 For Phase 6, an EES Management Report Document is listed. This is the only Phase (month) that requires this report and it is not described in the RFP. Can the Department clarify the intent of this report and how it differs from the Management Briefing Report?	The requirement is an error. Please see the attached Revised Form B Cost Sheet dated 09/10/13.
43. section IV, G, 1, I (and) section IV, G, 1, m Page 36, EES Estimating and Schedule Review Recommendations Report -this report is listed twice.– Are these duplicates? Should one be deleted or replaced with another deliverable?	The requirement is an error. Please see the attached Revised Form B Cost Sheet dated 09/10/13. Section IV (G,1,m) is deleted in its entirety.
44. section IV, H, 2, p Page 39 Work Breakdown Structure - Is this same as IV&V Project Schedule (see Page 36, section IV, G, 1, d)?	Yes, they are one and the same.
45. section V, A, 3, I Page 43, On page 43 it states resumes are required for ALL personnel proposed, yet on page 44 it states resumes are required for KEY personnel proposed. Are resumes required for ALL proposed personnel or just for KEY personnel? If required for ALL personnel, it then appears there are more requirements for the content of KEY personnel resumes (see page 44)?	Please see Question 34.
46. section V, A, 4 Page 45, Items d and e regarding performance matrices appear to be the same. Will the same response satisfy both requirements?	No. Please see question 1.

QUESTIONS		ANSWERS
47.	phase 6 Page 2, This phase lists "EES Management Report Document" which is NOT mentioned in the RFP as an IV&V deliverable – in the RFP, page 29, section IV, A, 2, 2nd c, it references "EES Contractor submitted management reports" – Is the "EES Management Report Document" listed in the Cost Sheet, Phase 6, actually an EES Contractor deliverable and not an IV&V Contractor deliverable, and therefore should be deleted from the Cost Sheet? Note: instructions on the Cost Sheet state "Bidders cannot delete a deliverable"	Please see Question 42.
48.	section V, A, 3, I Page 44-45 Ensure continuity of Key Staff - a previous paragraph on page 44, states "…describe policies, plans and intentions with regard to maintaining continuity of key personnel and the implementation team assigned to the project…", yet this paragraph only mentions Key Staff. Should this apply to ALL personnel proposed? Is the IV&V vendor providing an "implementation team" or is this regarding the non-key personnel proposed?	The State of Nebraska follows the theory that the Bidder is in the best position to define the key personnel for the Contractor's approach to the RFP requirements. Key Personnel are directly responsible for management of the Contract; or those personnel whose professional/technical skills are determined to be essential to the successful implementation of the Contract.

Appendix A
Request for Proposal Number 4468Z1

1. Summary of the Alternatives Analysis

As part of the systems strategy development process for the Medicaid Eligibility & Enrollment and Information Systems project, we considered a number of system options for delivering integrated eligibility, enrollment and case management functionality which satisfies the requirements of the ACA. The options were ultimately consolidated into four primary alternatives for comparison and evaluation purposes. Those options were:

1. Maintain Status Quo
2. Ground Up Development
3. Incremental Modernization
4. Transfer/COTS System

2. Evaluation Criteria and Results

The set of criteria that was used to evaluate these alternatives was primarily based upon the architectural principles set forth by the Centers for Medicare & Medicaid Services (CMS), which are presented and described in the following table.

Table 2-1: Description of Evaluation Criteria

Criteria Used	Description
System Integration	Applies a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces, and the separation of business rules from core programming, available in both human and machine readable formats. Ensures seamless coordination between Medicaid, DHCP, and the Exchange, and allows interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.
Service-Oriented Architecture (SOA)	Employs common authoritative data sources and data exchange services such as but not limited to, federal and state agencies or other commercial entities.
Isolation of Business Rules	Uses standards-based business rules and a technology-neutral business rules repository. Enables the business rules to be accessible and adaptable by other states.

Security and Privacy	Supports the application of appropriate controls to provide security and protection of enrollee and patient privacy.
Efficient and Scalable Infrastructure	Infrastructure Leverages the concept of a shared pool of configurable, secure computing resources
System Performance	Ensures quality, integrity, accuracy, and usefulness of functionality and information. Provides timely information transaction processing, including maximizing real-time determinations and decisions. Ensures systems are highly available and respond in a timely manner to customer requests.
Time to Implement	Timeliness of implementation in accordance with the ACA requirements. Ability to address scope of solution/system requirements for MAGI Eligibility by October 2013.
Cost	Minimizes impact on federal and state funding sources
Implementation Risk	Minimizes the implementation impact on existing operations.

Each alternative was evaluated against, and assigned a rating of high, medium or low based on the degree to which it satisfied each criterion. The high, medium, and low ratings were defined as follows:

- High the alternative meets the criteria to the fullest extent.
- Medium the alternative meets some aspects of the criteria.
- Low the alternative does not meet, or meets minimal aspects of the criteria.

The comparison of the alternatives based on the above evaluation is provided in the table below.

Table 2-2: Alternatives Comparison

Criteria/Alternative	#1: Status Quo	#2: Ground Up	#3: Incremental	#4: Transfer/COTS
System Integration	**Low**	**High**	**Medium**	**Medium**
Service-Oriented Architecture (SOA)	**Low**	**High**	**Medium**	**High**
Isolation of Business Rules	**Low**	**High**	**Medium**	**High**
Security and Privacy	**Medium**	**High**	**Medium**	**High**
Efficient and Scalable Infrastructure	**Medium**	**High**	**Medium**	**High**
System Performance	**Medium**	**High**	**Medium**	**High**
Time to Implement	**High**	**Low**	**Medium**	**Medium**
Cost	**Medium**	**Low**	**Medium**	**Medium**
Implementation Risk	**Medium**	**Low**	**Medium**	**Medium**

Based on this evaluation, alternative #4 Transfer/COTS System received the highest marks.

This alternative presents significant benefits to the Agency in terms of advancing its technology infrastructure; the biggest risk is associated with the likelihood of delivering a compliant system within ACA mandated timelines. A Transfer/COTS solution will need more lead time than the other alternatives to complete contracting, planning, and design activities to ensure that the

Solution meets DHHS requirements, thereby introducing risk that will need to be managed in order for the project to meet the October 2013 and January 2014 key milestones dates. Furthermore, implementation of a transfer/COTS solution heightens the risk of impact to the existing technical and programmatic operations.

Although there are risks, DHHS concluded, based on the review of the alternatives that the Transfer/COTS System approach is in the best interest of the project near term and the agency long-term.

ADDENDUM ONE

DATE: September 6, 2013

TO: All Vendors

FROM: Pete Kroll/Robert Thompson, Buyers
State Purchasing Bureau

RE: RFP Number 4468Z1

REVISED SCHEDULE OF EVENTS

The State expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

	ACTIVITY	DATE/TIME
3.	State responds to written questions through Request for Proposal "Addendum" and/or "Amendment" to be posted to the Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	~~September 6, 2013~~ **To Be Determined**
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	September 24, 2013 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	September 24, 2013
6.	Evaluation period	September 25, 2013 To October 11, 2013
7.	"Oral Interviews/Presentations and/or Demonstrations" (if required)	October 11, 2013 To November 1, 2013
8.	Post "Letter of Intent to Contract" to Internet at: http://www.as.materielpurchasing@nebraska.gov/rfp.htm	November 4, 2013
9.	Performance bond submission	November 11, 2013
10.	Contract award	November 11, 2013
11.	Contractor start date	November 15, 2013

This addendum will become part of the proposal and should be acknowledged with the RFP.

State of Nebraska

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

RETURN TO:
State Purchasing Bureau
301 Centennial Mall South, 1st Fl
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Phone: 402-471-2401
Fax: 402-471-2089

SOLICITATION NUMBER	RELEASE DATE
RFP 4468Z1	**August 16, 2013**
OPENING DATE AND TIME	PROCUREMENT CONTACT
September 24, 2013 2:00 p.m. Central Time	**Peter A. Kroll** **Robert Thompson**

This form is part of the specification package and must be signed and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4468Z1 for the purpose of selecting a qualified contractor to provide Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services.

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Written questions are due no later than August 30, 2013, and should be submitted via e-mail to as.materielpurchasing@nebraska.gov. Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original and six (6) hardcopies of the entire proposal. In the event of any inconsistencies among the proposals, the language contained in the original proposal shall govern. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing by the date and time of proposal opening indicated above. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form “REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES” MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder’s proposal and any other requirements as specified in the Request for Proposal in order to be considered for an award.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows: http://das.nebraska.gov/materiel/purchasing/rfp.htm
4. It is understood by the parties that in the State of Nebraska’s opinion, any limitation on the contractor’s liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section 3, and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied with the contractor’s bid or in the final contract.

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal For Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions (see Section III) and certifies that bidder maintains a drug free work place environment.

FIRM: ______________________________

COMPLETE ADDRESS: ______________________________

TELEPHONE NUMBER: ____________________ FAX NUMBER: ____________________

SIGNATURE: ______________________________ DATE: ____________________

TYPED NAME & TITLE OF SIGNER: ______________________________

TABLE OF CONTENTS

GLOSSARY OF TERMS

AABD (Assistance to the Aged, Blind and Disabled): Medicaid available to certain Nebraskans to assist with medical expenses. Nebraskans who are aged, blind or have a disability (as classified by the Social Security Administration) must meet established financial guidelines in order to be eligible. Some consumers in the AABD Medicaid program access services through managed care while the remaining population access care through a fee-for-service delivery system.

Acceptance Test Procedure: Benchmarks and other performance criteria, developed by the State of Nebraska or other sources of testing standards, for measuring the effectiveness of products or services and the means used for testing such performance.

ACA (Affordable Care Act): On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. The two laws are collectively referred to as the Affordable Care Act (ACA). ACA is also referred to as the "health reform act" or "Patient Protection and Affordable Care Act (PPACA).

ACCESSNebraska Web Portal: The public application portal for various Nebraska public assistance benefit programs such as: Medicaid, Supplemental Nutritional Assistance Program (SNAP), Aid to Dependent Children (ADC), Aid to Aged, Blind and Disabled, Energy Assistance, Kids Connection, and Child Care Subsidy.

Addendum: Something added or deleted.

Agency: Any state agency, board, or commission other than the University of Nebraska, the Nebraska State colleges, the courts, the Legislature, or any officer or agency established by the Constitution of Nebraska.

Agent: A person authorized by a superior or organization to act on their behalf.

Amend: To alter or change by adding, subtracting, or substituting. A contract can be amended only by the parties participating in the contract. A written contract can only be amended in writing.

Amendment: Written correction or alteration.

Appropriation: Legislative authorization to expend public funds for a specific purpose. Money set apart for a specific use.

Award: All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State.

Best and Final Offer (BAFO): A second-stage bid in a public procurement for services.

Bid: The executed document submitted by a bidder in response to a Request for Proposal.

Bid Bond: A bond given by a surety on behalf of the bidder to ensure that the bidder will enter into the contract as bid and is retained by the State from the date of the bid opening to the date of contract signing.

Bidder: Any person or entity submitting a competitive bid response to a solicitation.

Business: Any corporation, partnership, individual, sole proprietorship, joint-stock company, joint venture, or any other private legal entity.

Business Day: Any weekday, excepting public holidays.

Calendar Day: Every day shown on the calendar; Saturdays, Sundays and State/Federal holidays included. Not to be confused with “Work Day”.

Centers for Medicare & Medicaid Services (CMS): is a federal agency within the United States Department of Health and Human Services (DHHS) that administers the Medicare program and works in partnership with state governments to administer Medicaid, the Children's Health Insurance Program (CHIP), and health insurance portability standards.

CHIP (Children’s Health Insurance Program): Enacted in 1997, CHIP is a federal-state program that provides health care coverage for uninsured low-income children who are not eligible for Medicaid. States have the option of administering CHIP through their Medicaid programs or through a separate program (or a combination of both). The federal government matches state spending for CHIP but federal CHIP funds are capped.

Collusion: A secret agreement or cooperation between two or more persons or entities to accomplish a fraudulent, deceitful or unlawful purpose.

Competition: The process by which two or more vendors vie to secure the business of a purchaser by offering the most favorable terms as to price, quality, delivery and/or service.

Confidential Information: Unless otherwise defined below, “Confidential Information” shall also mean proprietary trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Nebraska Attorney General Opinions 92068 and 97033, proof that information is proprietary requires identification of specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would provide.

Configure: Modification to software that does not require changes to the Source Code for such software. This includes rules-based, rules engine based, or parameter driven modification.

Contract: An agreement between two or more persons to perform a specific act or acts.

Contract Administration: The Management of various facets of contracts to assure that the contractors total performance is in accordance with the contractual commitments and obligations to the purchaser are fulfilled.

Contract Management: Includes reviewing and approving of changes, executing renewals, handling disciplinary actions, adding additional users, and any other form of action that could change the contract.

Contractor: Any person or entity that supplies goods and/or services.

Conversion Period: A period of time not to exceed six (6) months, during which the State converts to a new Operating System under “Conversion” as per this RFP.

Copyright: A grant to a writer/artist that recognizes sole authorship/creation of a work and protects the creator's interest(s) therein.

CPU: Any computer or computer system that is used by the State to store, process, or retrieve data or perform other functions using Operating Systems and applications software.

Critical Program Error: Any Program Error, whether or not known to the State, which prohibits or significantly impairs use of the Licensed Software as set forth in the documentation and intended in the contract.

Default: The omission or failure to perform a contractual duty.

Deviation: Any proposed change(s) or alteration(s) to either the contractual language or deliverables within the scope of this Request for Proposal.

Documentation: The user manuals and any other materials in any form or medium customarily provided by the contractor to the users of the Licensed Software which will provide the State with sufficient information to operate, diagnose, and maintain the Licensed Software properly, safely, and efficiently.

Evaluation Committee: A committee (or committees) appointed by the requesting agency that advises and assists the procuring office in the evaluation of proposals.

Evaluation of Proposal: The process of examining a proposal after opening to determine the bidder's responsibility, responsiveness to requirements, and to ascertain other characteristics of the proposal that relate to determination of the successful bidder.

Extension: A provision, or exercise of a provision, of a contract that allows a continuance of the contract (at the option of the State of Nebraska) for an additional time according to contract conditions. Not to be confused with "Renewals."

FOA (Funding Opportunity Announcement): A publicly available document by which a U.S. Federal agency makes known its intentions to award discretionary grants or cooperative agreements, usually as a result of competition for funds. Funding opportunity announcements may be known as program announcements, requests for applications, notices of funding availability, solicitations, or other names depending on the agency and type of program

F.O.B. Destination: Free on Board. The delivery charges have been included in the quoted price and prepaid by the vendor. Vendor is responsible for all claims associated with damages during delivery of product.

Foreign Corporation: A foreign corporation is a corporation that was formed (i.e. incorporated) in another state but transacting business in Nebraska pursuant to a certificate of authority issued by the Nebraska Secretary of State.

HIPAA (Health Insurance Portability and Accountability Act of 1996): The Standards for Security and Privacy of Individually Identifiable Health Information found in the Health Insurance Portability and Accountability Act of 1996, Public Law 104-91, as amended and related HIPAA regulations at 45 C.F.R. part 160-164, as in effect or as amended.

Installation Date: The date when the procedures described in "Installation by Contractor, and Installation by State", as found in the RFP, are completed.

Late Proposal: A proposal received at the place specified in the solicitation after the date and time designated for all proposals to be received.

Licensed Software: Any and all software and documentation by which the State acquires or is granted any rights under this contract

Local Time: Central Time in Lincoln, NE.

MAGI (Modified Adjusted Gross Income): A definition of income from the tax system that will be used to determine eligibility for certain categories of Medicaid eligibility in addition to tax credits available to people buying insurance in exchanges.

Mandatory: Required, compulsory or obligatory.

May: Denotes discretion.

MITA (Medicaid Information Technology Architecture): an initiative of the Centers for Medicare and Medicaid Services (CMS), aligned with the National Health Infrastructure Initiative (NHII), and intended to foster integrated business and information technology transformation across the Medicaid enterprise to improve the administration of the Medicaid program.

Module: A collection of routines and data structures that perform a specific function of the Licensed Software.

Must: Denotes the imperative, required, compulsory or obligatory

N-FOCUS: (Nebraska Family Online Client User System) The Department's software application used to support eligibility determinations for Nebraska Medicaid, Nebraska CHIP and various Economic Assistance Programs. This system also provides additional functionality such as case management, provider management and payment calculations.

Opening Date: Specified date and time for the public opening of received, labeled and sealed formal proposals. Not to be confused with "Release Date".

Operating System: The control program in a computer that provides the interface to the computer hardware and peripheral devices, and the usage and allocation of memory resources, processor resources, input/output resources, and security resources.

Outsourcing: Acquiring computing or related services from a source outside of the State of Nebraska which may include programming and/or executing the State's Licensed Software on the State's CPU's, programming, and/or executing the State's programs and Licensed Software on the contractor's CPU's or any mix thereof.

Outsourcing Company: A company that provides Outsourcing Services under contract to the State.

Performance Bond: A bond given by a surety on behalf of the contractor to ensure the timely and proper (in sole estimation of the State) performance of a contract.

PHI (Protected Health Information): Individually identifiable health information that is transmitted by, or maintained in, electronic media or any other form or medium. Individually identifiable health information is information that is a subset of health information, including demographic information collected from an individual, and 1) is created or received by a healthcare provider, health plan, employer, or healthcare clearinghouse; and 2) related to the past, present, or future physical or mental health or condition of an individual; the provision of healthcare to an individual; or the past, pre-sent, or future payment for the provision of healthcare to an individual; (i) that identifies the individual; or (ii) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

PII (Personally Identifiable Information): Information: 1) that directly identifies an individual (e.g., name, address, social security number or other identifying number or code, telephone number, email, address, etc.), or 2) by which an agency intends to identify specific individuals in conjunction with other data elements, e.g., indirect identification. (These data elements may include a combination of gender, race, birth date, geographic indicator, and other descriptors.)

Platform: A specific hardware and Operating System combination that is different from other hardware and Operating System combinations to the extent that a different version of the Licensed Software product is required to execute properly in the environment established by such hardware and Operating System combination.

PPACA (Patient Protection and Affordable Care Act): See ACA: Affordable Care Act.

Pre-Proposal Conference: A meeting scheduled for the purpose of providing clarification regarding a Request for Proposal and related expectations.

Product: A module, a system, or any other software-related item provided by the contractor to the State.

Program Error: Code in Licensed Software which produces unintended results or actions, or which produces results or actions other than those described in the specifications. A program error includes, without limitation, any "Critical Program Error."

Program Set: The group of programs and products, including the Licensed Software specified in the RFP, plus any additional programs and products licensed by the State under this contract for use by the State.

Project: The total of all software, documentation, and services to be provided by the contractor under this contract.

Proposal: The executed document submitted by a bidder in response to a Request for Proposal.

Proprietary Information: Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, proof that information is proprietary requires identification of specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive.

Protest: A complaint about a governmental action or decision related to a Request for Proposal or the resultant contract, brought by a prospective bidder, a bidder, a contractor, or other interested party to AS Materiel Division or another designated agency with the intention of achieving a remedial result.

Public Proposal Opening: The process of opening proposals, conducted at the time and place specified in the Request for Proposal, and in the presence of anyone who wishes to attend.

Recommended Hardware Configuration: The data processing hardware (including all terminals, auxiliary storage, communication, and other peripheral devices) to the extent utilized by the State as recommended by the contractor.

Release Date: Date of release of the Request for Proposal to the public for submission of proposal responses. Not to be confused with “Opening Date”.

Renewal: Continuance of a contract for an additional term after a formal signing by the parties.

Representative: Includes an agent, an officer of a corporation or association, a trustee, executor or administrator of an estate, or any other person legally empowered to act for another.

Request for Proposal (RFP): All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals.

Responsible Bidder: A bidder who has the capability in all respects to perform fully all requirements with integrity and reliability to assure good faith performance.

Responsive Bidder: A bidder who has submitted a bid which conforms in all respects to the solicitation document.

Seven Standards and Conditions for Enhanced Funding: The Centers for Medicare & Medicaid Services (CMS) issued standards and conditions that must be met by the states in order for Medicaid technology investments (including traditional claims processing systems, as well as eligibility systems) to be eligible for enhanced match funding.

Shall: Denotes the imperative, required, compulsory or obligatory.

Should: Indicates an expectation.

SOA (Service Oriented Architecture): A set of principles and methodologies for designing and developing software in the form of interoperable services. These services are well-defined business functionalities that are built as software components (discrete pieces of code and/or data structures) that can be reused for different purposes. SOA design principles are used during the phases of systems development and integration.

Solicitation: The process of notifying prospective bidders or offerors that the State of Nebraska wishes to receive proposals for furnishing services. The process may consist of public advertising, posting notices, or mailing Request for Proposals and/or Request for Proposal announcement letter to prospective bidders, or all of these.

Solicitation Document: Request for Proposal.

Specifications: The information provided by or on behalf of the contractor that fully describes the capabilities and functionality of the Licensed Software as set forth in any material provided by the contractor, including the documentation and User’s Manuals described herein.

System: Any collection or aggregation of two (2) or more Modules that is designed to function, or is represented by the contractor as functioning or being capable of functioning as an entity.

Termination: Occurs when either party pursuant to a power created by agreement or law puts an end to the contract. All obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

Trademark: A distinguishing sign, symbol, mark, word, or arrangement of words in the form of a label or other indication, that is adopted and used by a manufacturer or distributor to designate its particular goods and which no other person has the legal right to use.

Trade Secret: Information, including, but not limited to, a drawing, formula, pattern, compilation, program, device, method, technique, code, or process that; (a) derives independent economic value, actual or potential, from not being known to, and not being ascertainable by proper means, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (see Neb. Rev. Stat. §87-502(4)).

Upgrade: Any improvement or change in the Software that improves or alters its basic function.

Vendor: An actual or potential contractor; a contractor

Will: Denotes the imperative, required, compulsory or obligatory.

ACRONYM LIST

AABD	Assistance to the Aged, Blind and Disabled
ACA	Affordable Care Act
ADC	Aid to Dependent Children
ARRA	American Recovery and Reinvestment Act of 2009
CCIIO	Center for Consumer Information and Insurance Oversight
CFR	Code of Federal Regulation
CHIP	Children’s Health Insurance Program
CMMI	Capability Maturity Model Integration
CMS	Centers for Medicare & Medicaid Services
DDI	Design, Develop and Implement
DED	Deliverables Expectation Document
EDI	Electronic Data Interchange
EES	Eligibility and Enrollment Solution
FPL	Federal Poverty Level
FFM	Federal Financial Management
FFP	Federal Financial Participation
FOA	Funding Opportunity Announcement
DHHS	Nebraska Department of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act
IEEE	Institute of Electrical and Electronic Engineers
IS&T	Information Systems and Technology Division
IV&V	Independent Verification and Validation
JAD	Joint Application Development
MAGI	Modified Adjusted Gross Income
MITA	Medicaid Information Technology Architecture
MLTC	Division of Medicaid and Long-Term Care
MMIS	Medicaid Management Information Systems
NE	Nebraska
N-FOCUS	Nebraska Family Online Client User System
O-CIO	Office of the CIO
PHI	Protected Health Information
PII	Personally Identifiable Information
PMI	Project Management Institute
PMBOK	Project Management Book of Knowledge
PMP	Project Management Plan
PPACA	Patient Protection and Affordable Care Act
RFP	Request for Proposal
RTM	Requirements Traceability Matrix
SDLC	Software Development Life Cycle
SHOP	Small Business Health Options Plan
SOA	Service Oriented Architecture
WBS	Work Breakdown Structure

I. SCOPE OF THE REQUEST FOR PROPOSAL

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4468Z1 for the purpose of selecting a qualified contractor to provide Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services.

The IV&V contractor awarded the IV&V contract for the EES project, their subcontractor(s) and vendor(s) are precluded from submitting an EES proposal, assisting another company in making a proposal, or otherwise materially participating in any subsequent contract related to the EES project.

A contract resulting from this Request for Proposal will be issued from the date of the award through December 31, 2015, with the option to renew for one (1) additional six-month period as mutually agreed upon by all parties.

ALL INFORMATION PERTINENT TO THIS REQUEST FOR PROPOSAL CAN BE FOUND ON THE INTERNET AT**:** http://www.das.state.ne.us/materiel/purchasing/rfp.htm

A. SCHEDULE OF EVENTS

The State expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

	ACTIVITY	DATE/TIME
1.	Release Request for Proposal	August 16, 2013
2.	Last day to submit written questions	August 30, 2013
3.	State responds to written questions through Request for Proposal “Addendum” and/or “Amendment” to be posted to the Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	September 6, 2013
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	September 24, 2013 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	September 24, 2013
6.	Evaluation period	September 25, 2013 To October 11, 2013
7.	“Oral Interviews/Presentations and/or Demonstrations” (if required)	October 11, 2013 To November 1, 2013
8.	Post “Letter of Intent to Contract” to Internet at: http://www.as.materielpurchasing@nebraska.gov/rfp.htm	November 4, 2013
9.	Performance bond submission	November 11, 2013
10.	Contract award	November 11, 2013
11.	Contractor start date	November 15, 2013

II. PROCUREMENT PROCEDURES

A. PROCURING OFFICE AND CONTACT PERSON

Procurement responsibilities related to this Request for Proposal reside with the State Purchasing Bureau. The point of contact for the procurement is as follows:

Name:	Peter Kroll/Robert Thompson
Agency:	State Purchasing Bureau
Address:	301 Centennial Mall South, Mall Level Lincoln, NE 68508
	OR
Address:	P.O. Box 94847 Lincoln, NE 68509
Telephone:	402-471-2401
Facsimile:	402-471-2089
E-Mail:	as.materielpurchasing@nebraska.gov

B. GENERAL INFORMATION

The Request for Proposal is designed to solicit proposals from qualified vendors who will be responsible for providing Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services at a competitive and reasonable cost. Proposals that do not conform to the mandatory items as indicated in the Request for Proposal will not be considered.

Proposals shall conform to all instructions, conditions, and requirements included in the Request for Proposal. Prospective bidders are expected to carefully examine all documentation, schedules and requirements stipulated in this Request for Proposal, and respond to each requirement in the format prescribed.

A fixed-price contract will be awarded as a result of this proposal. In addition to the provisions of this Request for Proposal and the awarded proposal, which shall be incorporated by reference in the contract, any additional clauses or provisions required by the terms and conditions will be included as an amendment to the contract.

C. COMMUNICATION WITH STATE STAFF

From the date the Request for Proposal is issued until a determination is announced regarding the selection of the contractor, contact regarding this project between potential contractors and individuals employed by the State is restricted to only written communication with the staff designated above as the point of contact for this Request for Proposal.

Once a contractor is preliminarily selected, as documented in the intent to contract, that contractor is restricted from communicating with State staff until a contract is signed. Violation of this condition may be considered sufficient cause to reject a contractor's proposal and/or selection irrespective of any other condition.

The following exceptions to these restrictions are permitted:

1. written communication with the person(s) designated as the point(s) of contact for this Request for Proposal or procurement;
2. contacts made pursuant to any pre-existing contracts or obligations; and

3. state-requested presentations, key personnel interviews, clarification sessions or discussions to finalize a contract.

Violations of these conditions may be considered sufficient cause to reject a bidder's proposal and/or selection irrespective of any other condition. No individual member of the State, employee of the State, or member of the Evaluation Committee is empowered to make binding statements regarding this Request for Proposal. The buyer will issue any clarifications or opinions regarding this Request for Proposal in writing.

D. WRITTEN QUESTIONS AND ANSWERS

Any explanation desired by a bidder regarding the meaning or interpretation of any Request for Proposal provision must be submitted in writing to the State Purchasing Bureau and clearly marked "RFP Number 4468Z1; Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services Questions". It is preferred that questions be sent via e-mail to as.materielpurchasing@nebraska.gov Questions may also be sent by facsimile to 402-471-2089, but must include a cover sheet clearly indicating that the transmission is to the attention of Buyer, showing the total number of pages transmitted, and clearly marked "RFP Number 4468Z1; Eligibility and Enrollment Solution (EES) Independent Verification and Validation (IV&V) Services Questions".

It is recommended that Bidders submit questions sequentially numbered, include the RFP reference and page number using the following format:

Question Number	RFP Section Reference	RFP Page Number	Question

Written answers will be provided through an addendum to be posted on the Internet at http://das.nebraska.gov/materiel/purchasing/rfp.htm on or before the date shown in the Schedule of Events.

E. ORAL INTERVIEWS/PRESENTATIONS AND/OR DEMONSTRATIONS

The Evaluation Committee(s) may conclude after the completion of the Technical and Cost Proposal evaluation that oral interviews/presentations and/or demonstrations are required in order to determine the successful bidder. All bidders may not have an opportunity to interview/present and/or give demonstrations; the State reserves the right to select only the top scoring bidders to present/give oral interviews in its sole discretion. The scores from the oral interviews/presentations and/or demonstrations will be added to the scores from the Technical and Cost Proposals. The presentation process will allow the bidders to demonstrate their proposal offering, explaining and/or clarifying any unusual or significant elements related to their proposals. Bidders' key personnel will be requested to participate in a structured interview to determine their understanding of the requirements of this proposal, their authority and reporting relationships within their firm, and their management style and philosophy. Bidders shall not be allowed to alter or amend their proposals. Only representatives of the State and the presenting bidders will be permitted to attend the oral interviews/presentations and/or demonstrations.

Once the oral interviews/presentations and/or demonstrations have been completed the State reserves the right to make a contract award without any further discussion with the bidders regarding the proposals received.
Detailed notes of oral interviews/presentations and/or demonstrations may be recorded and supplemental information (such as briefing charts, et cetera) may be accepted; however, such supplemental information shall not be considered an amendment to a bidders' proposal.

Additional written information gathered in this manner shall not constitute replacement of proposal contents.

Any cost incidental to the oral interviews/presentations and/or demonstrations shall be borne entirely by the bidder and will not be compensated by the State.

F. SUBMISSION OF PROPOSALS

The following describes the requirements related to proposal submission, proposal handling and review by the State.

To facilitate the proposal evaluation process, one (1) original, clearly identified as such, and six (6) hardcopies of the entire proposal should be submitted. The copy marked "original" shall take precedence over any other copies, should there be a discrepancy. Proposals must be submitted by the proposal due date and time. A separate sheet must be provided that clearly states which sections have been submitted as proprietary or have copyrighted materials. All proprietary information the bidder wishes the State to withhold must be submitted in accordance with the instructions outlined in Section III, Proprietary Information. Proposal responses should include the completed Form A, Bidder Contact Sheet. Proposals must reference the request for proposal number and be sent to the specified address. Container(s) utilized for original documents should be clearly marked "ORIGINAL DOCUMENTS". Please note that the address label should appear in Section II part A as specified on the face of each container or bidder's bid response packet. Rejected late proposals will be returned to the bidder unopened, if requested, at bidder's expense. If a recipient phone number is required for delivery purposes, 402-471-2089 should be used. The request for proposal number must be included in all correspondence.

Emphasis should be concentrated on conformance to the Request for Proposal instructions, responsiveness to requirements, completeness and clarity of content. If the bidder's proposal is presented in such a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Elaborate and lengthy proposals are neither necessary nor desired.

The Technical and Cost Proposals should be packaged separately (loose-leaf binders are preferred) on standard 8 ½" by 11" paper, except that charts, diagrams and the like may be on fold-outs which, when folded, fit into the 8 ½" by 11" format. Pages may be consecutively numbered for the entire proposal, or may be numbered consecutively within sections. Figures and tables must be numbered and referenced in the text by that number. They should be placed as close as possible to the referencing text. The Technical Proposal must not contain any reference to dollar amounts. However, information such as data concerning labor hours and categories, materials, subcontracts and so forth, shall be considered in the Technical Proposal so that the bidder's understanding of the scope of work may be evaluated. The Technical Proposal shall disclose the bidder's technical approach in as much detail as possible, including, but not limited to, the information required by the Technical Proposal instructions.

G. PROPOSAL OPENING

The sealed proposals will be publicly opened and the bidding entities announced on the date, time and location shown in the Schedule of Events. Proposals will be available for viewing by those present after the proposal opening. Vendors may also contact the State to schedule an appointment for viewing proposals after the opening date.

H. LATE PROPOSALS

Proposals received after the time and date of the proposal opening will be considered late proposals. Rejected late proposals will be returned to the bidder unopened, if requested, at bidder's expense. The State is not responsible for proposals that are late or lost due to mail service inadequacies, traffic or any other reason(s).

I. REJECTION OF PROPOSALS

The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State.

J. EVALUATION OF PROPOSALS

All responses to this Request for Proposal which fulfill all mandatory requirements will be evaluated. Each category will have a maximum possible point potential. The State will conduct a fair, impartial and comprehensive evaluation of all proposals in accordance with the criteria set forth below. Areas that will be addressed and scored during the evaluation include:

1. Executive Summary;
2. Corporate Overview shall include but is not limited to;

- **a.** the ability, capacity and skill of the bidder to deliver and implement the system or project that meets the requirements of the Request for Proposal;
- **b.** the character, integrity, reputation, judgment, experience and efficiency of the bidder;
- **c.** whether the bidder can perform the contract within the specified time frame;
- **d.** the quality of bidder performance on prior contracts;
- **e.** such other information that may be secured and that has a bearing on the decision to award the contract;

3. Technical Approach

- **a.** Program Management/IV&V Project Plan
- **b.** Deliverables Review and Acceptance
- **c.** Quality Assurance
- **d.** Contract Compliance

4. Cost Proposal.

Evaluation criteria will become public information at the time of the Request for Proposal opening. Evaluation criteria and a list of respondents will be posted to the Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm. Evaluation criteria will not be released prior to the proposal opening.

K. EVALUATION COMMITTEE

Proposals will be independently evaluated by members of the Evaluation Committee(s). The committee(s) will consist of staff with the appropriate expertise to conduct such proposal evaluations. Names of the members of the Evaluation Committee(s) will not become public information.

Prior to award, bidders are advised that only the point of contact indicated on the front cover of this Request For Proposal For Contractual Services Form can clarify issues or render any opinion regarding this Request for Proposal. No individual member of the State, employee of the State or member of the Evaluation Committee(s) is empowered to make binding statements regarding this Request for Proposal.

L. MANDATORY REQUIREMENTS

The proposals will first be examined to determine if all mandatory requirements listed below have been addressed to warrant further evaluation. Proposals not meeting mandatory requirements will be excluded from further evaluation. The mandatory requirement items are as follows:

1. signed Request For Proposal For Contractual Services form in ink;
2. Executive Summary;
3. Corporate Overview;
4. Technical Approach; and
5. Cost Proposal.

M. REFERENCE CHECKS

The State reserves the right to check any reference(s), regardless of the source of the reference information, including but not limited to, those that are identified by the company in the proposal, those indicated through the explicitly specified contacts, those that are identified during the review of the proposal, or those that result from communication with other entities involved with similar projects.

Information to be requested and evaluated from references may include, but is not limited to, some or all of the following: project description and background, job performed, functional and technical abilities, communication skills and timeliness, cost and schedule estimates and accuracy, problems (poor quality deliverables, contract disputes, work stoppages, et cetera), overall performance, and whether or not the reference would rehire the firm or individual. Only top scoring bidders may receive reference checks and negative references may eliminate bidders from consideration for award.

N. SECRETARY OF STATE/TAX COMMISSIONER REGISTRATION REQUIREMENTS

All bidders shall be authorized to transact business in the State of Nebraska. All bidders are expected to comply with all Nebraska Secretary of State registration requirements. It is the responsibility of the bidder to comply with any registration requirements pertaining to types of business entities (e.g. person, partnership, foreign or domestic limited liability company, association, or foreign or domestic corporation or other type of business entity). The Bidder who is the recipient of an Intent to Award will be required to certify that it has so complied and produce a true and exact copy of its current (within 90 days), valid Certificate of Good Standing or Letter of Good Standing; or in the case registration is not required, to provide, in writing, the reason as to why none is required. This must be accomplished prior to the award of the contract. Construction contractors are expected to meet all applicable requirements of the Nebraska Contractor Registration Act and provide a current, valid certificate of registration. Further, all bidders shall comply with any and all other applicable Nebraska statutes regarding transacting business in the State of Nebraska. Bidders should submit the above certification(s) with their bid.

O. VIOLATION OF TERMS AND CONDITIONS

Violation of the terms and conditions contained in this Request for Proposal or any resultant contract, at any time before or after the award, shall be grounds for action by the State which may include, but is not limited to, the following:

1. rejection of a bidder’s proposal;

2. suspension of the bidder from further bidding with the State for the period of time relative to the seriousness of the violation, such period to be within the sole discretion of the State.

III. TERMS AND CONDITIONS

By signing the "Request For Proposal For Contractual Services" form, the Bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions and certifies bidder maintains a drug free work place environment.

Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, (2) including an explanation for the bidder's inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder's proposal.

The Contractor awarded the IV&V contract for the EES project, their subcontractor(s) and vendor(s) are precluded from submitting an EES proposal, assisting another company in making a proposal, or otherwise materially participating in any subsequent contract related to the EES project.

A. GENERAL

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request for Proposal form and the Contractor's Proposal, 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once an intent to award decision has been determined, it will be posted to the Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm

Grievance and protest procedure is available on the Internet at: http://www.das.state.ne.us/materiel/purchasing/agencyservicesprocurementmanual/ProtestGrievanceProcedureForServices.doc

Any protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the Internet.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall comply with all applicable local, State and Federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D. PERMITS, REGULATIONS, LAWS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall procure and pay for all permits, licenses and approvals necessary for the execution of the contract. The contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders and regulations.

E. OWNERSHIP OF INFORMATION AND DATA

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data developed or derived by the contractor pursuant to this contract.

The contractor must guarantee that it has the full legal right to the materials, supplies, equipment, and other rights or titles (e.g. rights to licenses transfer or assign deliverables) necessary to execute this contract. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights that are in any way involved in the contract. It shall be the responsibility of the contractor to pay for all royalties and costs, and the State must be held harmless from any such claims.

F. INSURANCE REQUIREMENTS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall not commence work under this contract until he or she has obtained all the insurance required hereunder and such insurance has been approved by the State. If contractor will be utilizing any subcontractors, the contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all subcontractor(s). Contractor is also responsible for ensuring subcontractor(s) maintain the insurance required until completion of the contract requirements. The contractor shall not allow any subcontractor to commence work on his or her subcontract until all similar insurance required of the subcontractor has been obtained and approved by the contractor. Approval of the insurance by the State shall not limit, relieve or decrease the liability of the contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the contractor elects to increase the mandatory deductible amount, the contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

1. WORKERS' COMPENSATION INSURANCE

The contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury and Contractual Liability coverage. The policy shall include the State, and others as required by the contract documents, as an Additional Insured. This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned and Hired vehicles.

3. INSURANCE COVERAGE AMOUNTS REQUIRED

a. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	$100,000 each accident
Bodily Injury by Disease	$500,000 policy limit
Bodily Injury by Disease	$100,000 each employee

b. COMMERCIAL GENERAL LIABILITY

General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 any one person
Bodily Injury/Property Damage	$1,000,000 per occurrence
Fire Damage	$50,000 any one fire
Medical Payments	$5,000 any one person

c. COMMERCIAL AUTOMOBILE LIABILITY

Bodily Injury/Property Damage	$1,000,000 combined single limit

d. UMBRELLA/EXCESS LIABILITY

Over Primary Insurance	$1,000,000 per occurrence

4. EVIDENCE OF COVERAGE

The Contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements, which shall be submitted to the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl., Lincoln, NE 68508 (facsimile 402-471-2089). These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration and amounts and types of coverage afforded. If the State is damaged by the failure of the contractor to maintain such insurance, then the contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089 when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

G. COOPERATION WITH OTHER CONTRACTORS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential contractors, if such an arrangement is in the best interest of the State.
2. The contractor shall agree to cooperate with such other contractors, and shall not commit or permit any act which may interfere with the performance of work by any other contractor.

H. INDEPENDENT CONTRACTOR

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the contractor, its officers or its agents) shall in no way be the responsibility of the State. The contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay or retirement benefits.

I. CONTRACTOR RESPONSIBILITY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.

If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J. CONTRACTOR PERSONNEL

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor warrants that all persons assigned to the project shall be employees of the contractor or specified subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the contractor to fulfill the terms of the contract shall remain under the sole direction and control of the contractor. The contractor shall include a similar provision in any contract with any subcontractor selected to perform work on the project.

Personnel commitments made in the contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the contractor to reassign or remove from the project any contractor or subcontractor employee.

In respect to its employees, the contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the contractor's employees, including all insurance required by state law;
3. damages incurred by contractor's employees within the scope of their duties under the contract;
4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the contractor's employees.

Notice of cancellation of any required insurance policy must be submitted to the State when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

K. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall not, at any time, recruit or employ any State employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

L. CONFLICT OF INTEREST

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

M. PROPOSAL PREPARATION COSTS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations, or oral presentations, or in any other activity related to bidding on this Request for Proposal.

N. ERRORS AND OMISSIONS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

O. BEGINNING OF WORK

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful contractor. The contractor will be notified in writing when work may begin.

P. ASSIGNMENT BY THE STATE

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

Q. ASSIGNMENT BY THE CONTRACTOR

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld.

R. DEVIATIONS FROM THE REQUEST FOR PROPOSAL

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal or mandatory requirements. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

S. GOVERNING LAW

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The contractor must be in compliance with all Nebraska statutory and regulatory law.

T. ATTORNEY'S FEES

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

In the event of any litigation, appeal or other legal action to enforce any provision of the contract, the contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

U. ADVERTISING

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

V. STATE PROPERTY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the contractor's use during the performance of the contract. The contractor shall reimburse the State for any loss or damage of such property, normal wear and tear is expected.

W. SITE RULES AND REGULATIONS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall use its best efforts to ensure that its employees, agents and subcontractors comply with site rules and regulations while on State premises. If the contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the contractor.

X. NOTIFICATION

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II, A. Procuring Office and Contact Person of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) days following deposit in the mail.

2. Whenever the contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between contractor and the State regarding the contract shall take place between the contractor and individuals specified by the State in writing. Communication about the contract between contractor and individuals not designated as points of contact by the State is strictly forbidden.

Y. EARLY TERMINATION

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contract may be terminated as follows:

1. The State and the contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon 30 days written notice to the contractor. Such termination shall not relieve the contractor of warranty or other service obligations incurred under the terms of the contract. In the event of cancellation the contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:

a. if directed to do so by statute;
b. contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
c. a trustee or receiver of the contractor or of any substantial part of the contractor’s assets has been appointed by a court;

d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its contractor, its employees, officers, directors or shareholders;

e. an involuntary proceeding has been commenced by any party against the contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) days; or (ii) the contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the contractor has been decreed or adjudged a debtor;

f. a voluntary petition has been filed by the contractor under any of the chapters of Title 11 of the United States Code;

g. contractor intentionally discloses confidential information;

h. contractor has or announces it will discontinue support of the deliverable;

i. second or subsequent documented "vendor performance report" form deemed acceptable by the State Purchasing Bureau.

Z. FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the contractor written notice thirty (30) days prior to the effective date of any termination, and advise the contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the contractor be paid for a loss of anticipated profit.

AA. BREACH BY CONTRACTOR

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State may terminate the contract, in whole or in part, if the contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the contractor, allow the contractor to cure a failure or breach of contract within a period of thirty (30) days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

BB. ASSURANCES BEFORE BREACH

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the contractor shall deliver assurances in the form of additional contractor resources at no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

CC. PENALTY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

In the event that the contractor fails to perform any substantial obligation under the contract, the State may withhold all monies due and payable to the contractor, without penalty, until such failure is cured or otherwise adjudicated. Failure to meet the dates stipulated in the contract for the deliverables may result in an assessment of penalty due the State of $1000.00 dollars per day, until the deliverables are approved. Contractor will be notified in writing when penalty will commence.

DD. FORCE MAJEURE

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the contractor. To obtain release based on a Force Majeure Event, the contractor shall file a written request for such relief with the State Purchasing Bureau. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

EE. PROHIBITION AGAINST ADVANCE PAYMENT

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

FF. PAYMENT

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

State will render payment to contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date, and the contractor hereby waives any claim or cause of action for any such services.

GG. INVOICES

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. Invoices must be submitted to: Medicaid and Long-Term Care Division, P.O. Box 95026, Lincoln, NE 68509. The terms and conditions included in the contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

HH. AUDIT REQUIREMENTS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

All contractor books, records and documents relating to work performed or monies received under the contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by the State. These records shall be maintained for a period of five (5) full years from the date of final payment, or until all issues related to an audit, litigation or other action are resolved, whichever is longer. All records shall be maintained in accordance with generally accepted accounting principles.

In addition to, and in no way in limitation of any obligation in the contract, the contractor shall agree that it will be held liable for any State audit exceptions, and shall return to the State all payments made under the contract for which an exception has been taken or which has been disallowed because of such an exception. The contractor agrees to correct immediately any material weakness or condition reported to the State in the course of an audit.

II. TAXES

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the contractor's equipment which may be installed in a state-owned facility is the responsibility of the contractor.

JJ. INSPECTION AND APPROVAL

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The State and/or its authorized representatives shall have the right to enter any premises where the contractor or subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

KK. CHANGES IN SCOPE/CHANGE ORDERS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State may, at any time with written notice to the contractor, make changes within the general scope of the contract. Changes in scope shall only be conducted with the written approval of the State's designee as so defined by the State from time to time. (The State retains the right to employ the services of a third party to perform any change order(s)).

The State may, at any time work is in progress, by written order, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the contractor for any extra work so ordered shall be determined in accordance with the applicable unit prices of the contractor's proposal.

Corrections of any deliverable services or performance of work required pursuant to the contract shall not be deemed a modification requiring a change order.

LL. SEVERABILITY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.

MM. CONFIDENTIALITY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

All materials and information provided by the State or acquired by the contractor on behalf of the State shall be regarded as confidential information. All materials and information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with Federal and State Law, and ethical standards. The contractor must ensure the confidentiality of such materials or information. Should said confidentiality be breached by a contractor; contractor shall notify the State immediately of said breach and take immediate corrective action.

It is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

NN. PROPRIETARY INFORMATION

_______**Accept (Initial)** _______**Reject (Initial)** ______**Reject and Provide Alternative within RFP Response (Initial)**

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal. The separate package must be clearly marked PROPRIETARY on the outside of the package. Bidders may not mark their entire Request for Proposal as proprietary. Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

OO. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

_______**Accept (Initial)** _______**Reject (Initial)** ______**Reject and Provide Alternative within RFP Response (Initial)**

By submission of this proposal, the bidder certifies, that he or she is the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

PP. PRICES

_______**Accept (Initial)** _______**Reject (Initial)** ______**Reject and Provide Alternative within RFP Response (Initial)**

All prices, costs, terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made (and for bidder receiving award prices shall remain as bid for the duration of the contract unless otherwise so stated in the contract) or the Request for Proposal is cancelled.

Contractor represents and warrants that all prices for services, now or subsequently specified are as low as and no higher than prices which the contractor has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the contractor shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the contractor shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the contractor may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

QQ. BEST AND FINAL OFFER

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

RR. ETHICS IN PUBLIC CONTRACTING

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator or employee based on the understanding that the receiving person's vote, actions or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau.

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.
If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.

SS. INDEMNIFICATION

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

1. GENERAL

The contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the contractor has indemnified the State, the contractor shall at the contractor's sole cost and expense promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the contractor, and the State may receive the remedies provided under this RFP.

3. PERSONNEL

The contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the contractor.

TT. NEBRASKA TECHNOLOGY ACCESS STANDARDS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-101.html and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.

UU. ANTITRUST

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

VV. DISASTER RECOVERY/BACK UP PLAN

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor shall have a disaster recovery and back-up plan, of which a copy should be provided to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under these specifications in the event of a disaster.

WW. TIME IS OF THE ESSENCE

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the contractor remaining to be performed.

XX. RECYCLING

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

YY. DRUG POLICY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

Contractor certifies that it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

ZZ. NEW EMPLOYEE WORK ELIGIBILITY STATUS

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us.

2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

AAA. CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

_______Accept (Initial) _______Reject (Initial) ______Reject and Provide Alternative within RFP Response (Initial)

The contractor, by signature to this RFP, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

IV. PROJECT DESCRIPTION AND SCOPE OF WORK

In March 2010, PPACA and the Health Care and Education Reconciliation Act of 2010 were signed into law. The two laws are collectively referred to as the Affordable Care Act (ACA). Sections of the ACA, codified at 42 CFR 431, 435, and 437, require the creation of a health insurance exchange in each state, either by the state or by the federal government. The State of Nebraska will employ the Federally Facilitated Marketplace (Marketplace) option.

An analysis was conducted by the Nebraska Department of Health and Human Services' (Department) to determine the most desirable option for meeting ACA compliance, and CMS Seven Standards and Conditions as defined in Medicaid IT Supplement (MITS-11-01-v1.0). The analysis revealed that replacing the current Medicaid eligibility and enrollment system with a modern solution was the best course of action given the project constraints The same analysis revealed there was not enough time to procure and implement a solution by the ACA mandated deadline of October 1, 2013.

The purpose of this RFP is to select a Contractor who is responsible for performing Independent Verification and Validation (IV&V) services for implementing a new Eligibility and Enrollment Solution (EES). The Department plans to release an RFP to procure an Eligibility and Enrollment Solution. The RFP will procure the products and services of a Systems Integrator with an Eligibility and Enrollment Solution.

Nebraska's existing Eligibility and Enrollment System is almost twenty years old. The current system was developed with client/server technology. Nebraska intends to complete replacement of the existing Medicaid Eligibility and Enrollment System in order to access the enhanced federal matching funds for these legacy system replacements since the enhanced funding expires at the end of 2015.

The Department will award one Contractor to fulfill all the IV&V responsibilities described herein. The awarded IV&V Contractor shall review EES related artifacts defined by the Department to gain sufficient understanding of the EES project.

The IV&V services described in this RFP must comply with IV&V regulatory requirements detailed in 45 CFR 95.626, which requires that IV&V efforts be conducted by an entity that is independent. The IV&V contractor is required to:

1. Develop an IV&V Workplan. The plan must be provided directly to the Centers for Medicare and Medicaid (CMS) at the same time it is given to the Department.
2. Review and make recommendations on both the management of the EES project (Department and Contractor), and the technical aspects of the project. The IV&V Contractor must provide the results of its analysis directly to CMS at the same time it reports to the State.
3. Consult with all stakeholders and assesse the user involvement and buy-in regarding system functionality and the system's ability to support program business needs.
4. Conduct an analysis of past project performance sufficient to identify and make recommendations for improvement.
5. Provide EES risk management assessment.
6. Develop EES performance metrics which allow tracking project completion against milestones set by the Department.

The bidder must provide the following information in response to this Request for Proposal.

A. PROJECT OVERVIEW

The purpose of this procurement is to contract for the IV&V services to assist the Department to ensure the success of the EES project by facilitating early detection and correction of errors, enhance management insight into risks and ensure compliance with project performance, schedule, and budget requirements. The Information Systems and Technology (IS&T) Division provides leadership, project management, planning, implementation, and support services for information technology for the Department. IS&T will provide support for the project, including the technical planning, implementation, testing and maintenance of the new solution.

The Department is seeking proposals from qualified bidders with IV&V expertise, project management expertise, and relevant past experience performing IV&V work for Medicaid eligibility determination systems similar to the system that will be developed for the State.

The Department seeks an IV&V contractor who will bring project personnel, processes, approaches and tools to meet the requirements of the IV&V services for the EES Project.

The IV&V scope of work includes:

1. Program Management
2. Deliverables Review and Acceptance
3. Quality Assurance
4. Contract Compliance

The contractor awarded the IV&V contract for the EES project, their subcontractor(s) and vendor(s) are precluded from submitting an EES proposal, assisting another company in making a proposal, or otherwise materially participating in any subsequent contract related to the EES project.

B. PROJECT REQUIREMENTS

The IV&V Contractor will perform all IV&V responsibilities defined in this RFP throughout the life of the contract including the optional renewal period. The IV&V Contractor is expected to actively participate in meetings and to contribute IV&V expertise to all phases of the EES Project to ensure that the EES Contractor activities result in successful project completion.

The IV & V project requirements are outlined in the following sections. The tasks and activities within this section are not necessarily listed in the order that they should be completed. Bidders must reflect within their proposal and preliminary project plan their recommended approach to scheduling and accomplishing the tasks and activities identified within this RFP.

1. PROGRAM MANAGEMENT

Perform a review of IV&V project activities for the EES Project which shall be documented and submitted in the appropriate Management Briefing, EES Management, Project Status or Deliverable Review Report. Activities shall include but not be limited to:

a. Delivery of an Initial Project Assessment Report that includes the initial status of each activity shown on the IV&V Management Plan for the EES project.

b. A review of the EES Contractor's analysis of risk areas of the implementation of the EES Component and the risk mitigation plan for those identified risks. The IV&V Contractor shall include recommendations for any deficiencies it finds during its review of the risk mitigation plans. The results and recommendation of the analysis shall be written and presented as part of the Risk Assessment Report.

c. Hosting the Monthly Management Briefings at times approved by the Department.

d. Attendance at all status meetings between the Department and the EES Contractor, which will occur on at least a monthly basis and may occur more regularly based on the phase and stage of the implementation of the EES.

e. Assessment of the methodology for maintaining requirements traceability throughout the transfer and development process.

f. A review all MITA documentation, guidance and rules promulgated by CMS..

g. A review all ACA Regulations documentation, guidance and rules promulgated by CMS.

h. Notification to the Department if any MITA documentation, guidance and rules, or any changes to those items, will impact the implementation of any EES Component or the work performed by any EES Contractor.

i. Notification to the Department if any ACA Regulation documentation, guidance and rules, or any changes to those items, will impact the implementation of any EES Component or the work performed by any EES Contractor.

j. Performance of program management services for all EES activities. These program management services shall include, at a minimum, all of the following:

- **i.** Assess the progress of the implementation of the entire EES project, and recommend improvements as necessary.
- **ii.** Verify that lines of reporting and associated responsibility within the EES Contractor to ensure adequate technical and managerial oversight of the project.
- **iii.** Verify the EES Contractor and the State are not independently duplicating effort toward the same end.
- **iv.** Evaluate project progress, resources, budget, schedules, work flow and reporting.
- **v.** Verify the EES Contractor has created a project management plan and that the EES Contractor is following the approved project management plan.
- **vi.** Evaluate the project management plans and procedures to verify that they are developed, communicated, implemented, monitored and complete.
- **vii.** Evaluate project reporting plan and actual project reports to verify project status is accurately traced using project metrics.
- **viii.** Verify milestones and completion dates contained in the EES Contractor's project management plan and contract are planned, monitored and met.
- **ix.** Verify the EES Contractor has created and implemented an appropriate project issue tracking mechanism that documents issues as they arise, enables communication of issues to proper stakeholders, documents a mitigation strategy as appropriate, and tracks the issue to closure.
- **x.** Evaluate the EES Contractor's planned life-cycle development methodology or methodologies (e.g. waterfall, evolutionary spiral, rapid prototyping, or incremental) to see if they are appropriate for the EES component that EES Contractor is developing.
- **xi.** Verify that all business process reengineering recommendations are strategic, have management backing, resources, skills and incentives necessary for effective change.

- **xii.** Verify that the EES Contractor has a change management plan and that the change management plan and procedures to verify them are developed, communicated, implemented, monitored and complete.
- **xiii.** Verify that the EES Contractor has a communication plan and that that plan is being followed.
- **xiv.** Evaluate the EES Contractor's communication plans and procedures to verify that they support communications and work product sharing between all project stakeholders and that the communication plans and strategies are effective, implemented, monitored and complete.

- **k.** Manage the identification, resolution and tracking of stakeholder concerns, both internal and external.
- **l.** All documentation and deliverables produced in the performance by the IV&V Contractor must be stored in a central repository to be designated by the Department.

2. DELIVERABLE REVIEW AND ACCEPTANCE

As part of the Deliverable Review Report, the IV&V Contractor shall assess the EES Deliverables based upon quality attributes including:

- **a.** Adherence to Requirements;
- **b.** Clarity;
- **c.** Completeness;
- **d.** Consistency;
- **e.** Traceability: and
- **f.** Adherence to laws, rules and guideline.

Deliverable review shall be performed by identified IV&V resources that are experienced and/or certified in the related technical, functional, and federal requirements of the deliverable under review, and comments shall be submitted to Department as part of the Deliverable Review Report within a timeframe that allows inclusion of IV&V feedback in Department's response to the EES Contractor.

The IV&V Contractor shall perform the following Deliverable Review and Acceptance tasks:

- **a.** Develop and submit a Performance Metrics Document to track project completion against milestones set by the Department using Department approved performance metrics.
- **b.** Review each deliverable and report submitted by the EES Contractor, as directed by the Department, for content, quality and timeliness.
- **c.** Notify the Department of any EES Contractor submitted management reports that do not contain the content required for that report, are of not sufficient quality or were not submitted in a timely manner.
- **d.** Participate in walk-through of EES Contractor deliverables as requested by the Department.
- **e.** Assess each reviewed deliverable and recommend a corrective action plan for each deliverable that fails to achieve the standards or timelines in that EES Contractor's contract with the Department.
- **f.** The IV&V Contractor will work with the Department to define criteria for a Critical Incident which could adversely affect the outcome of the EES Project.

g. Notify the Department immediately when the IV&V Contractor discovers any Critical Incident. Provide an EES Contractor Critical Incident Report for each Critical Incident that summarizes the incident, how it may affect the project, notes any discrepancies found by the IV&V Contractor and provides a proposed action plan to resolve the incident and mitigate its impact.

3. QUALITY ASSURANCE

The IV&V Contractor shall perform the following Quality Assurance tasks:

a. Write and verbally present Management Briefings on a monthly basis regarding the performance of the EES Contractor and the monitoring performed by the IV&V Contractor. This Management Briefing shall include, at a minimum, all of the following:

i. The current general status of the EES Contractor in relation to the EES Contractor's work plans and implementation plans.
ii. Any flaws or issues with the system design for each EES Component that may negatively impact the implementation of the EES with recommendations to mitigate or eliminate those flaws or issues.
iii. Any flaws or issues regarding system security for each EES component that may negatively impact the implementation of the EES with recommendations to mitigate or eliminate those flaws or issues.
iv. The results of any system testing or retesting performed during the prior month and recommendations on how to resolve any flaws or issues identified as a result of that system testing or retesting.
v. Any flaws or issues with the interfaces within each EES Component, between each of the EES Components or between the EES Components and external systems that may negatively impact the implementation of the EES with recommendations to mitigate or eliminate those flaws or issues.
vi. Any delays or issues with the transition from the Department's current Eligibility and Enrollment System to any EES Contractor and recommendations to mitigate or eliminate those delays or issues.
vii. The results of all acceptance testing performed during the prior month and recommendations on how to resolve any flaws or issues identified as a result of that testing.
viii. The status of the overall implementation and operation of each EES Component and any flaws or issues that are negatively impacting the operation of any EES Component with recommendations on how to resolve those issues or flaws.
ix. Any recommendations regarding training provided by the EES Contractor to system users.
x. Any recommendations regarding the EES Contractors' progress and procedures for managing requirements.
xi. Any recommendations regarding each EES Contractor's policies and procedures for ensuring that each EES Component is secure and that the privacy of Client data is maintained.

4. CONTRACT COMPLIANCE

The IV&V Contractor shall perform the following EES Contract Compliance tasks which shall be documented and submitted in the appropriate Management Briefing, EES Management, Project Status or Deliverable Review Report:

a. As part of developing and submitting the Estimating and Schedule Review Recommendation Report evaluate and make recommendations on the estimating and scheduling process of the EES Project to ensure that the project budget and EES resources are adequate for the work break-down structure and schedule.

b. Review EES schedules to verify that adequate time and resources are assigned for planning, development, review, testing and rework.

c. Perform ongoing assessments of EES Contractor staffing, which include key and non-key personnel, to ensure adequate staffing for the EES Contractor to comply with their contract and maintain service levels defined throughout the EES contract.

d. Examine the job assignments, skills, training and experience of the EES Contractor personnel involved in program development to verify that they are adequate for the development task.

e. Verify that the EES Contractor's organizational structure supports training, process definition, independent Quality Assurance, Configuration Management, product evaluation, and any other functions critical for the project's success.

f. Monitor the performance of the EES Contractor to ensure that EES Contractor is in compliance with its contract with the Department and that the solution that EES Contractor is developing meets all requirements of its contract with the Department. This shall include, but is not limited to, monitoring all of the following:

- **i.** EES Contractor work plans.
- **ii.** EES Contractor implementation plans.
- **iii.** General Solution design for each EES Component.
- **iv.** Detailed Solution design for each EES Component.
- **v.** Solution security for each EES Component.
- **vi.** Solution testing for each EES Component.
- **vii.** EES Contractor transition from the Department's existing NE Eligibility and Enrollment System.
- **viii.** Acceptance Testing for each EES Component.

g. The IV&V Contractor shall evaluate the EES Contractor's progress and procedures for managing requirements. This shall include at minimum all of the following:

- **i.** Verify that system requirements are well-defined, understood and documented.
- **ii.** Verify that software requirements can be traced through design, code and test phases to verify that the system performs as intended and contains no unnecessary software elements.
- **iii.** Verify that requirements are under formal configuration control.
- **iv.** Evaluate on the EES Contractor's policies and procedures for ensuring that each EES Component is secure and that the privacy of Client data is maintained. This shall include all of the following:

a) Evaluate the restrictions on system and data access.
b) Evaluate the system security plan to ensure it meets Department standards.

v. Verify that EES processes and equipment are in place to back up client and project data files and archive them safely at appropriate levels.
vi. The IV&V Contractor shall verify that the EES Contractor has performed an adequate requirements analysis for that EES Contractor's deliverables. This shall include a verification of all of the following:

a) An analysis of client, State, and Federal needs and objectives has been performed to verify that requirements of the system are well understood, well defined and satisfy federal regulations.
b) All stakeholders have been consulted to the desired functionality of the system, and that users have been involved in prototyping of the user interface.

vii. All stakeholders have bought-in to all changes with impact project objectives, cost and schedule.
viii. EES Performance requirements satisfy user needs.
ix. User's maintenance requirements for the system are completely specified.

h. The IV&V Contractor shall verify that the EES Contractor has described all system interfaces for each EES Component exactly, by medium and by function, including input/output control codes, data format, polarity, range, units and frequency. The IV&V Contractor shall also verify that all approved interface documents are available and that appropriate relationships are in place with all agencies and organizations supporting the interfaces.
i. The IV&V Contractor shall verify that there is a well-defined plan for transferring data from the legacy system to the new EES.

5. EES SOFTWARE DEVELOPMENT

The IV&V Contractor shall evaluate both the high level and detailed design of any custom software developed or used by the EES Contractor for any EES component. The Design and Analysis Review Report shall include at minimum all of the following:

a. Evaluate all high-level design products to verify the design is workable, efficient, and satisfies all system and system interface requirements.
b. Evaluate all detail design products to verify that the design is workable, efficient, and satisfies all high level design requirements.
c. Evaluate the design products for adherence to the project design methodology and standards.
d. Evaluate the design and analysis process used to develop the design and make recommendations for improvements.
e. Evaluate design standards, methodology and CASE tools used.
f. Verify that design requirements can be traced back to system requirements.
g. Verify that all design products are under configuration control and formally approved before detailed design begins.
h. Verify that all design products are under configuration control and formally approved before coding begins.

i. The IV&V Contractor shall evaluate the plans, requirements, environment, tools, and procedures used for unit testing system modules as well as the level of test automation, interactive testing, and interactive debugging available in the test environment.

j. The IV&V Contractor shall review all unit testing to ensure that an appropriate level of test coverage was achieved by the test process, that test results were verified, that the correct code configuration was tested, and that the tests were appropriately documented. The IV&V Contractor shall develop and submit a Unit Testing Review Report documenting the results of all unit testing reviews and evaluations.

6. SYSTEM TESTING

The IV&V Contractor shall review all system testing performed on each EES component and submit all findings as part of the Management Briefing, Unit Testing or Critical Incident Reports. This review shall include the following:

a. Assess planned testing activities, results reporting, and error correction/resolution, including an appropriate change control and configuration management process, to include all of the following:

- **i.** Assess test efforts and schedules are based on defined requirements priorities as well as project risk.
- **ii.** Assess test scenarios address the testable requirements.
- **iii.** Assess specific business cases and test verification efforts for each case has been defined.
- **iv.** Conduct reviews of testing to ensure that critical elements of the EES are stable and comply with Department requirements as detailed in the Department's contract with the EES Contractor.
- **v.** Evaluate the plans, requirements, environment, tools, and procedures used for system testing.
- **vi.** Evaluate the level of automation and the availability of the system test environment.

b. Verify that an appropriate level of test coverage is achieved by the test process, that test results are verified, that the correct code configuration has been tested, and that the tests are appropriately documented, including formal logging of errors found in testing.

c. Verify that the individuals conducting the test have an appropriate level of independence from those completing the development.

d. Verify that a sufficient number and type of case scenarios are used to ensure comprehensive but manageable testing and those tests are run in a realistic, real-time environment.

e. Verify that test scripts are complete, with step-by-step procedures, required pre-existing events or triggers and expected results.

7. DATA MANAGEMENT

The IV&V Contractor shall evaluate the EES Contractors' proposed plans, procedures and software for data conversion and submit a Data Conversion Process Review Report. This evaluation shall include, at a minimum, all of the following:

a. Verify that procedures are in place and are being followed to review the completed data for completeness and accuracy and to perform data clean-up as required.

b. As part of developing the Data Conversion Error Report, determine conversion error rates and if the error rates are manageable.

c. Make recommendations on the conversion process to make it more efficient and on maintain the integrity of data during the conversion.

d. The IV&V Contractor shall evaluate all EES Contractor database designs and system processes/workflows to determine if they meet system requirements contained in the EES Contractor's contract with the Department. This shall include an evaluation of all of the following:

i. The design for maintainability, scalability, refresh-ability, concurrence, normalization and any other factors affecting performance and data integrity.

ii. The process for administering the database, including backup, recovery, performance analysis and control of data item creation.

C. BUSINESS REQUIREMENTS

The IV&V Contractor shall develop a comprehensive Project Management Plan (IV&V Project Management Plan) for Department approval, and shall manage and carry out the IV&V services in accordance with the IV&V Project Management Plan. The IV&V Project Management Plan (PMP) must include at a minimum the following elements:

1. Description of how the IV&V Contractor plans to carry out the IV&V services. This description should include methodologies, strategies, standards, and approaches employed by the IV&V Contractor for executing each of the IV&V activities within this Scope of Work.

2. High level IV&V services schedule which aligns with the EES Master Project Schedule.

3. Detailed schedule that includes activities, tasks, task work effort estimates, estimated start and end dates, durations, deliverables, and assigned resources.. Coordinate and align the IV&V deliverable schedule with the Department and the EES Contractors.

4. Organizational structure which reflects, among other things, the need to coordinate activities among the Department, IV&V, and EES Contractor.

5. Description of resources assigned to activities, tasks and the IV&V deliverable creation.

6. Assigned personnel dedicated to the IV&V reviews on the EES project.

7. Description of the deliverables produced as a result of IV&V activities.

The IV&V Contractor shall perform ongoing program monitoring activities and shall review and validate issues/deficiencies/risks identified with the Department Project Management Team and the EES Contractor. Project monitoring tasks include but are not limited to:

1. Review and validate all project work plans and schedules, including staffing levels.

2. Develop and submit an EES Project Status and Milestone Report to monitor all project milestones and costs.

3. Perform ongoing assessments of project staffing levels (key and non-key personnel) and report on the ability to meet project schedule and milestones.

4. Provide Risk Assessment Reports for all project risks, with proposed mitigation strategies.

5. Monitor the Department's ACA project management office practices, processes and deliverables.

The IV&V Contractor shall conduct verification and validation reviews of the quality and completeness of critical path deliverables produced by the awarded contractor for the EES Project to help ensure they meet the requirements and expectations of the Department, CMS, and internal and external stakeholders.

D. SCOPE OF WORK

The following Scope of Work sections focus on the key IV&V activities and requirements for the Eligibility and Enrollment Solution project. Specifically:

1. Program Management - Oversight and acceptance of PMP Deliverables, Executive Committee Participation and Monthly Status Reporting
2. Deliverables Review and Acceptance
3. Quality Assurance
4. Contract Compliance

E. EES TECHNOLOGY REVIEW

The IV&V Contractor shall develop and submit a Technical Recommendations Report as part of performing the following defined EES Technology Review tasks:

1. EES Operating Environment

The IV&V Contractor will evaluate each EES Component for all of the following:

a. System hardware configurations to determine if their performance is adequate to meet proposed system requirements as defined in the EES contract.
b. Compatibility with the State's existing processing environment, if it is maintainable, and if it is easily upgradeable. This evaluation will include, but is not limited to Central Processing Units (CPUs) and other processors, memory, network connections, and bandwidth, communication controllers, telecommunications systems (Local Area Network/Wide Area Network [LAN/WAN]), terminals, printers, and storage devices.
c. System software to determine if its capabilities are adequate to meet proposed system requirements.
d. Whether the software is maintainable and easily upgradeable.
e. Projected service provider support of the hardware and software.
f. Database products to determine if their capabilities are adequate to meet proposed system requirements.
g. The database's data format to determine if it is easily convertible to other formats, if it supports the addition of new data items, if it is scalable, if it is easily refreshable and if it is compatible with the State's existing hardware and software, including any on-line transaction processing environment.
h. Processing capacity of the system to determine if it is adequate for current statewide needs for both batch and on-line processing.
i. The system's capacity to support future growth.

The Contractor shall make recommendations on changes in processing hardware, storage, network systems, operating systems, consumer off the shelf software, and software design to meet future growth and improve system performance.

F. PROJECT PLANNING AND MANAGEMENT

The IV&V Contractor shall ensure that staff attending meetings between the Department and the IV&V Contractor has the authority to represent and commit the IV&V Contractor regarding work planning, problem resolution and program development.

At the Department's direction, the Contractor shall make its Key Personnel and other personnel assigned to the Contract available to attend meetings as subject matter experts with stakeholders both within the State government and external or private stakeholders. The IV&V Contractor shall be present at all scheduled status meetings between the Department and EES Vendor, unless the Department provides permission otherwise.

All of the IV&V Contractor's personnel that attend any meeting with the Department or other Department stakeholders shall be physically present at the location of the meeting, unless the Department gives prior, written permission to attend by telephone or video conference. In the event that the Contractor has any personnel attend by telephone or video conference and are the only entity not at the location of the meeting, the IV&V Contractor shall be responsible for providing the conference line or virtual meeting place.

The IV&V Contractor shall respond to all telephone calls, voicemails and emails from the Department within one (1) Business Day of receipt by the IV&V Contractor.

G. DELIVERABLES

The IV&V Contractor must provide the deliverables required by CMS and defined in the IV&V activities.

1. THE IV&V DELIVERABLES INCLUDE

- **a.** Initial Project Assessment Report
- **b.** IV&V Project Management Plan
- **c.** IV&V Project Status Report
- **d.** IV&V Project Schedule
- **e.** Performance Standards Planning Document
- **f.** Performance Metrics Document
- **g.** Monthly Management Briefing Report
- **h.** Risk Assessment Report
- **i.** EES Estimating and Schedule Review Recommendations Report
- **j.** EES Deliverable Review Report
- **k.** Critical Incident Report
- **l.** EES Project Milestone and Cost Status Report
- **m.** EES Estimating and Schedule Review Recommendations Report
- **n.** EES Design and Analysis Review Report
- **o.** Unit Testing Review Report
- **p.** EES Technical Recommendations Report
- **q.** Data Conversion Process Review Report
- **r.** Data Conversion Error Report

Once the detailed IV&V Project Plan is approved by the Department, the following sections detail the process for submission and review of deliverables during the life of the project/contract.

The IV&V Contractor must provide one electronic copy of each deliverable to the appropriate Department Project manager as identified in the contract. Once a deliverable is approved and accepted by Department, the IV&V Contractor must upload an electronic copy into the designated Department SharePoint site.

Deliverables will be evaluated by the Department utilizing mutually agreed to acceptance/exit criteria.

2. DELIVERABLE SUBMISSION

Prior to development and submission of Department specified contract deliverable, a Deliverables Expectations Document (DED) containing a description of the format and content of each deliverable will be delivered to the Department for review and approval. The DED must contain, at a minimum, the following:

a. Cover letter;
b. Table of Contents with a brief description of the content of each section;
c. Anticipated number of pages; and
d. Identification of appendices/exhibits

The DED must contain an approval/rejection section that can be completed by the Department. The summary document will be returned to the IV&V Contractor within a mutually agreed upon time frame. Deliverables must be developed by the IV&V Contractor according to the approved format and content of the summary document for each specific deliverable.

At a mutually agreed to meeting, on or before the time of delivery to Department, the IV&V Contractor must provide a walkthrough of each IV&V deliverable. IV&V Deliverables must be submitted no later than 5:00 PM CST, per the approved contract deliverable schedule and must be accompanied by a deliverable sign-off form with the appropriate sections completed by the IV&V Contractor.

3. DELIVERABLE REVIEW

The Department's review time begins on the next business day following receipt of the deliverable. The Department's review time will be determined by the approved and accepted detailed project plan and the approved contract. The Department has up to five (5) working days to determine if a deliverable is complete and ready for review. Unless otherwise negotiated, this is part of the Department's review time.

Any subsequent deliverable dependent upon the Department's acceptance of a prior deliverable will not be accepted for review until all issues related to the previous deliverable have been resolved. Deliverables determined to be incomplete and/or unacceptable for review will be rejected, not considered delivered and returned to the IV&V Contractor. After review of a deliverable, the Department will return to the IV&V Contractor the project deliverable sign-off form with the deliverable submission and review history section completed.

4. DELIVERABLES ACCEPTANCE

If the deliverable is accepted, the original deliverable sign-off form signed by the appropriate Department representatives will be returned to the Contractor.

Comments/Revisions Requested by the State

If the Department has comments and/or revisions to a deliverable, the following will be provided to the IV&V Contractor:

a. The original deliverable sign-off form with an updated entry to the deliverable submission and review history section.

b. Attached to the deliverable sign-off form will be a detailed explanation of the revisions to be made and/or a marked up copy of the deliverable.

c. The Department's first review and return with comments will be completed within the times specified in the contract.

d. The IV&V Contractor will have five (5) working days, unless otherwise mutually agreed to, for review, acceptance and/or rejection of the Department's comments.

A meeting to resolve outstanding issues must be completed within three (3) business days after completion of the IV&V Contractor's review or a mutually agreed upon time frame. Agreements made during meetings to resolve issues must be documented separately. Once an agreement is reached regarding changes, the IV&V Contractor must incorporate them into the deliverable for resubmission to the Department. All changes must be easily identifiable by the Department.

Resubmission of the deliverable must occur within five (5) business days or a mutually agreed upon time frame of the resolution of any outstanding issues. The resubmitted deliverable must be accompanied by the original deliverable sign-off form. This review process continues until all issues have been resolved within a mutually agreed upon time frame.

During the re-review process, the Department will only comment on the original exceptions noted. All other items not originally commented on are considered to be accepted by the Department. Once all revisions have been accepted, the original deliverable sign-off form signed by the appropriate the Department representatives will be returned to the IV&V Contractor.

The IV&V Contractor must provide one (1) updated electronic copy of each deliverable after approval and acceptance by the Department. At this point the IV&V Contractor must submit the Department approved deliverable to CMS.

5. REJECTED, NOT CONSIDERED DELIVERED

If the Department considers a deliverable not ready for review, the following will be returned to the IV&V Contractor:

a. The original deliverable sign-off form with an updated entry to the deliverable submission and review history section.

b. The original deliverable and all copies with a written explanation as to why the deliverable is being rejected, not considered delivered.

c. The IV&V Contractor will have five (5) business days, unless otherwise mutually agreed to, for review, acceptance and/or rejection of the Department's comments.

A meeting to discuss the Department's position regarding the rejection of the deliverable must be completed within three (3) business days after completion of the IV&V Contractor's review or a mutually agreed upon time frame. Resubmission of the deliverable must occur within a mutually agreed upon time frame. The resubmitted deliverable must be accompanied by the original deliverable sign-off form.

Upon resubmission of the completed deliverable, the Department will follow the steps outlined in this process.

H. REPORTING REQUIREMENTS

The IV&V Contractor shall deliver the IV&V Project Status Report to the Department on a monthly basis. The monthly IV&V Project Status Report should contain, at a minimum, all of the following:

1. Written support and documentation of all items to be presented during the next Management Briefing.

2. The results or findings of any assessments, evaluations, reviews or verifications completed during the prior month or updates in relation to any of the following areas:

- **a.** CMS guidance.
- **b.** Operational oversight.
- **c.** Overview of IV&V Contractor Management Plan updates;
- **d.** Overview of periodic reviews of the EES Project;
- **e.** Updates to Risk Analysis and Mitigation Plan Review;
- **f.** Overview of Corrective Action Plans produced during the previous month;
- **g.** Overview of EES Contractor Critical Incident Reports;
- **h.** Project Management updates;
- **i.** Quality Assurance updates;
- **j.** EES Operating Environment updates;
- **k.** EES Software Development updates;
- **l.** EES System Testing updates;
- **m.** EES Data Management updates;
- **n.** Any recommendations to mitigate any risk, deficiency or issue discovered as a result of any assessment, evaluation, review or verification completed during the prior month;
- **o.** A Performance Standard Planning Document that includes the status of each activity shown on the IV&V Management Plan for that EES Component as well as the progress since the prior report; and
- **p.** Any updated Work Breakdown Structure developed during the prior month.

V. PROPOSAL INSTRUCTIONS

This section documents the mandatory requirements that must be met by bidders in preparing the Technical and Cost Proposal. Bidders should identify the subdivisions of “Project Description and Scope of Work” clearly in their proposals; failure to do so may result in disqualification. Failure to respond to a specific requirement may be the basis for elimination from consideration during the State’s comparative evaluation.

Proposals are due by the date and time shown in the Schedule of Events. Content requirements for the Technical and Cost Proposal are presented separately in the following subdivisions:

A. TECHNICAL PROPOSAL

The Technical Proposal shall consist of four (4) sections:

1. SIGNED “State of Nebraska Request For Proposal For Contractual Services” form;
2. Executive Summary;
3. Corporate Overview; and
4. Technical Approach.

1. REQUEST FOR PROPOSAL FORM

By signing the “Request For Proposal For Contractual Services” form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the Terms and Conditions stated in this Request for Proposal and certifies bidder maintains a drug free work place environment.

The Request For Proposal For Contractual Services form must be signed in ink and returned by the stated date and time in order to be considered for an award.

2. EXECUTIVE SUMMARY

The Executive Summary shall condense and highlight the contents of the solution being proposed by the bidder in such a way as to provide the Evaluation Committee with a broad understanding of the Contractor's Technical Proposal. The Executive Summary should include:

a. A clear and concise summary of the bidder’s understanding of the EES project, the IV&V Services and the Department’s needs.
b. A clear and concise summary of the proposed approach.
c. A brief summary of the bidder’s experience and ability to perform this project.
d. A general description of the capabilities and role of any subcontractors

Bidders must present their understanding of the problems being addressed by implementing a new system, the objectives and intended results of the project, and the scope of work. Bidders shall summarize how their Technical Proposal meets the requirements of the Request for Proposal, and why they are best qualified to perform the work required herein.

3. CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal must consist of the following subdivisions:

a. BIDDER IDENTIFICATION AND INFORMATION

The bidder must provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business, whether the name and form of organization has changed since first organized, and Federal Employer Identification Number and/or Social Security Number.

b. FINANCIAL STATEMENTS

The bidder must provide financial statements applicable to the firm. If publicly held, the bidder must provide a copy of the corporation's most recent audited financial reports and statements, and the name, address and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information must be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm must provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

c. CHANGE OF OWNERSHIP

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder must describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded vendor(s) will require notification to the State.

d. OFFICE LOCATION

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska must be identified.

e. RELATIONSHIPS WITH THE STATE

The bidder shall describe any dealings with the State over the previous two (2) years. If the organization, its predecessor, or any party named in the bidder's proposal response has contracted with the State, the bidder shall identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

f. BIDDER'S EMPLOYEE RELATIONS TO STATE

If any party named in the bidder's proposal response is or was an employee of the State within the past twenty-four (24) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

g. CONTRACT PERFORMANCE

If the bidder or any proposed subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other party's name, address and telephone number. The response to this section must present the bidder’s position on the matter. The State will evaluate the facts and will score the bidder’s proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5)years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting party.

h. SUMMARY OF BIDDER’S CORPORATE EXPERIENCE

The bidder shall provide a summary matrix listing the bidder’s previous projects similar to this Request for Proposal in size, scope and complexity, specifically:

i. Experience performing IV&V services for governmental agencies or large private health insurance providers.
ii. Experience with a highly similar task for providing IV&V services on projects of similar scope.
iii. Experience performing IV&V services for a project that included transitioning data from a legacy or existing system into a new system.
iv. Demonstrated knowledge and understanding of the CMS Enterprise Life Cycle Gate Review process including required documents and their associated templates.
v. Experience with CMS’s Medicaid Information Technology Architecture (MITA).
vi. Experience working with CMS or projects that had CMS oversight.

The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder must address the following:

vii. Bidder must provide narrative descriptions to highlight the similarities between their experience and this Request for Proposal. These descriptions must include:

- **a)** the time period of the project;
- **b)** the scheduled and actual completion dates;
- **c)** the contractor's responsibilities;
- **d)** for reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number and e-mail address); and
- **e)** each project description shall identify whether the work was performed as the prime contractor or as a subcontractor. If a bidder performed as the prime contractor, the description must provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.

viii. Contractor and subcontractor(s) experience must be listed separately. Narrative descriptions submitted for subcontractors must be specifically identified as subcontractor projects.

ix. If the work was performed as a subcontractor, the narrative description shall identify the same information as requested for the contractors above. In addition, subcontractors shall identify what share of contract costs, project responsibilities, and time period were performed as a subcontractor.

i. SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH

The bidder must present a detailed description of its proposed approach to the management of the project.

The bidder must identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this Request for Proposal. The names and titles of the team proposed for assignment to the State project shall be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder shall provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

Resumes must not be longer than three (3) pages. Resumes shall include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) client references (Client and Company Name, Project Name, address, email address and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

A major factor in the success of the Project is the degree of collaboration between IV&V and EES Contractor staff and Department staff. The IV&V Contractor is expected to work with key Department stakeholders, management and subject matter experts throughout the business and technology enterprise when conducting the project activities and developing the work products and deliverables. The IV&V Contractor is expected to propose a project approach that incorporates the involvement of Department business and technology staff in order to obtain information and feedback necessary to produce quality work products and deliverables.

The Bidder will provide resume(s) for the key personnel proposed for this project. The Bidder is required to demonstrate that their consultant(s) or employee(s) will have the skills necessary to meet the objectives of this project as listed below. The resumes must include:

i. Educational qualifications
ii. Summary of employment experience
iii. Specific experience with the service areas for which they are being proposed
iv. Previous work assignments in a similar role for this type of engagement demonstrating ability to meet the objectives listed below:
v. Proven experience with Consulting, Project Administration and Technical Assistance for Commercial or State Government Eligibility Solutions for a period of at least two years within the last four years
vi. Core competency in IV&V and QA as demonstrated by the resume
vii. Experience in the design, development, testing, and implementation of Medicaid or Commercial eligibility system
viii. Government or public sector experience
ix. In-depth knowledge of ACA Regulations
x. Highly developed written and verbal communication skills

The Bidder's proposal shall describe policies, plans and intentions with regard to maintaining continuity of key personnel and the implementation team assigned to the project to avoid and minimize the impact of necessary staff changes.

The Department will provide workspace, equipment and conference telephone capabilities to house the IV&V Contractor staff in Lincoln, NE. Additionally, the IV&V Contractor will be assigned Department SharePoint repository capabilities for all IV&V Contractor project documents and deliverables.

In order to ensure the success of this project, it is important that there is a continuity of Key Staff assigned to the project. The Bidder's proposal must:

i. Describe policies, plans, and intentions with regard to maintaining continuity of personnel assignments throughout the performance of any agreement resulting from this RFP.
ii. Discuss the Bidder's plans to avoid and minimize the impact of personnel changes.
iii. Identify planned backup personnel assignments.

iv. Commit to using the personnel identified in the proposal and agree to DHHS' right to approve proposed personnel changes during the term of the contract.

v. Agree that the Bidder's proposed project personnel may not be reassigned, replaced, or added during the project without the prior written consent of the DHHS Project Manager. Should a key staff position be vacated, the IV&V Contractor must give DHHS resumes of, and an opportunity to interview and approve, potential replacements for that employee.

vi. Agree that the Bidder's proposed key project personnel may not be assigned new or additional contract assignments outside the State of Nebraska contract, without the prior written consent of the DHHS Project Manager.

vii. Agree that the DHHS Project Manager reserves the right to require a change in the IV&V Contractor's project personnel at the DHHS Project Manager's discretion and that DHHS must be given an opportunity to interview and approve potential replacements for that employee. However, DHHS will not unreasonably exercise this option and will take reasonable steps to work with the IV&V Contractor toward a solution.

j. SUBCONTRACTORS

If the bidder intends to subcontract any part of its performance hereunder, the bidder must provide:

i. name, address and telephone number of the subcontractor(s);
ii. specific tasks for each subcontractor(s);
iii. percentage of performance hours intended for each subcontract; and
iv. total percentage of subcontractor(s) performance hours.

4. TECHNICAL APPROACH

The technical approach section of the Technical Proposal must consist of the following subsections:

a. Description how the IV&V Bidder plans to carry out the IV&V Services for the EES Project. This description shall include methodologies, strategies, standards and approaches employed by the Bidder for executing each of the IV&V activities within the Scope of Work of this RFP.

b. Description of the deliverables produced as a result of IV&V activities, including sample reports.

c. A documented methodology for performing IV&V Services that has proved successful on past projects.

d. A documented methodology for developing performance matrices that has proved successful on past projects.

e. A documented methodology for developing the performance matrices.

f. Description for assessing risks, documenting findings and communicating them to the Department and contractors.

g. A preliminary project management plan that includes the activities and deliverables which are defined in this RFP and expected of the vendor.

B. COST PROPOSAL REQUIREMENTS

This section describes the requirements to be addressed by bidders in preparing the Cost Proposal. The bidder must submit the Cost Proposal in a section of the proposal that is a separate section or is packaged separately as specified in the RFP from the Technical Proposal section.

The component costs of the fixed price proposal for providing the services set forth in the Request for Proposal must be provided by submitting forms substantially equivalent to those described below.

1. PRICING SUMMARY

This summary shall present the total fixed price to perform all of the requirements of the Request for Proposal - Use Form B. The bidder must include details in the Cost Proposal supporting any and all costs. These details must include, at a minimum, detailed descriptions and/or specifications of the goods and/or services to be provided, quantities, and timing and unit costs, if applicable.

The State reserves the right to review all aspects of the Cost Proposal for reasonableness and to request clarification of any proposal where the cost component shows significant and unsupported deviation from industry standards or in areas where detailed pricing is required.

2. PRICES

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the bidder, F.O.B. destination named in the Request for Proposal. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

C. PAYMENT SCHEDULE

The payment schedule for the project is tied to specific dates and deliverables. Invoices may be submitted by the contractor on specific dates based on the completion and acceptance of related deliverables. No invoice will be approved unless the associated deliverables have been approved. A percentage of the total contract cost may then be invoiced based on the following schedule.

Form A

Bidder Contact Sheet

Request for Proposal Number 4468Z1

The Bidder Contact Sheet should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response. Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Preparation of Response Contact Information	
Bidder Name:	
Bidder Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	
Bidder Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	

Form B
Cost Sheet
Request for Proposal Number 4468Z1

Name of Bidder:___________________________________

Form B has been provided for Bidders to submit as their cost proposal. Bidders must submit a Total Cost that includes all tasks, activities and deliverables defined in the RFP and supplied on the embedded spreadsheet. The cost for each category must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses. Detailed backup must be provided.

The Cost Proposal shall include all anticipated costs of successful implementation of all deliverables provided in the Cost Form. Bidders are required to specify deliverables, tasks or activities for each month and the associated costs for each deliverable. Bidders may move a scheduled deliverable on the price to match their proposed Project Schedule or add additional deliverables however Bidders cannot delete a deliverable. Bidders should add rows as appropriate.

The cost must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses.

Detailed back up must be provided.

Phase	Description		Cost
1	Initial Project Assessment Report		<Enter Amount>
	IV&V Project Status Report		<Enter Amount>
	IV&V Project Management Plan		<Enter Amount>
	IV&V Project Schedule		<Enter Amount>
		Sub-Total	
2	Management Briefing Report		<Enter Amount>
	IV&V Project Status Report		<Enter Amount>
	Performance Standards Planning Document		<Enter Amount>
	Performance Metrics Document		<Enter Amount>
		Sub-Total	
3	Management Briefing Report		<Enter Amount>
	IV&V Project Status Report		<Enter Amount>
	Risk Assessment Report		<Enter Amount>
	EES Estimating and Schedule Review Recommendations Report		<Enter Amount>
		Sub-Total	

4	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
5	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
6	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Project Milestone and Cost Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	EES Management Report Document	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
7	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Estimating and Schedule Review Recommendations Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
8	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Design and Analysis Review Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
9	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	Unit Testing Review Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	

10	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
11	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
12	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Technical Recommendations Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Estimating and Schedule Review Recommendations Report	<Enter Amount>
	EES Project Milestone and Cost Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
13	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Data Conversion Process Review Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
14	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Data Conversion Error Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
15	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	Data Converstion Error Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	

16	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	Data Converstion Error Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
17	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
18	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	Risk Assessment Report		**<Enter Amount>**
	EES Project Milestone and Cost Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
19	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
20	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
21	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	Risk Assessment Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
22	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	

23	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
24	**Final Management Briefing Report**		**<Enter Amount>**
	Final IV&V Project Status Report		**<Enter Amount>**
	Final EES Deliverable Review Report		**<Enter Amount>**
	Final Critical Incident Report		**<Enter Amount>**
		Sub-Total	
		TOTAL	

Revised Form B
Cost Sheet /Dated: 09/10/13
Request for Proposal Number 4468Z1

Name of Bidder:_____________________________________

Form B has been provided for Bidders to submit as their cost proposal. Bidders must submit a Total Cost that includes all tasks, activities and deliverables defined in the RFP and supplied on the embedded spreadsheet. The cost for each category must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses. Detailed backup must be provided.

The Cost Proposal shall include all anticipated costs of successful implementation of all deliverables provided in the Cost Form. Bidders are required to specify deliverables, tasks or activities for each phase and the associated costs for each deliverable. Bidders may move a scheduled deliverable on the price to match their proposed Project Schedule or add additional deliverables however Bidders cannot delete a deliverable. Bidders should add rows as appropriate.

The cost must be complete and include all expenses, including travel, per diem and out-of-pocket expenses as well as administrative and/or overhead expenses.

Detailed back up must be provided.

Phase	Description	Cost
1	Initial Project Assessment Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	IV&V Project Management Plan	<Enter Amount>
	IV&V Project Schedule	<Enter Amount>
	Sub-Total	
2	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Performance Standards Planning Document	<Enter Amount>
	Performance Metrics Document	<Enter Amount>
	Sub-Total	
3	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Estimating and Schedule Review Recommendations Report	<Enter Amount>
	Sub-Total	

4	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	
5	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	
6	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	Risk Assessment Report	**<Enter Amount>**
	EES Project Milestone and Cost Status Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	
7	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	EES Estimating and Schedule Review Recommendations Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	
8	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	EES Design and Analysis Review Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	
9	**Management Briefing Report**	**<Enter Amount>**
	IV&V Project Status Report	**<Enter Amount>**
	Risk Assessment Report	**<Enter Amount>**
	Unit Testing Review Report	**<Enter Amount>**
	EES Deliverable Review Report	**<Enter Amount>**
	Critical Incident Report	**<Enter Amount>**
	Sub-Total	

10	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
11	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
12	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Technical Recommendations Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Estimating and Schedule Review Recommendations Report	<Enter Amount>
	EES Project Milestone and Cost Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
13	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Data Conversion Process Review Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
14	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Data Conversion Error Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
15	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	Data Converstion Error Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	

16	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Data Converstion Error Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
17	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
18	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Project Milestone and Cost Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
19	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
20	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
21	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	Risk Assessment Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	
22	Management Briefing Report	<Enter Amount>
	IV&V Project Status Report	<Enter Amount>
	EES Deliverable Review Report	<Enter Amount>
	Critical Incident Report	<Enter Amount>
	Sub-Total	

23	**Management Briefing Report**		**<Enter Amount>**
	IV&V Project Status Report		**<Enter Amount>**
	EES Deliverable Review Report		**<Enter Amount>**
	Critical Incident Report		**<Enter Amount>**
		Sub-Total	
24	**Final Management Briefing Report**		**<Enter Amount>**
	Final IV&V Project Status Report		**<Enter Amount>**
	Final EES Deliverable Review Report		**<Enter Amount>**
	Final Critical Incident Report		**<Enter Amount>**
		Sub-Total	
		TOTAL	