2013 Annual Meeting & Expo Special Edition

With special introduction:

Threat of Disintermediation to Incumbent Acquirers is Limited

US Economic Indicators Report

May 1, 2013 – 17th Edition

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This report is a compilation and analysis of US economic data. Its intent is to provide a deeper understanding of the US economy and therefore, the ability for ETA members to better assess their position in the current economic climate. This is the 17th edition of the quarterly released report. Please reference cited sources for more detailed statistics. The views expressed are those of ETA/TSG and are subject to change. They are shared for educational purposes only. The information is based upon information we consider reliable, but its accuracy and completeness cannot be guaranteed.

This report is a member benefit provided to the Electronic Transactions Association's 500+ worldwide member companies.

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INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

OVERALL FINDING: It appears the disintermediation threat by mobile-enabled acquirers (i.e. Square) to incumbents may be limited and hinges upon these new entrants' success in developing targeted solutions and defending their target market in the future.

- **Barriers to entry in the acquiring market may be low; however, *barriers to success* will be high without a specialized solution**
- **TSG's merchant database of 1.6 million merchants suggests that Square has not pulled market share from incumbent acquirers**
- **PRICE NEUTRAL scenarios would suggest that new entrants such as Square are not a threat to more complex acquirers; these include acquirers with integration, for example:**
  - **Vertical integration:** specialization in merchant type (specialized sales person and/or management software)
  - **Distribution integration:** VAR partners who resell a specialized solution with payments functionality or an agent bank relationship where there is an existing banking relationship
  - **Operational/IT integration:** The payments product is one of multiple products provided to the merchant, i.e. accounting software
- **Incumbents with non-integrated vertical, distribution, or operational channels are more exposed to the disintermediation threat than others**
- **It is very possible that new entrants may get "boxed" into their market specialization**
  - Price alone historically has not been enough incentive for certain merchant segments to switch payment providers; this will become increasingly evident among larger merchants and those requiring more specialized solutions
  - Majority of acquirers are investing in merchant retention programs to aggressively retain their market share
- **Square first offered simplicity in card acceptance, particularly to the micromerchant market**
  - Square provides merchants with a streamlined payments experience by offering clarity in pricing, easy sign-up and ease of use for an overall simple experience
  - Now that Square has raised the bar in this area, incumbent acquirers that offer a hassle-free merchant experience are less exposed to the disintermediation threat

INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

PRODUCTS: Recent trends in acquiring have moved from payments being the only product to payments being packaged with other 'business management' products

All below factors may combine to "box" new entrants into their target merchant market (if not only make for a steep hill to climb to establish themselves as a player in the traditional/larger merchant market); however, the threat to incumbents must be acknowledged

- Merchant clients (non-micro) are increasingly looking for software solutions that help run their business beyond payments
- Barriers are high in integrated solution distribution channels, through business management software providers for example, due to relationships built over recent years with existing payment companies; uprooting these relationships is a difficult task due to switching costs that would be borne by the software providers
- Existing ISOs and acquirers are adopting new technology and new products through distribution partnerships with new entrants (example of which is Heartland's recent partnership with LevelUp)
- New entrants' ability to move into the traditional merchant market may ultimately depend on developing products and services similar to larger ISOs and acquirers
  - Development of these products and services can be capital intensive
  - New entrants may be planning on funding these developments with cash flow from their micromerchant business; over time, they will likely face continued/additional competition from incumbent acquirers competing in this market as well
  - Many new entrants also look to larger more established players as a distribution partner

DISTRIBUTION: Certain players with a more generic offering and a heavy reliance on non-integrated distribution may be more exposed to the disintermediation threat than others

Specialized Products & Services

- ISOs and acquirers with niche payments solutions tailored to a specific merchant vertical or integrated through business management software typically experience higher retention rates due to high switching costs (and difficulty of switching) among their merchant clients
- Integrated models typically also experience lower revenue share residuals and therefore shorter paybacks on merchant accounts
- Specialized solutions and new products, both payments and non-payments specific, will likely require a specially trained sales force to sell and service these products and solutions to merchant clients

Generic Offerings & Non-Integrated Sales Models

- ISOs and acquirers servicing merchants that lack the need for a tailored solution or a software integrated solution are likely more exposed to price competition than their specialized counterparts due to lower switching costs
- Merchant verticals not in need of specialized solutions are primarily concerned with the ability to accept payments, which makes it difficult to differentiate on service offerings and leads to price competition
- It is likely that the vast majority of these merchants do not exceed a certain size in annual volume; the larger a merchant becomes, the more need/benefit they will receive from a specialized or integrated solution

Online/Retail Store Distribution Models

- Success with online/retail store distribution models is likely heavily dependent on successful marketing and brand awareness campaigns which can be costly
- New web/retail store based distribution models will likely be difficult to successfully apply outside of the small/micromerchant market; larger merchants are more likely than their smaller merchant counterparts to demand levels of customer service associated with a dedicated sales agent/point of contact

INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

PRICE ALONE would suggest new entrant Square as a threat to small merchants in the traditional merchant market; digging deeper exposes new issues

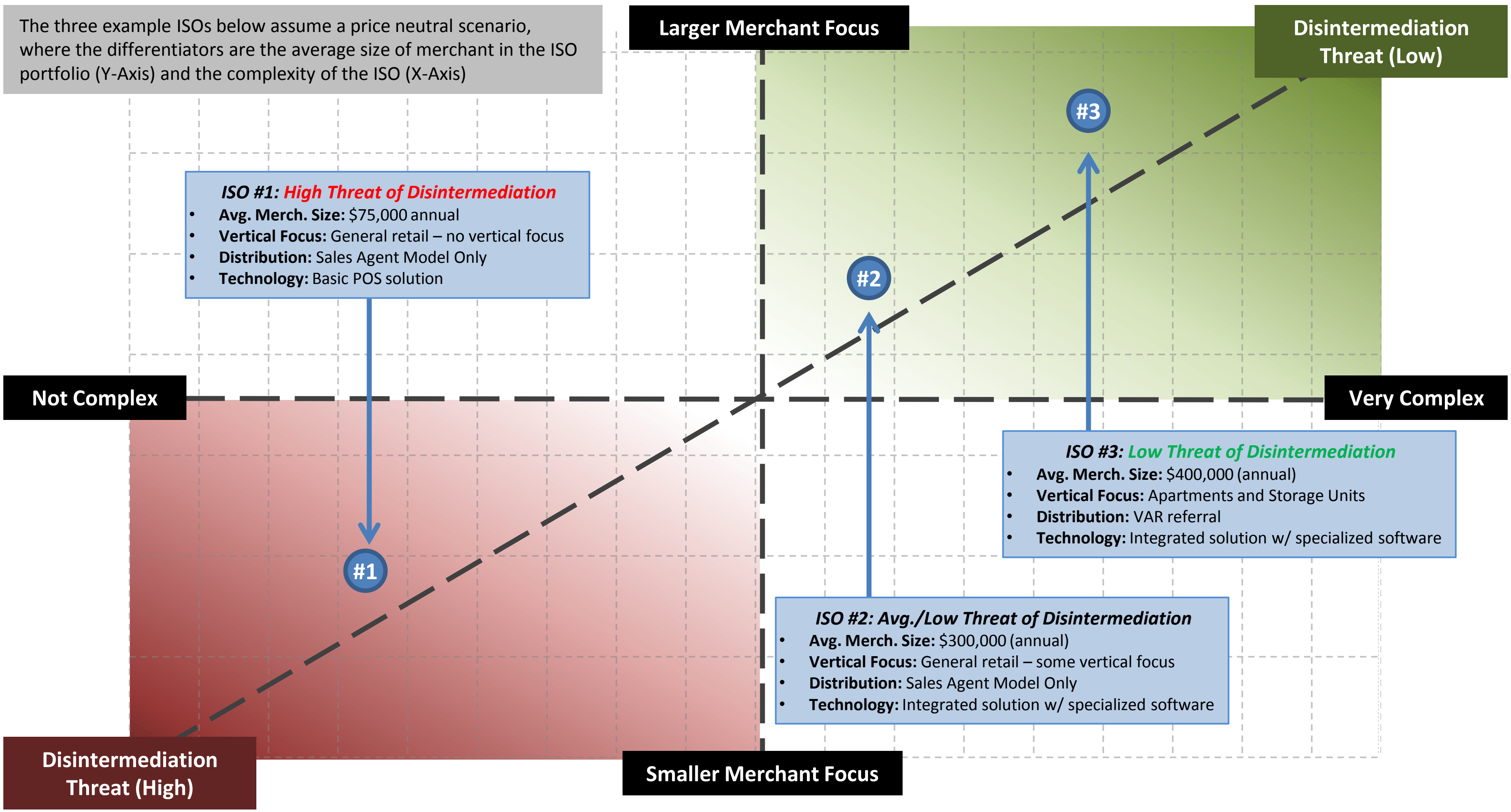
Total "All In" Cost to Merchant – Bankcard Volume Only

Merchant Size	Square #1: 2.75% Flat Rate Pricing	Square #2: $275 per Month + 2.75% >$250K	Square Competitive Threat…?	If leading on price:
Tier 1 5M & Up	2.75%	2.679%	Low Threat	Is low threat from Square's current solution as product feature/ functionality and customer service is most important for larger merchants
Tier 2 3M – 5M	2.75%	2.661%	Low Threat	
Tier 3 2M – 3M	2.75%	2.607%	Low Threat	
Tier 4 1M – 2M	2.75%	2.512%	Low Threat	
Tier 5 750K – 1M	2.75%	2.341%	Low Threat	
Tier 6 500K – 750K	2.75%	2.178%	Low Threat	
Tier 7 250K – 500K	2.75%	1.797%	Average Threat	Is at average threat as price often leads initial decision making process for processing; however, integrated solutions make merchants more sticky over time
Tier 8 100K – 250K	2.75%	1.886%	Average Threat	
Tier 9 50K – 100K	2.75%	4.400%	Average Threat	
Tier 10 25K – 50K	2.75%	8.800%	Average Threat	
Tier 11 0 – 25K	2.75%	26.400%	High Threat	Limited sticky factor(s)

- Based on pricing alone, Square appears to be a threat to gain share among small merchants
  - NOTE: Square charges significantly higher rates and transaction fees for keyed transactions (non-qual) that are not displayed on the chart, which raises all of its rates on average, as most merchants have CNP and often bad stripe reads
- Competing on price alone is not likely a successful long-term strategy as it would imply a "race to the bottom" scenario
  - However, larger ISOs and acquirers are more capable of engaging in a price war to protect their larger merchant client business
- Multiple incumbent acquirers have developed, or will be developing their own solutions for the micro/mobile merchant market, placing increased pressure on Square to protect and grow their core merchant business
  - Profit, and therefore capital, provided from Square's micromerchant business is likely critical to developing capabilities to attract larger merchant clients
- Loss of profit among core micro/mobile merchant business would likely impair Square's ability to compete for larger merchant clients
  - Furthermore, micro/aggregated merchants experience loss rates that are on average ~70 times higher than the market average, putting profits at risk
  - Although it is obvious that Square would generate positive net revenue after interchange based on their two pricing models, it is conceivable to speculate that they are losing money on their smallest accounts (who dominate their portfolio), after considering the costs associated with acquisition, processing, and servicing

INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

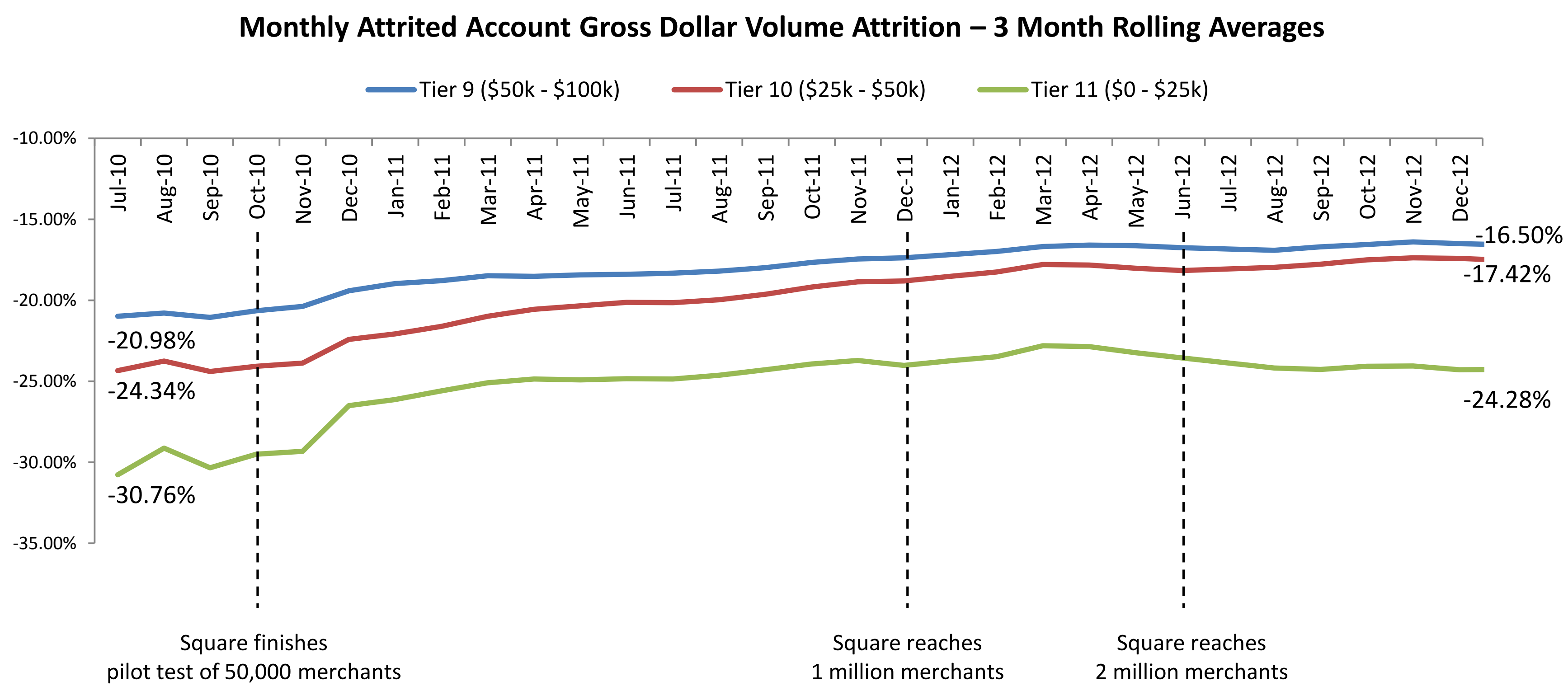
PRICE NEUTRAL scenarios would suggest new entrant Square is not a threat to more complex acquirers (complexity = distribution, technology, target merchant type) that focus on non-micromerchants; however, it is a threat to ISOs that focus on very small merchants, have a non-vertically focused sales approach, and distribute basic POS solutions through a single-threaded sales model.



INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

TSG's merchant database of 1.6 million merchants suggests that Square has not pulled market share from incumbent acquirers over the past 2.5+ years.

- **The smallest tier of merchant (Tier 11 / $0 - $25k annual volume/green line) is in Square's target market**
  - Dollar volume attrition has improved from -30.76% (July 2010) to -24.28% (December 2012)
  - Gross $ Volume Attrition definition: dollar volume of attrited active merchant accounts as a percent of total dollar volume at the beginning of the measurement period

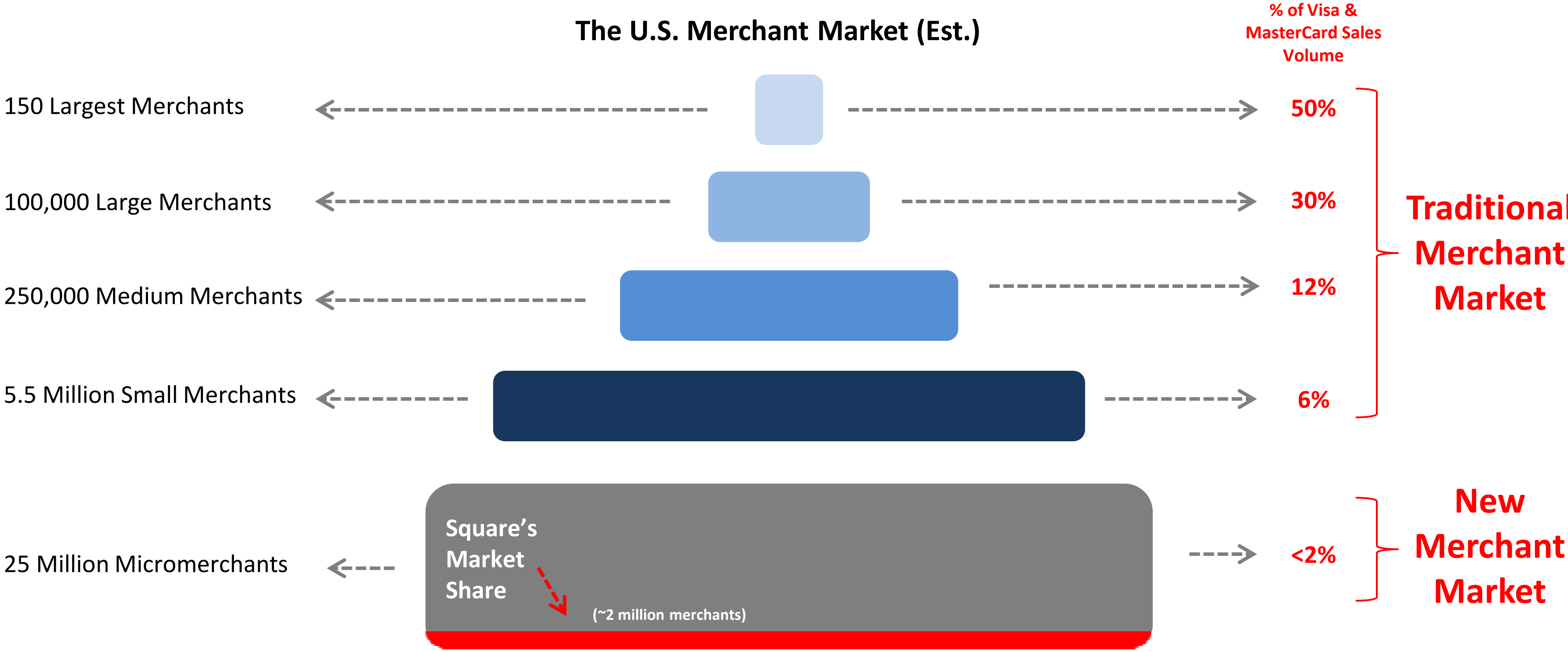


Source: TSG Database. The TSG database utilizes data from 15 different merchant portfolios among the top 50 U.S. merchant acquirers, representing both Bank and ISO participants, a variety of business models, and sales and marketing strategies. The data analyzed includes 48 months of data, representing an estimated 20% of U.S. brick and mortar merchants.

INTRODUCTION: Threat of Disintermediation to Incumbent Acquirers is Limited

Square's influence has been immense in that they helped created a new, card accepting micromerchant market. With this new market, merchant acquiring is not a zero sum game. Meanwhile, the micromerchant market is being targeted by incumbents as well (Intuit - GoPayment, Heartland – Mobuyle, PayAnywhere). Square's influence is also seen in their creation of an ultra-simple merchant experience for price, sign-up and use.

The U.S. Merchant Market (Est.)



Source: TSG estimates

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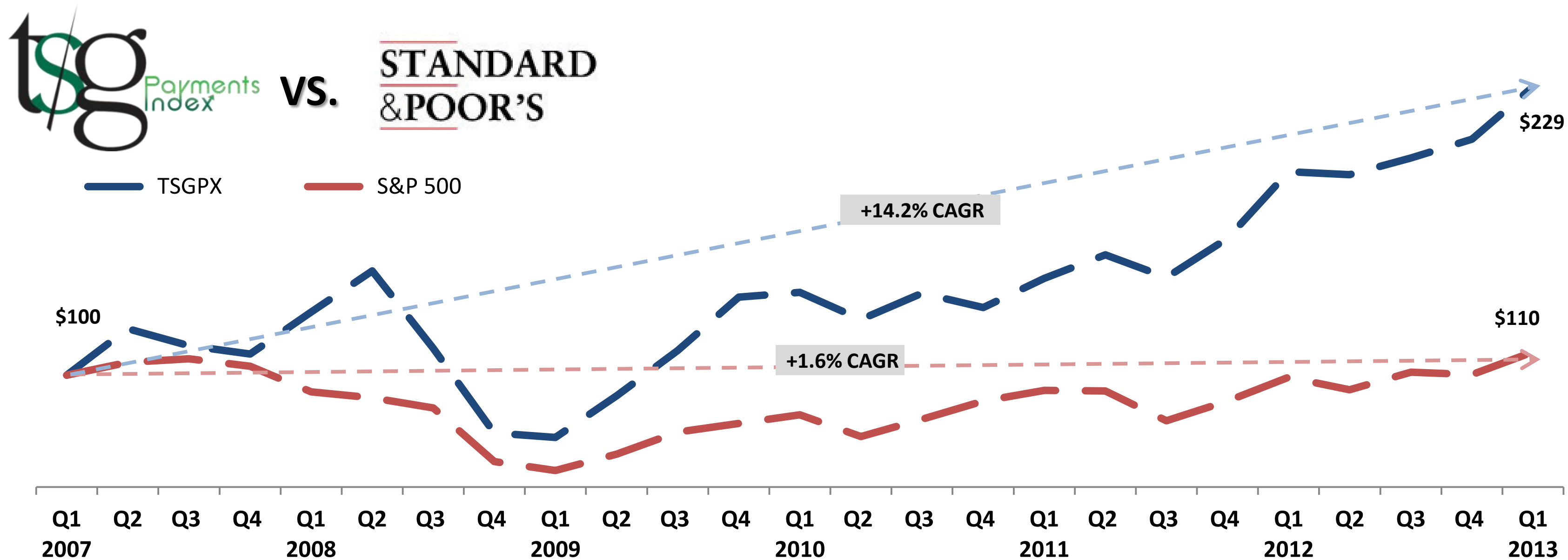
Payments Indicators: Payments Companies Vs. S&P 500

The chart below displays the performance of a $100 investment in an index of selected payments companies which represent the "TSG Payments Index" - this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. A $100 investment in the TSGPX in Q1 2007 would now be valued at $229, as compared to $110 if invested in the S&P 500.



tsg Payments Index	Heartland Payment Systems	vantiv	globalpayments	TSYS	PAYMENT Data Systems
	Acquirer	Acquirer	Processor	Processor	Processor
Planet Payment	Wright Express	VeriFone	NCR	DIEBOLD	ACI
Processor	Specialty Processor	POS Equipment Provider	POS Equipment Provider	Hardware/Software Prov.	Technology Provider
fiserv.	FIS	FUNDtech	Euronet Worldwide	jack henry & ASSOCIATES INC.	VeriSign
Technology Provider	Technology Provider	Technology Provider	Technology Provider	Technology Provider	Data Security VAR
VISA	MasterCard	DISCOVER Financial Services	American Express	GCA	Tier
Card Association	Card Association	Card Association/Issuer	Card Association/Issuer	Global Cash Access	Direct Billing
Western Union	AllianceData	green dot	netSpend	3PEA International	Cardtronics
Money Transfer	Loyalty Solutions Prov.	Prepaid Issuer	Prepaid Issuer	Prepaid Solutions *	ATM Operator

*Added Q1 2013

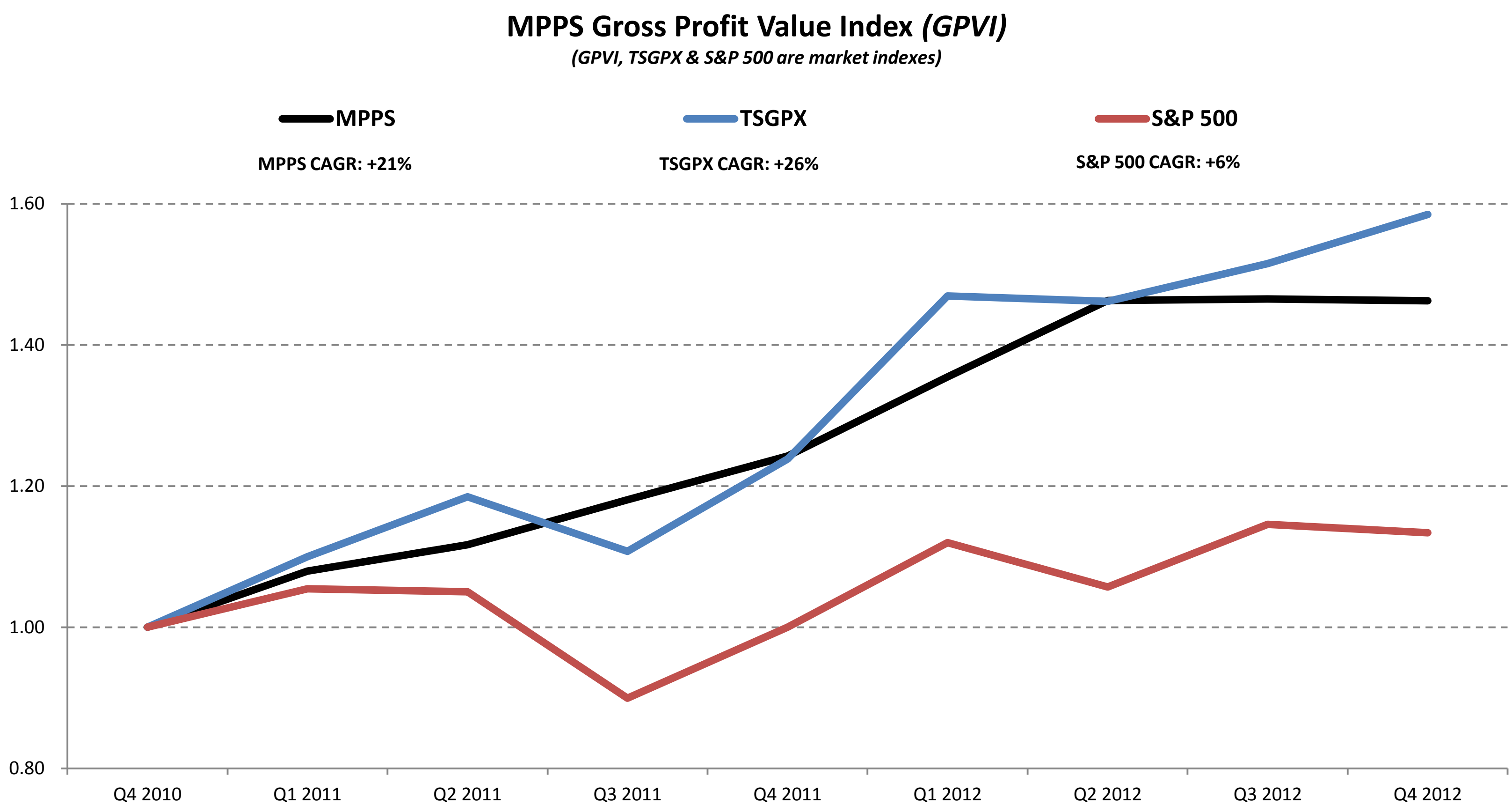
The chart above displays the performance of $100 investment in an index of the following listed companies which represent the "TSG Payments Index" - this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. This analysis does not include affects of re-invested dividends. While some of the companies listed in TSG's Payments Index do not meet the requirements to be a S&P 500 listed company (S&P listed companies have a market cap of at least $3 billion), the S&P 500 served to be the best comparable index to TSG's Payments Index since it is one of the most commonly used benchmarks for the overall U.S. stock market. In fact, many consider it to be the definition of *the market.* The companies included in TSG's Payments Index met the criteria that at least 50% of their revenues were produced from electronic payments products or services. Ingenico and Gemalto have been removed due to inclusion of NetSpend and Cardtronics as well as their being traded on non-US exchanges. As of Q4 2011 Fundtech has been removed due to an acquisition and Tier Technologies' name has been changed to Official Payments. Vantiv was added to the index as of Q1 2012. LML Payment Solutions and Transaction Network Services were removed as of Q1 2013 due to acquisition.

Payments Indicators: Value Index of U.S. Merchant Portfolios

TSG has created an index representing the overall movement in the value of U.S. merchant acquiring portfolios using its MPPS database of 1.6 million merchants. **TSG's proprietary Merchant Portfolio Performance Study (MPPS)** represents data from 1.6 million merchant accounts which processed over $163 billion in annual volume as of Q4 2012. TSG's MPPS report, available to participants only, is produced on a quarterly basis and contains countless charts and time series analysis on over 100 volume, profit, and attrition and growth metrics/ratios beginning with Q1 2009. This index is titled the MPPS GPVI (GPVI = Gross Profit Value Index) and presents the change in the collective portfolio value indicator. TSG created this index, the MPPS GPVI, by valuing the future gross profit generated from the MPPS portfolio on a quarterly basis and has indexed this value to 1, beginning in Q1 2010.

The chart below shows that the MPPS GVPI has a CAGR of 21% since Q4 2010, as compared to 26% for the TSGPX and 6% for the S&P 500. These measures differ from the TSGPX CAGR listed on the previous page due to a different time series.

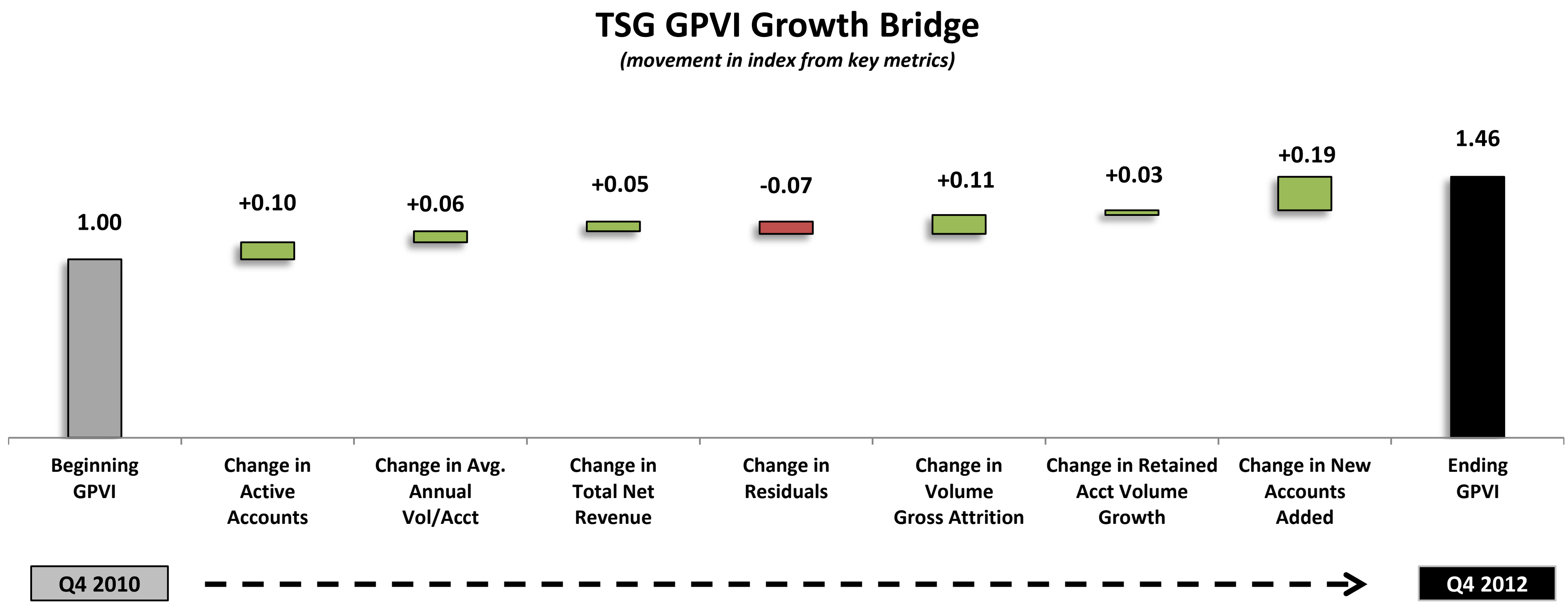
Please see additional detail on following page.



Sources TSG MPPS Database – click here to read more about Merchant Portfolio Performance Study (MPPS)

Payments Indicators: Value Index of U.S. Merchant Portfolios

Data in the below illustration indicate that merchant portfolios' gross profit value has increased a total of 49% since Q4 2010, a CAGR of +21%. An increase in residual payouts are the only factor creating incremental headwinds for merchant portfolio value according to data in the chart.



TSG has created an index representing the overall movement in the value of U.S. merchant acquiring portfolios using its MPPS database of 1.6 million merchants. This index is titled the MPPS GPVI (GPVI = Gross Profit Value Index) and presents the change in the collective portfolio value indicators. TSG created this index, the MPPS GPVI, by valuing the future gross profit generated from the MPPS portfolio on a quarterly basis and has indexed this value to 1 beginning in Q1 2010. The following bullet points will illustrate the primary assumptions/methodologies that were used to derive the portfolio(s) values by which the MPPS GPVI is calculated.

- **Model** – industry accepted discounted cash flow pro forma model which derives unlevered after tax gross profit as the determinant of cash flow
- **Valuation Date(s)** – each index in calculated using the value at the end of the given quarter
- **Base Accounts** – the base accounts are valued as a separate portfolio using financial metrics specific to their recent trailing twelve months' performance at the end of the given quarter
- **New Accounts** – new accounts are valued as a separate "new account" portfolio using financial metrics specific to their recent trailing twelve months' performance as well as metrics from the base accounts' recent trailing twelve months' performance where appropriate
- **Total Portfolio** – the value of the total portfolio is simply the sum of the base accounts and the new accounts, this value is then used to calculate the index

NOTE: It is important to note that the values derived are not a complete measure of the business value as a whole , as operating and sales expenses are not considered in the discounted cash flows. Numbers may not sum due to rounding.

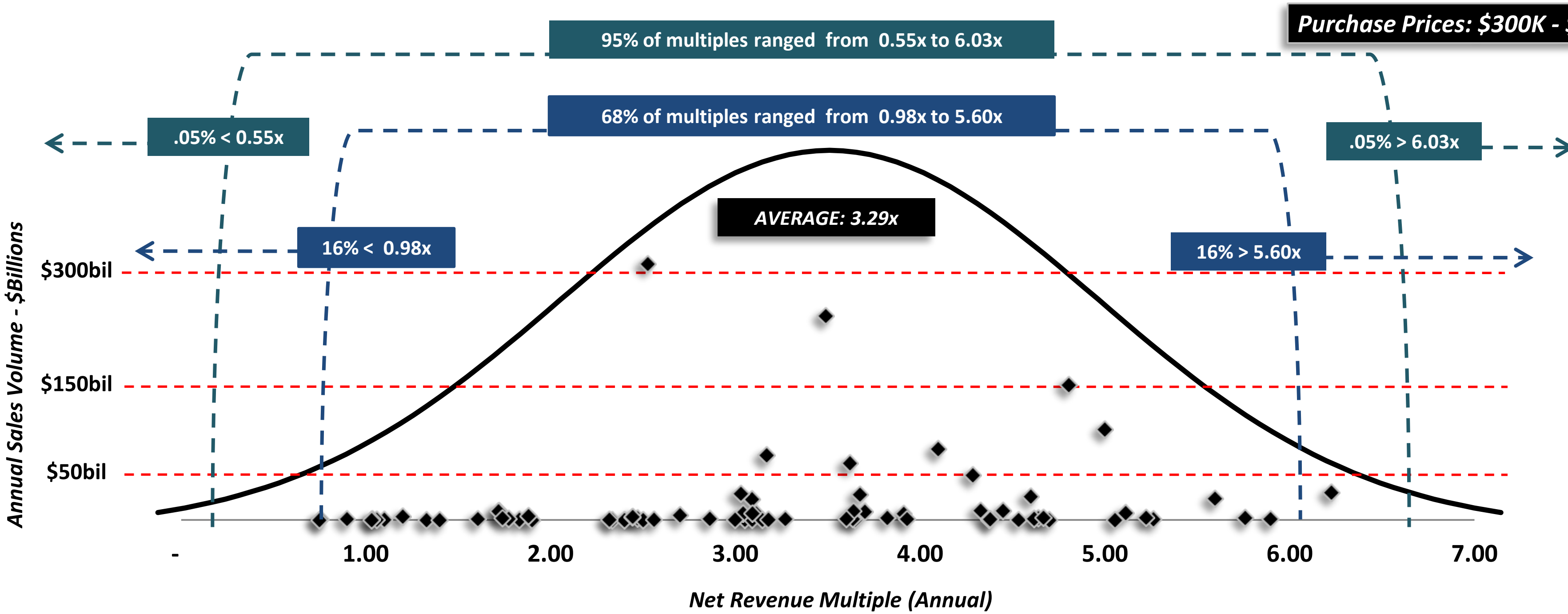
Payments Indicators: Acquisition Multiples

Timeframe: 2000 – 2012

Data Set: 80 Transactions

Purchase Prices: $300K - $30B

Review of Payments Industry M&A Transactions - A Historical Perspective: Industry Enterprise and Merchant Portfolio Net Revenue Multiples



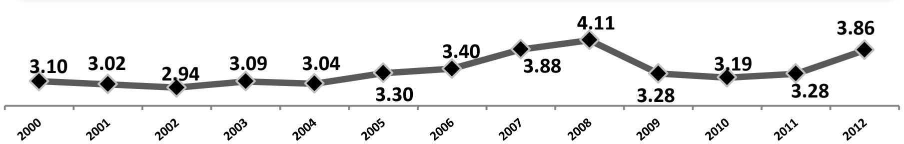
Low Multiple Characteristics

- No sales channel/force included in sale
- Stagnant or declining growth
- High attrition (> 20% per year)
- Low net revenue margins
- No merchant account portability
- No competitive sales strategy
- High losses
- Little or no profitability
- Few cost synergies to buyer

High Multiple Characteristics

- Sales channel/force included in sale
- Solid sales growth (> 10% per year)
- Low attrition (< 15% per year)
- Solid net revenue margin
- Strong management team
- Ease of merchant account portability
- Sustainable strategy or market niche
- Low losses
- Good profitability
- Good cost synergies to buyer

Net Revenue Multiples: ***Three Year Rolling Averages***



Net Revenue = Gross Revenue + Other Income – Cost of the Transactions

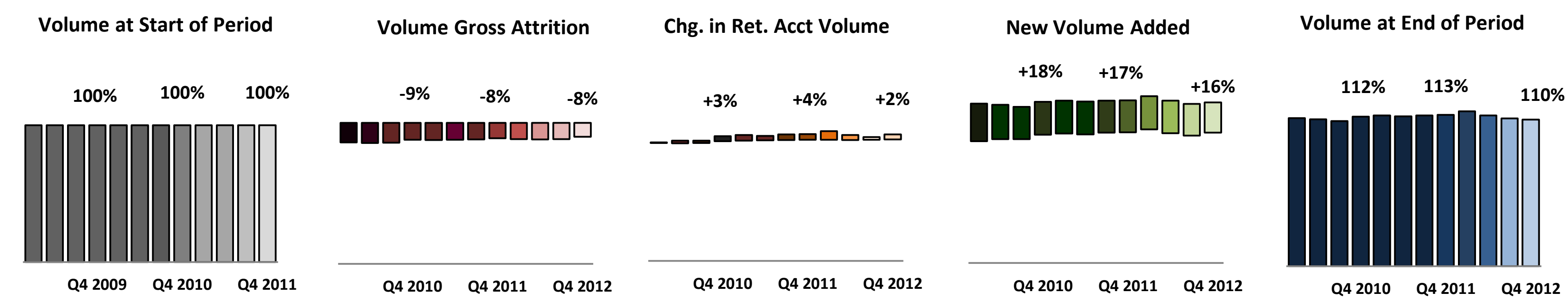
Other Income
- Equipment revenue
- Lease revenue
- Additional service revenue
- Monthly fees

Cost of the Transactions:
- Interchange
- Assessments and network fees
- Residuals paid to sub-ISOs
- Third Party Processing Costs

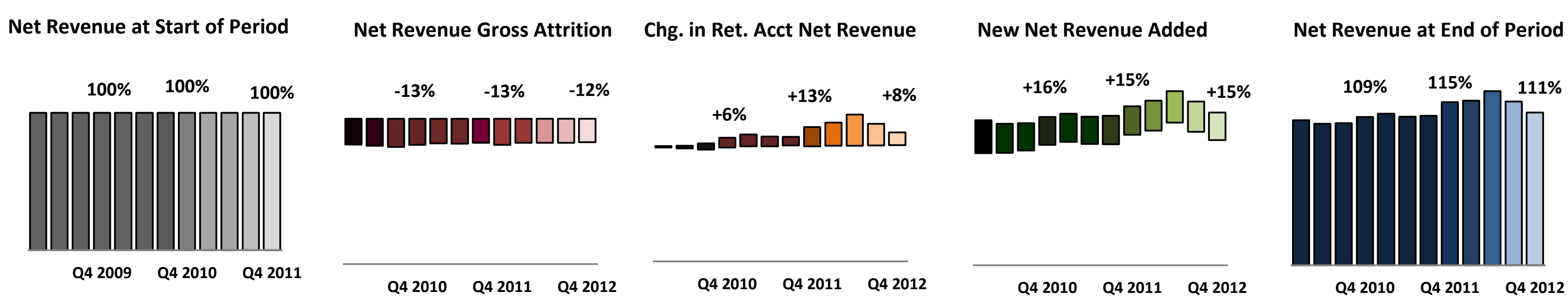
Payments Indicators: Attrition Summary

The attrition figures (red bars) below are based on accounts producing net revenue in the same month a year ago and no longer producing net revenue in the same month a year later. Annual changes in the retained accounts' volume processed (defined as non-attrited accounts) and net revenue generated are represented by the orange bars in the below charts. New accounts' volume and net revenues are represented by the green bar charts. The blue charts are the ending total level of volume or net revenue as compared to the same time period a year ago; 110% for example in Q4 2012 for Ending Volume represents a 10% growth in total volume.

Merchant Portfolio – Average *Dollar Volume* Attrition & Growth Performance



Merchant Portfolio – Average *Net Revenue* Attrition & Growth Performance



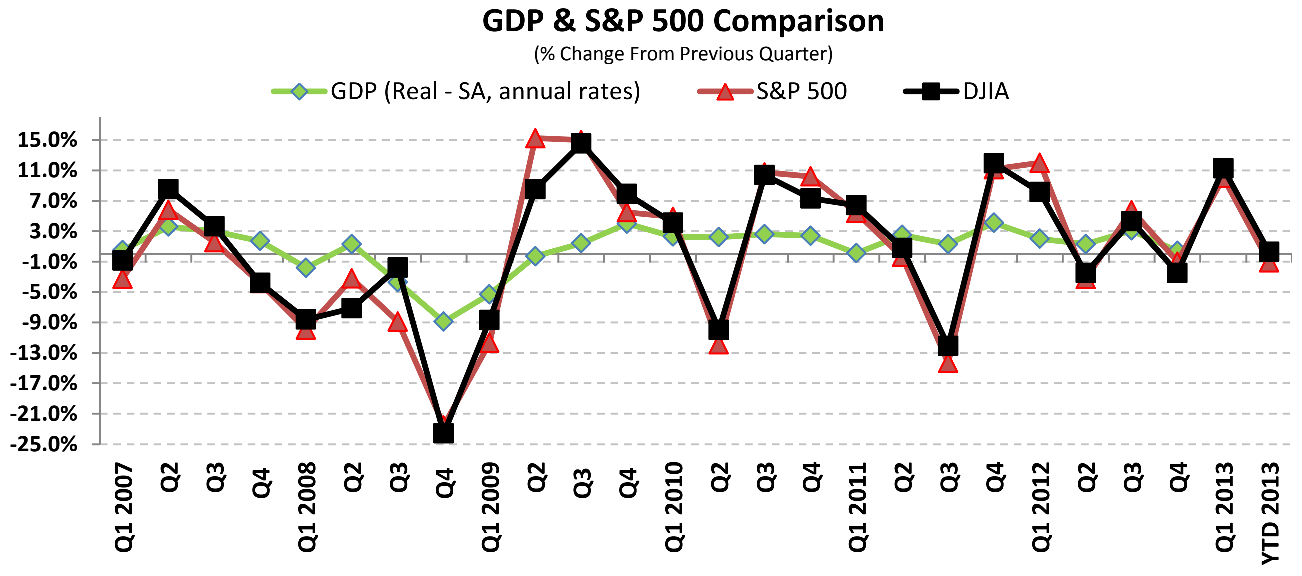
**Attrition rates based on active accounts only, numbers may not sum due to rounding*

Macroeconomic Indicators

GDP / S&P 500 / DJIA
(Q1 2007 – YTD 2013)

GDP: US Real GDP in Q4 2012 came in at 0.4%, well below the 3.1% registered in Q3 2012 and 4.1% in Q4 2011 as well as below the long term average of around 2.5% to 3.0%. Government consumption expenditures, primarily in the Federal National Defense category, shaved 1.4% off of GDP growth in Q4 2012 as compared to adding 0.8% in Q3 2012. Personal consumption expenditures contributed 1.3% to GDP in Q4 2012, up from 1.12% in Q3 2012 and slightly below to 1.45% in Q4 2011.

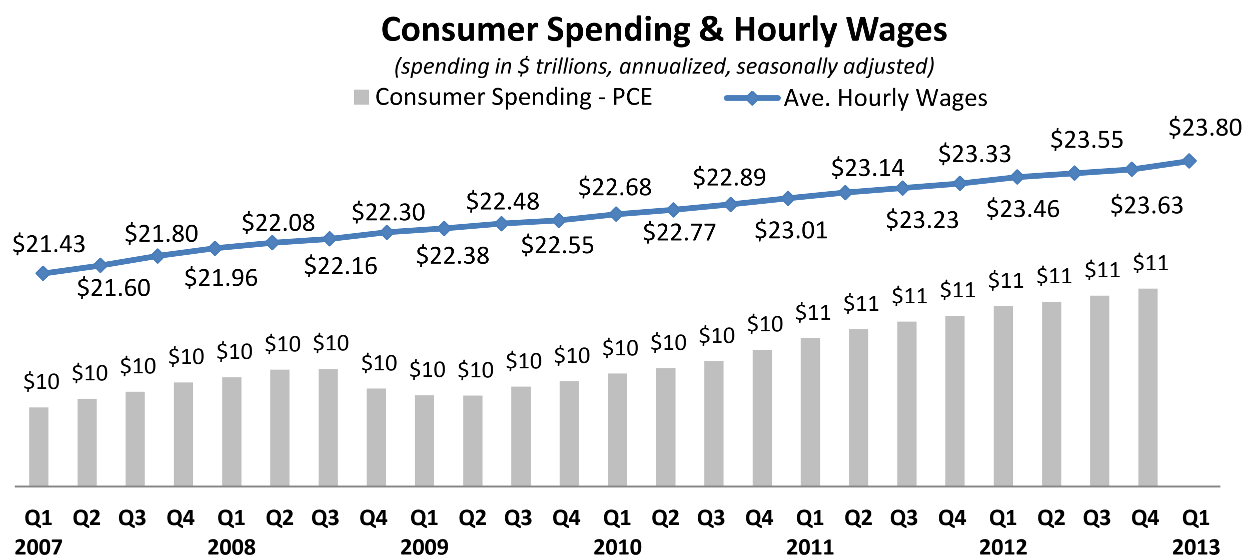
DJIA & S&P 500: Stock market performance was strong through the end of Q1 2013 as average expectations for earnings growth were running in the mid single digit ranges. The YTD results in the chart are as of the market close on April 17th where earnings growth expectations were revised down to the low single digit ranges after the market digested disappointing earnings releases from Apple and Bank of America as well as disappointing revenue forecasts from an Apple chip supplier. *Sources: Bureau of Economic Analysis, Yahoo! Finance, Reuters.com*



YTD 2013 S&P, DJIA are as of 04/17/13 close

Consumer Spending & Wages
(Q1 2007 – Q1 2013)

Consumer Spending & Wages: Personal consumption expenditures (consumer spending) increased nearly 3.5% in Q4 2012 from Q4 2011 and also by the same approximate amount from Q3 2012. Average hourly wages have increased nearly 1.5% from Q4 2011 to Q4 2012 which is just enough to exceed/keep up with the 1.5% increase in the consumer price index (CPI) seen on page 17. Personal income data released by the Bureau of Economic Analysis states that personal income increased 1.1% in February following a 3.7% decrease in January which was fueled by the expiration of the Payroll Tax Holiday and the acceleration of bonuses to December in order to avoid changes in expected individual tax rates. Real personal disposable income increased just slightly in February 2013 by 0.7%, just above inflation as also indicated by the hourly wage and CPI data. *Sources: BLS.gov, BEA.gov*



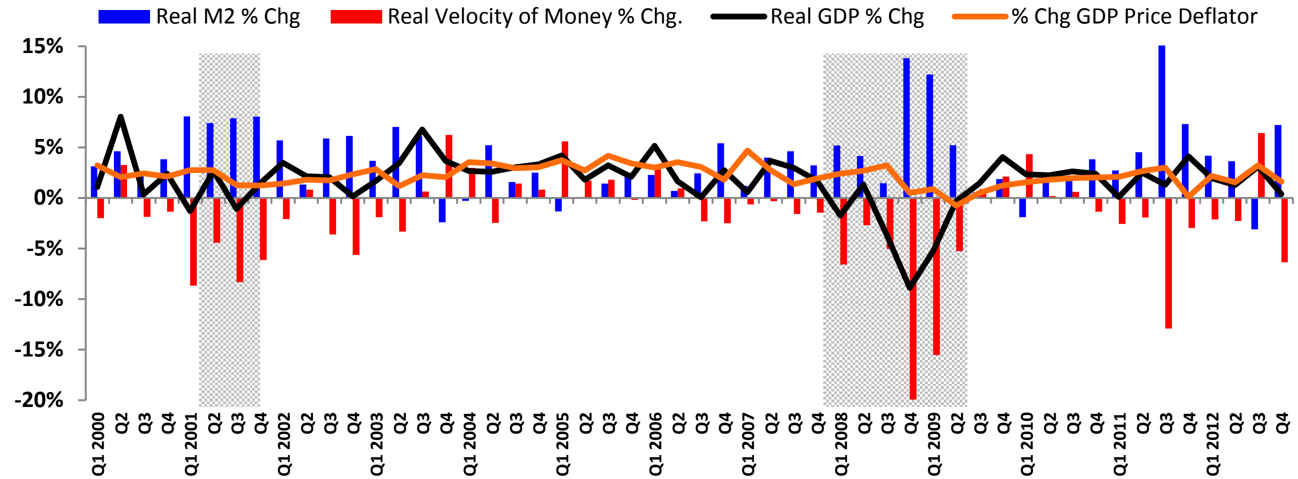
*Hourly wages are measured as 3 month quarter end averages

Macroeconomic Indicators

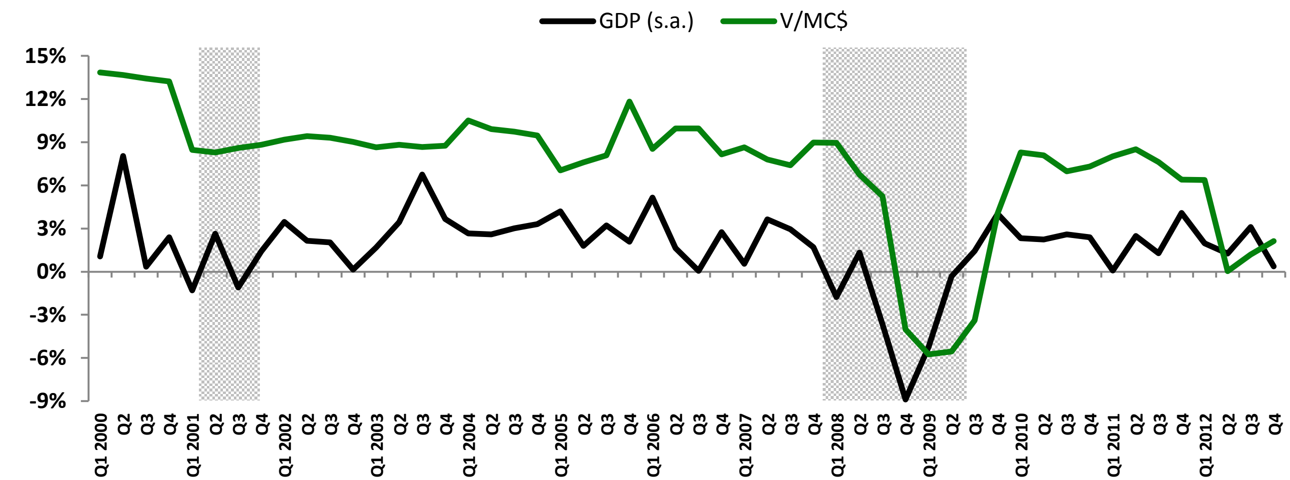
Money Stock and Velocity
(Q1 2000 – Q4 2012)

The top of this page illustrates an alternative measure of the components of US GDP. Total nominal GDP is comprised of the amount of money circulating multiplied by the velocity of that money (V$). V$ is the average number of times each dollar changes hands or is used to buy goods and services that make up GDP. The total value of money in the economy is measured as M2 by the Federal Reserve and includes checking deposits, currency and traveler's checks, time deposits, savings deposits, and money market funds less currency held by banks and currency and checking deposits of the government. V$ is calculated by dividing nominal, or real GDP, by nominal, or real M2. The bottom chart illustrates annual percentage changes represented in Real GDP from the BEA and real Visa and MasterCard (V/MC) bankcard dollar volumes, adjusted for inflation using the BEA's GDP price deflator. Real GDP accelerated to an annualized rate of 0.4% in Q4 2012 from 3.1% in Q3 2012 and 4.1% in Q4 2011. This occurred as the V$ and growth in real M2 came in at -6.4% and +8.9% respectively. The change in V$ is down from the Q4 2011 rate of -3.0% while the growth in M2 is up from 7.4%. The contracting growth in V$ is a negative sign on the economic outlook as less transactions have occurred. Previous trends have shown that the latest recessions were preceded by multiple periods of contraction in the V$. Recent quarters have experienced unprecedented monetary expansion which, along with positive economic growth, have pushed $V into negative territories on an annual change basis. Current levels of $V are at their lowest point and are nearly 16% off the average since 1980. Growth in M2 is currently nearly 3% above its average since 1980 and it reached its second largest annual expansion in Q3 2011. Growth in real V/MC volumes has regained its spot at rates above that of Real GDP after two consecutive lagging quarters in Q2 and Q3 2012, the only two on record dating back to the 1980s. Debit volumes contracted among Visa branded cards while credit grew in the low double digits while MasterCard debit volumes grew in the low double digits and credit in the low single digits. *Source: Bureau of Economic Analysis, U.S. Federal Reserve, Visa, MasterCard*

Annualized % Change in M2 & Money Velocity
(Q1 2000 – Q4 2012, shaded areas indicate recession)



Annualized % Change in Real GDP & Bankcard Volume
(Q1 2000 – Q4 2012, bankcard volume are V/MC credit & debit, shaded areas indicate recession)



Macroeconomic Indicators

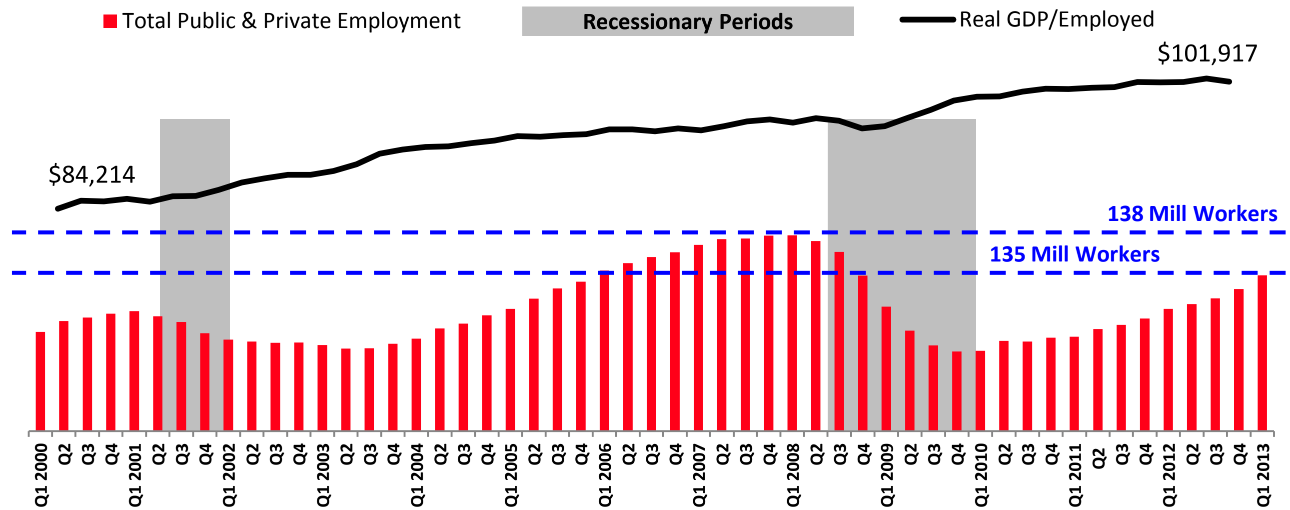
Employment and Real GDP/Employed
(Q1 2000 – YTD Q1 2013)

Employment & Real GDP: Real output per employed worker ticked down slightly from Q3 2012 to $101.9K per worker, a 0.4% drop from Q3 '12 and a 0.07% gain from Q4 '11. Total non-farm employment in the public and private sectors increased by 960K on average from Q4 2012 through Q1 2013 while the unemployment rate dropped to 7.6%. In recent months job creation has been positive in the professional and business services and healthcare sectors while retail trade actually shed some workers. Employment in the construction sector also ticked up which supports some belief that the housing market is beginning a rebound, though job creation was split between residential and non-residential and heavily influenced by specialty contractor positions. The total long term unemployed persons (those without jobs for at least 27 weeks) was relatively unchanged at 4.6 million. These individuals made up nearly 40% of the total unemployed according to the BLS. According to recent job creation it would take nearly a year to reach pre-recessionary employment levels, down from nearly 3 years according to data in the last indicators report. *Sources: BEA.gov, BLS.gov*

Nonfarm Business Labor Productivity
(Q1 2000 – Q4 2012)

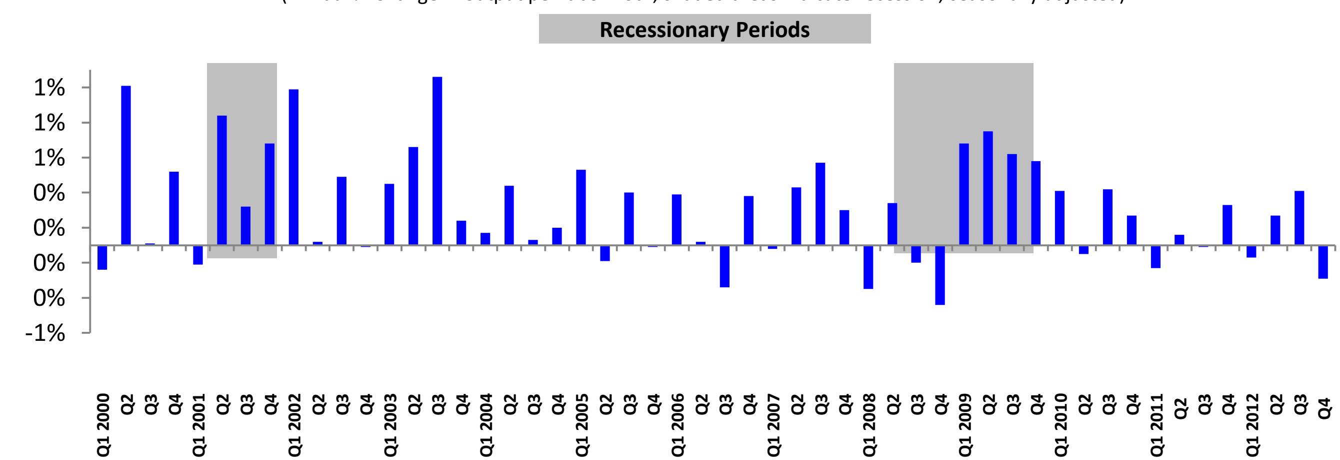
Productivity, as defined by the Bureau of Labor Statistics, is a measure of output per labor hour. In Q4 2012, nonfarm business labor productivity decreased at a 1.9% percent annual rate. Supplementary data from the BLS' recent labor productivity report indicates that unit labor costs (ratio of hourly worker compensation to productivity) increased 4.6% due to a decrease in productivity and an increase in hourly compensation. Looking forward, this data would suggest less growth in GDP per employed and the creation of headwinds for corporate profits. On the other hand, growth in hourly wages and continued addition of workers as seen in the top graph would be a positive indicator of demand. *Sources: BLS.gov*

Employed Workers & Real GDP per Employed
(Q1 2000 – YTD Q1 2013, workers in millions, shaded areas indicate recession)



Quarterly readings are 3 mo. averages

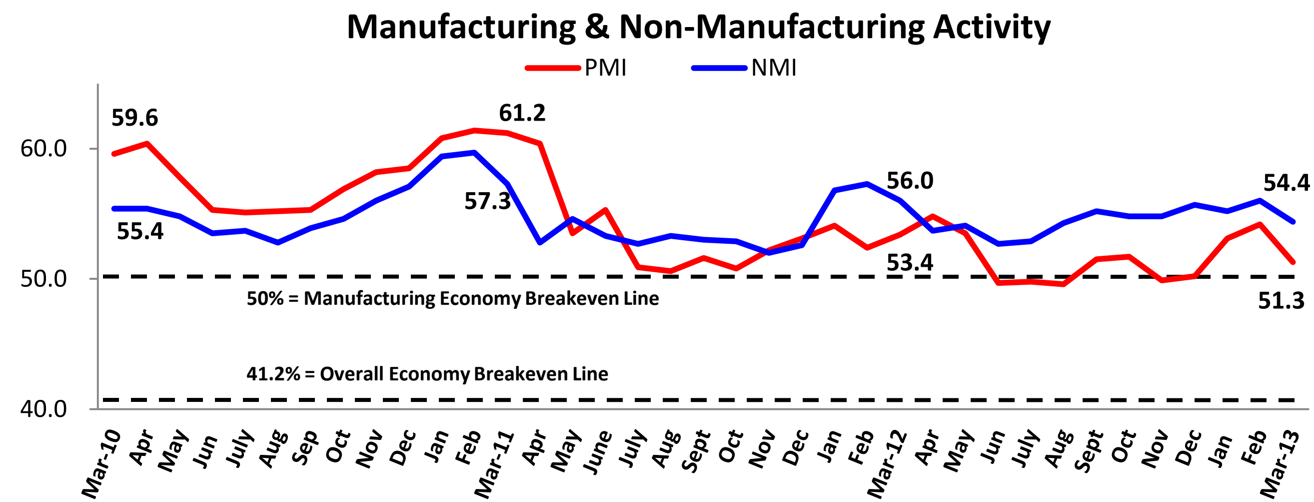
Labor Productivity
(Annual % Change in output per labor hour, shaded areas indicate recession, seasonally adjusted)



Macroeconomic Indicators

Manufacturing & Non-Manufacturing Activity (Mar 2010 – Mar 2013)

Manufacturing: Activity in the manufacturing sector expanded for the 4th consecutive month in March 2013 after slight contraction in November 2012. However, March's reading is 2.9 percentage points below February 2013. The decline is a reflection of deceleration in the growth of new orders and production from February. The top 3 sectors include Wood Products, Furniture & Related Products and Plastics & Rubber Products. Fourteen of the 18 sectors reported growth (reading above 50%) in March 2013. **Non-Manufacturing:** Activity in the non-manufacturing sector grew for the 39th consecutive month according to data collected by the Institute for Supply Management. The index declined slightly from a reading of 56 in February to 54.4 in March of 2013. Factors contributing to the slowing rate of growth in March 2013 are decelerating growth in pricing, new orders and employment among others. The top 5 industries reporting growth are Construction, Management of Companies & Support Services, Transportation & Warehousing, Accommodation & Food Services and Educational Services. *Source: Institute for Supply Management*



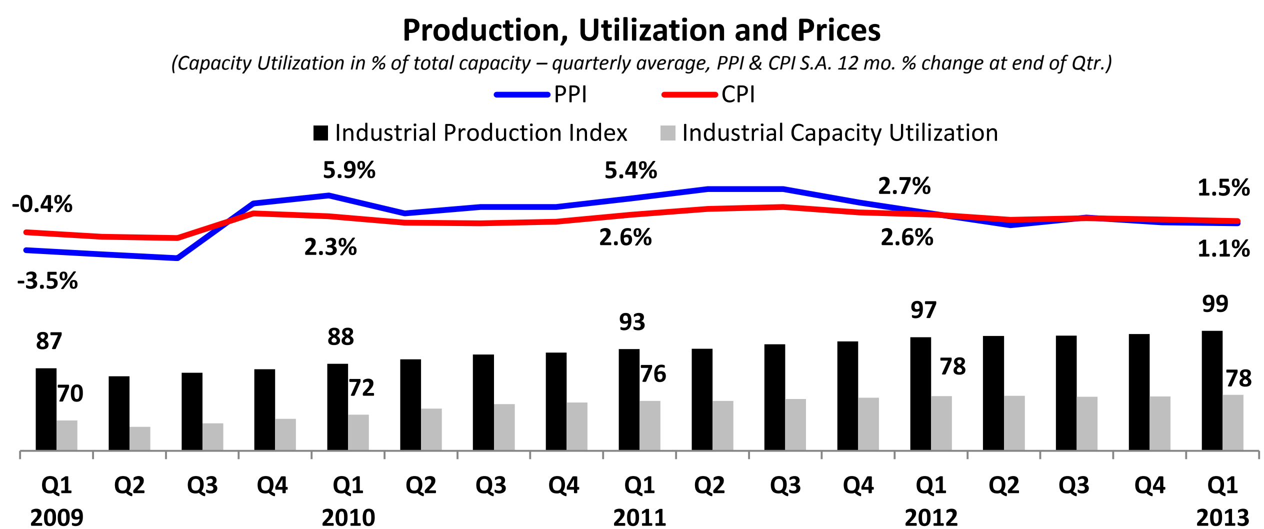
PMI: an index of manufacturing activity based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

NMI: an index of non-manufacturing activity based on indicators with equal weights: business activity, new orders, employment and supplier deliveries.

Production, Utilization & Prices (Q1 2009 – YTD 2012)

PPI & CPI: On a TTM basis, as of March 2013, the PPI has increased 1.1% while the CPI has increased 1.5%. Growth in these inflation measures has been fairly consistent since Q2 2012 and have decelerated since Q3 2011. Growth of 1.5% in the CPI was attributed to gains in food prices and services prices, excluding energy services, such as shelter, transportation and medical care services. Excluding food and energy costs the CPI is up 1.9% as energy prices are down 1.6%; gasoline was down 3.1%.

Industrial Production & Capacity Utilization: Industrial capacity utilization is relatively unchanged in Q1 2013 as compared to Q1 2012 and nearly 2 percentage points below the historical average of 80%. Revised estimates from the Federal Reserve show that Industrial Production has not fully recovered to levels seen prior to the recent recession, the decline from the recession was 17% and as of February 2013, 15% had been recovered. *Source: Federal Reserve, BLS.gov*



**CPI & PPI seasonally adjusted, YTD 2012 is representative of 3 months ending November 2012*

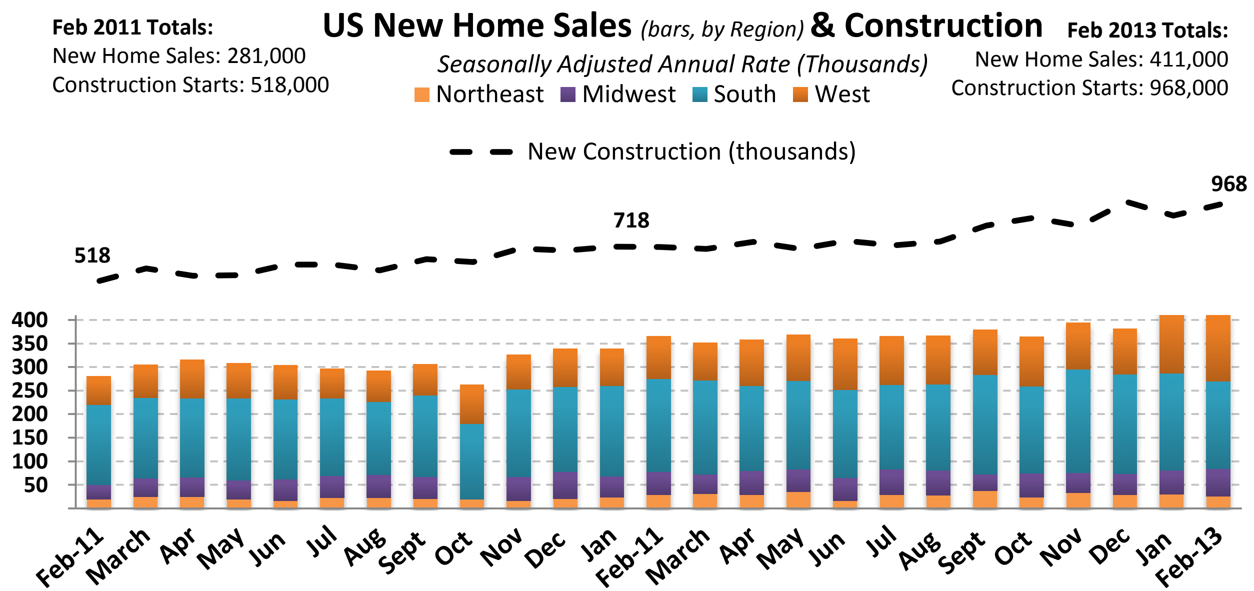
Macroeconomic Indicators

New Home Sales
(February 2011 – February 2013[1])

New home sales: Sales of new residential homes have been a bright spot in recent months, which have increased over 12% from February 2012 to February 2013; however, they are off slightly from January 2013. Improving consumer balance sheets, a growing labor force and an increasing population will only lead to continued demand for housing and coupled with the low interest rate environment, 2013 has been targeted as the year of the housing market rebound.

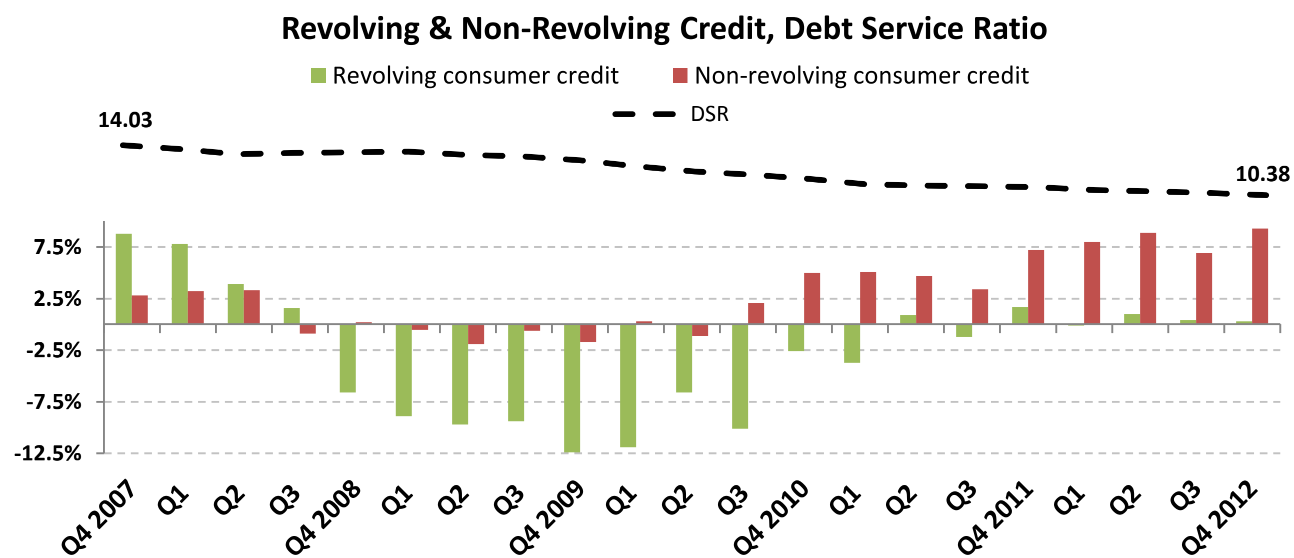
New home construction: New home construction increased 34.8% in February 2013 from the year prior to an annual rate of 968,000. The National Association of Home Builders estimates that each new home built creates an average of three jobs a year and will generate $90,000 in tax revenue, positives for both the economic recovery and the federal budget. *Source: US Census, National Association of Home Builders*

[1]Feb 2013 data is preliminary



Revolving vs. Non-Revolving Credit
Q4 2007 to Q4 2012 (S.A.)

Consumer Credit & Debt Service: The bar chart represents the seasonally adjusted annualized percent change in outstanding consumer credit, both revolving and non-revolving credit types. The line chart represents the household debt service ratio which is the ratio of debt payments, including mortgage and consumer debt, to disposable personal income and is estimated by the Federal Reserve. Non-revolving consumer credit has shown strong increases in recent quarters as compared to revolving credit. The trend in non-revolving credit is consistent with that of the trends in new home sales and the auto activity in the manufacturing index seen in this report. Trends in the debt service ratio seem to be driven by consumer's paying off their credit card and revolving lines of credit as there has not been much of a rebound in revolving credit outstanding. Revolving credit levels may stabilize at more manageable levels as compared to pre-recessionary periods. *Source: FederalReserve.Gov*



Macroeconomic Indicators

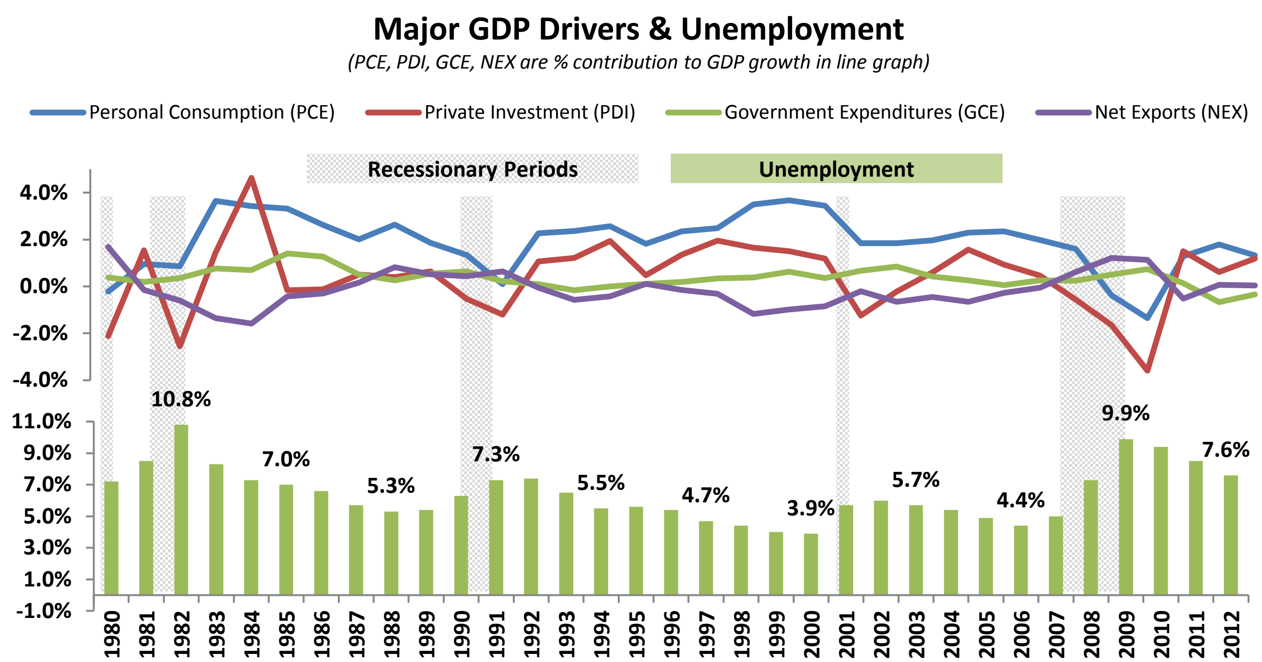
GDP Drivers & Unemployment
(1980 – YTD 2012)

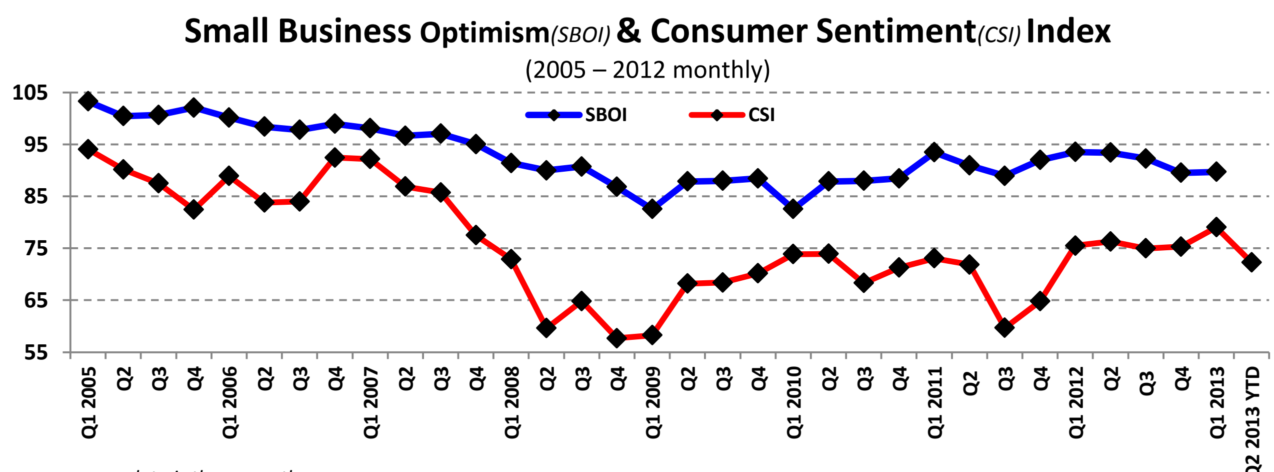
Private/Public Spending & Unemployment: The chart to the right displays the relationships between personal consumption expenditures, private domestic investment, government expenditures and net exports, as they all contribute to overall GDP growth and unemployment levels. Personal Consumption Expenditures contributed 1.3% to US GDP in 2012, slightly below the historic average of around 1.8%. Private investment's contribution to overall GDP growth increased to 1.2% in 2012 from 0.6% in 2011. Examining historic trends will display that drops in unemployment typically follow increases in private investment and increases in employment seem to spur personal consumption activity which will translate into overall economic growth. *Sources: BLS.gov, BEA.gov*

Small Business & Consumer Confidence Optimism
(Q1 2005 – YTD 2013)

Small Business Optimism: The National Federation of Independent Business (NFIB) conducts a monthly survey of the health of small businesses and is indexed to 100 as of 1986. The data in the chart are quarterly three month averages. Ten factors influence the trends in the index and include optimism, outlook, earnings, sales, prices, employment, compensation, credit conditions, inventories, and capital spending. Of these ten factors only two increased in March while two were unchanged and six declined. Of the 350,000 respondents in the March survey 77% expect the economy to remain unchanged or become worse than current conditions in the next 6 months. These feelings translate into the shelving of expansion plans and hiring despite the historic lows of interest rates due to lack of expected demand. **Consumer Sentiment Index:** Small Business owner's outlook on near term economic performance in the March SBOI seemed to be fulfilled as consumer confidence fell short of all 69 estimates in a Bloomberg survey. March retail sales reports also came in at a nine month low as speculation over increases in payroll taxes take effect.

Sources: nfib.com, University of MI/Thomson Reuters, Federal Reserve St. Louis

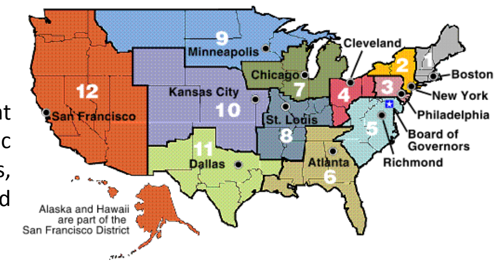




•*data is three month average*

Microeconomic Indicators

Fed's Beige Book Regional Comments
(Districts 1 - 6)



Current Economic Conditions by The Federal Reserve Board: Commonly known as the Beige Book, this report is published eight times per year, most recently on April 17, 2013. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. This and the following page are a graphical interpretation of each district's report (selected information only). The 'last report' referenced (report prior to 4/17/2013) was released on March 06, 2012.

District #1: Boston	
Overall	Modest growth throughout district
Manufacturing	Over half report increased demand in Q1; weakness remains in some sectors
Retail	Mixed results, many report slow sales due to the prolonged winter weather
Residential Real Estate	Buyer demand is strong, however lower inventory levels have halted growth

District #2: New York	
Overall	Growth has picked up since last report; sales prices remain steady
Real Estate	Residential and commercial show signs of improvement
Retail	Sales look promising and up modestly from Mar. 2012; inventories in good shape
Finance & Banking	Commercial demand has increased while residential shows little change

District #3: Philadelphia	
Overall	Modest growth that was also evident in the previous report
Retail	Modest growth in Feb/Mar; early Easter will boost final results
Finance & Banking	Loan growth softened, growing very little if at all
Manufacturing	Orders and shipments have risen slightly; outlook optimistic

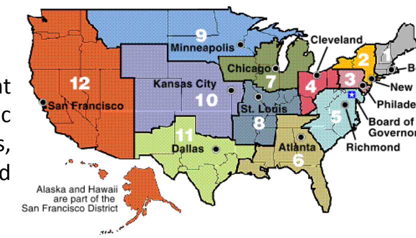
District #4: Cleveland	
Overall	Moderate pace of growth, however hiring remains sluggish
Consumer Spending	Higher sales volume reported, particularly in apparel and electronics
Banking	Demand for business credit picked up; residential mortgage activity dropped
Manufacturing	New orders and production were mostly higher; many remain cautiously optimistic

District #5: Richmond	
Overall	Overall, the district grew moderately, but activity varied greatly by sector
Retail	Sales fell in recent weeks, shopper traffic lower; many cite the cold weather
Banking	Relatively stable; residential mortgages up, while commercial has flattened
Labor Markets	Mixed activity, some layoffs while others show job expansion

District #6: Atlanta	
Overall	Economic activity continued to advance modestly; optimistic outlooks
Retail	Mixed results from mid-February through March
Labor Market	Payroll growth continued to increase at a lackluster pace across the district
Manufacturing	Activity expanded for the third consecutive month, the highest level since May 2012

Microeconomic Indicators

Fed's Beige Book Regional Comments
(Districts 7 - 12)



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District #7: Chicago		
Overall	→	Modest expansion; though mixed throughout; contacts remain cautiously optimistic
Manufacturing	→	Production has slowed; sequestration may be affecting orders
Business Spending	↑	Increases seen in March, inventory levels increased slightly
Consumer Spending	↓	Edged lower in March while inventory levels are high; many cite winter weather

District #8: St. Louis		
Overall	↑	Moderate growth since the previous report
Manufacturing	↑	Positive activity - plans to add workers, expand operations and facilities
Real Estate	↑	Home sales increased on a YOY basis, commercial and industrial improved
Banking	↑	Little change in lending activity, slight gains

District #9: Minneapolis		
Overall	↑	Moderate economic growth specifically in consumer spending and manufacturing
Consumer Spending	↑	Increased moderately and winter tourism finished stronger than expected
Labor Market	→	Signs of tightening; moderate wage increases
Manufacturing	↑	Continued growth since last report, activity increased in Minnesota and Dakotas

District #10: Kansas City		
Overall	↑	Moderate expansion, expectations for future activity strengthened
Consumer Spending	↑	Stronger than expected in March and will continue to make gains
Banking	↑	Loan demand stable, quality up and deposits stronger
Agriculture	↓	Poor growing conditions, despite precipitation the drought persists

District 11: Dallas		
Overall	↑	Economic activity grew at faster pace over the past six weeks than previously
Labor Market	↑	Held steady or increased at most reporting firms
Retail	↑	Increased since last report, most expect steady growth for the rest of the year
Energy	→	Slightly improved; many confident that the number of rigs bottomed out

District #12: San Francisco		
Overall	↑	Economic activity expanded modestly; upward price pressures limited
Real Estate	↑	Residential and commercial continued to gain momentum
Retail	↑	Retail sales rose on balance, demand for business and consumer services gained
Manufacturing	→	Mixed results, though some sectors reported moderate gains in the reporting period

Microeconomic Indicators

Below is a chart representing the overall movement in economic/business conditions in each of the Federal Reserve districts over the past 3 years

Overall Conditions: 6 Weeks Ending	Sept 2009	Dec 2009	Mar 2010	Jun 2010	Sept 2010	Dec 2010	Mar 2011	Jun 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013
District #1: Boston	↓	↓	↑	↑	↑	↑	↑	↑	→	↑	↑	→	→	↑	↑
District #2: New York	→	↑	↑	↑	↓	↑	↑	↑	↓	↑	↑	→	↑	→	↑
District #3: Philadelphia	→	→	↑	↑	→	→	↑	↑	↓	↑	↑	↑	→	↑	↑
District #4: Cleveland	↑	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	→	↑
District #5: Richmond	→	→	↓	↑	↓	↑	↑	→	↓	↑	↑	→	→	→	→
District #6: Atlanta	→	→	→	↑	↓	↑	↑	→	↑	↑	↑	↑	→	↑	↑
District #7: Chicago	→	↑	↑	↑	↓	↑	↑	↑	↑	↑	↑	→	→	→	→
District #8: St. Louis	↓	↓	→	↑	↑	→	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #9: Minneapolis	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #10: Kansas City	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #11: Dallas	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #12: San Francisco	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑

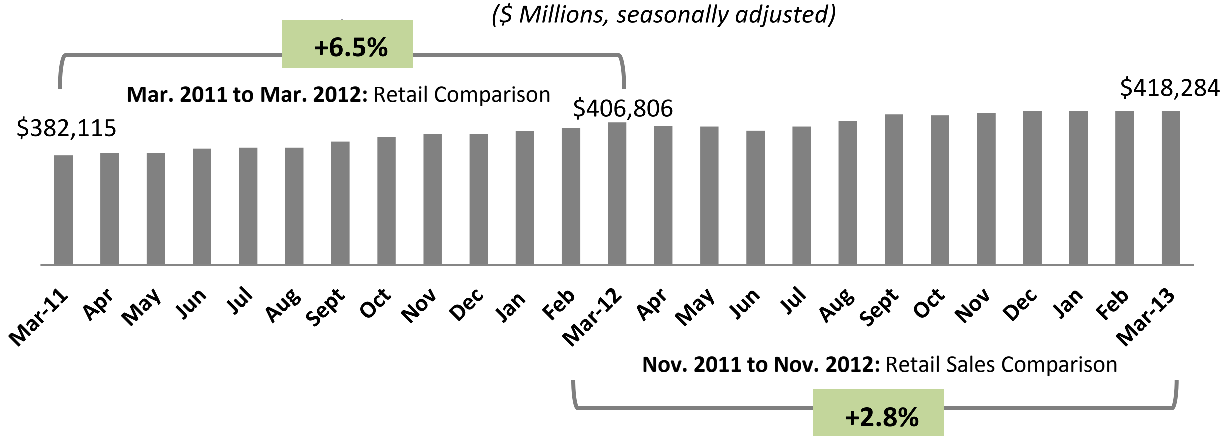
Microeconomic Indicators

Total Retail Sales
(Mar. 2013 vs. Mar. 2011)

Total Retail Sales ($ Millions): Total retail sales, seasonally adjusted, are up 2.8% from March 2012 to March 2013. From March 2012 to March 2013 the highest growth retail segments, excluding Gasoline Stations and Motor Vehicle & Parts Dealers, were non-store retailers, miscellaneous store retailers, and food services and drinking places. Consumer prices decreased .2 percent in March. *Source: US Census, BLS*

March 2013 data is advanced
February 2013 data is preliminary

Total Retail and Food Service Sales
($ Millions, seasonally adjusted)



Selected Retailers: Same-Store Sales
(YoY % Change Mar. 2013 vs. Mar. 2011)

Same-Store Sales (US Sales Only): Overall sales at comparable store locations showed modest growth for the selected group of retailers in the tables, with only one-forth, or 3 out of the 12 retailers represented, showing a decline in same-store sales for the March 2013 time period. While Costco is the only mass merchandizer listed, their sales represent modest growth in this space. General apparel retailers have published weak results, while department stores appear to be gaining significant momentum. Rite Aid's sales still seem to be plagued with the introduction of more generic drugs in the market, while Walgreens appears to have rebounded. The restaurant segment continues to show fast-food style doing well with consumers, but less growth in full-service style restaurants. This may be a result of consumers trying to save more money.
Source: Company Press Releases

	Company	Same-Store Sales March 2013	Same Store Sales March 2011
Mass Merch	Costco Wholesale	+6.0%	+7.0%
Department Stores	Neiman Marcus	+5.3%	+6.0%
Department Stores	Dillard's	+3.0%	+3.0%
Department Stores	The Home Depot	+7.0%	+5.7%
Restaurant	Yum!	+2.0%	-1.0%
Restaurant	Darden	2.3%	0.9%

	Company	Same-Store Sales March 2013	Same Store Sales March 2011
General Apparel	Buckle	-0.5%	+5.7%
General Apparel	GAP	-1.0%	-10.0%
General Apparel	Limited brands	+3.0%	+14.0%
Disc.	Ross Dress for Less	+2.0%	-1.0%
Drug Stores	Walgreens	+4.2%	+1.6%
Drug Stores	Rite Aid	-2.0%	-0.1%

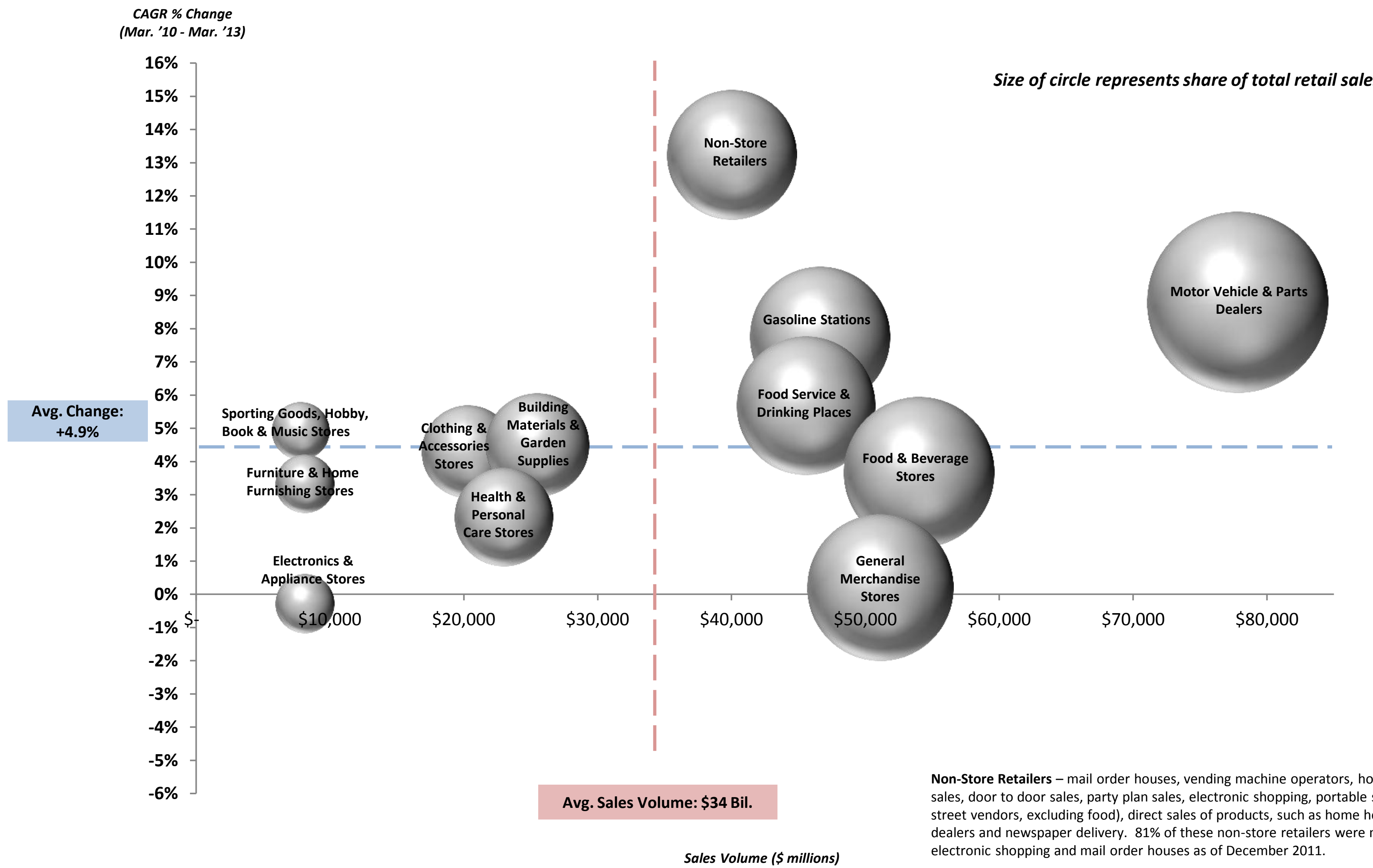
- *Costco results exclude effect from gasoline sales*
- *Neiman Marcus results are for FY Q2 2013 and FY Q2 2011*
- *Dillard's results are for FY Q4 2012 and FY Q4 2011*
- *Home Deport results are for Q4 2012 and Q4 2011*
- *Yum!results are for Q1 2013 and Q1 2011*
- *Darden results are for FY Q3 2013 and FY Q3 2011*

NOTE: Several retailers have opted out of providing monthly same-store sales, including: Target Corp. Macy's Inc., Kohl's Corp., and Wal-Mart. Speculation is the retailers have stopped due to the impact of same-store sales figures on stock prices, especially when expectations are not met.

Microeconomic Indicators

Retail Sales by Segment

The chart below provides an overview of US Retail and Food Services, shown according to the twelve major NAICS codes. From March 2010 to March 2013[1], the two highest growth retail segments, excluding Gasoline Stations and Motor Vehicle & Parts Dealers, were Non-Store Retailers and Food Service & Drinking Places. The two lowest growth retail segments for this period were Electronic & Appliance Stores and General Merchandise Stores. *Source: US Census* [1]March 2013 data is advanced



Non-Store Retailers – mail order houses, vending machine operators, home delivery sales, door to door sales, party plan sales, electronic shopping, portable stalls (e.g. street vendors, excluding food), direct sales of products, such as home heating oil dealers and newspaper delivery. 81% of these non-store retailers were made up of electronic shopping and mail order houses as of December 2011.

Microeconomic Indicators

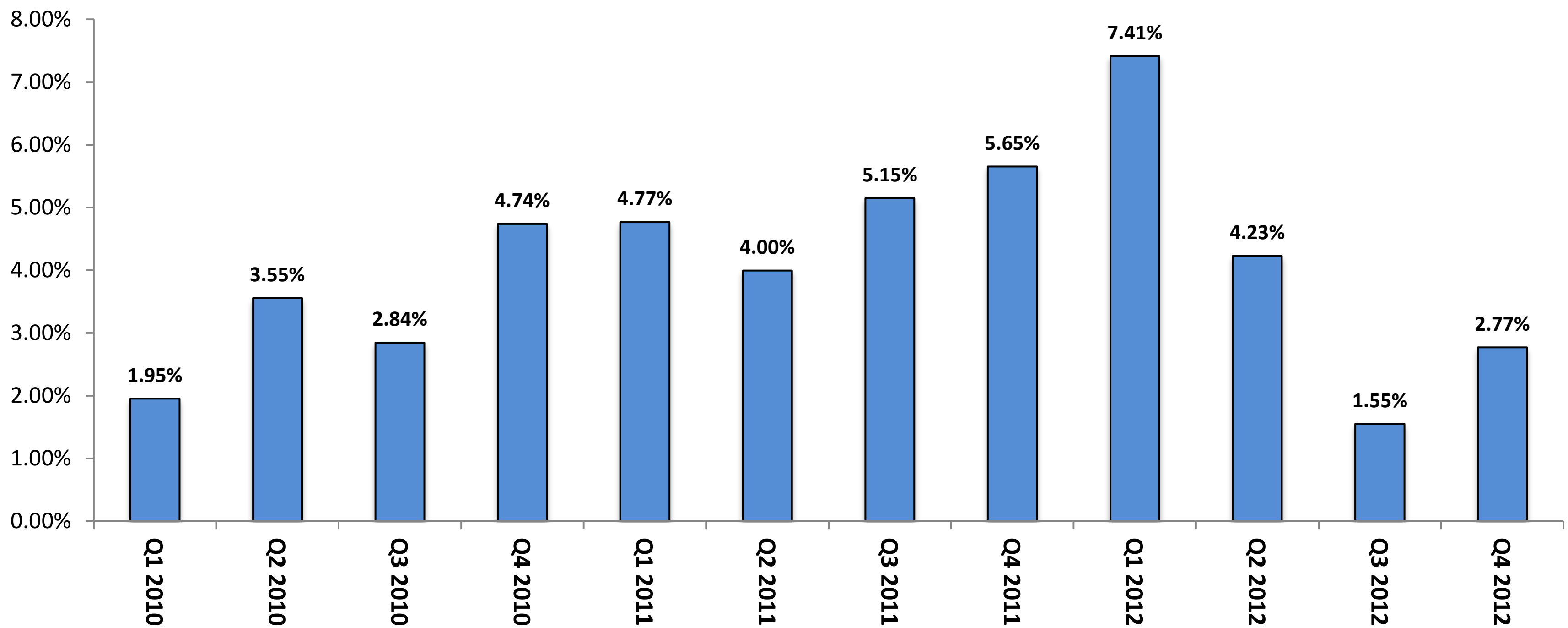
U.S. Same-Store Sales (Q1 2010 – Q4 2012)

An average of the quarterly year-over-year growth rate of sales for TSG's 14 Standard Industrial Classification (SIC) codes representing the U.S. Market provides a high-level look at the economic climate in recent history.

Please see these links for more information on TSG's MPPS: Overview / Ex. Report

Same Store Sales of TSG's MPPS Database:
Average Total Growth Rates of All SIC Codes

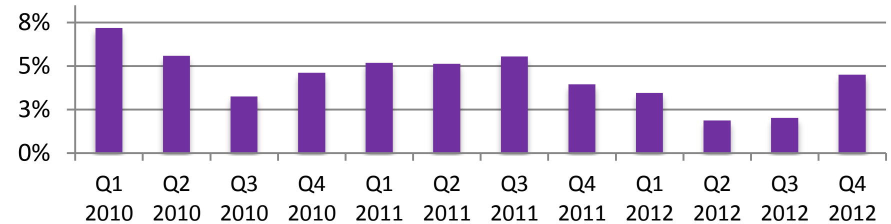
(1.6M merchants; average of individual SIC groupings on following pages)



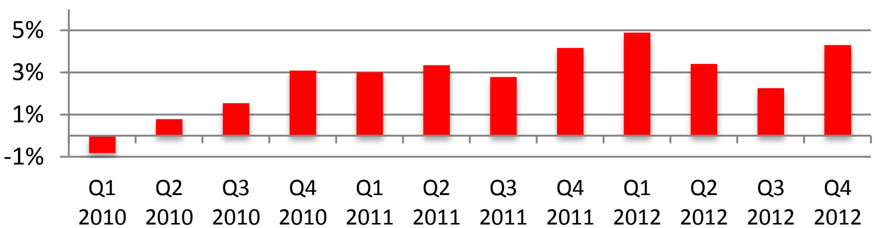
Microeconomic Indicators

The following charts show the quarterly year-over-year growth rate of each SIC code for each quarter from Q1 2010 through Q4 2012. Two of the 14 represented SIC categories registered negative growth in same store sales in Q4 2012, SIC 2 (Retail) and SIC 5 (Auto, Boat, & Mobile Home Dealers & Repair Shops). These two categories also had negative growth in the previous quarter. The remaining 5 SIC Categories shown on this page reported annual increases and include Eating, Drinking & Hospitality, Grocery, Food & Liquor Stores, Education, Non-Profits, Public Services & Interest Groups, Entertainment & Recreation, and Construction Services. For more information on the divisions and inclusions of each code, please see this link: [SIC Category Detail]

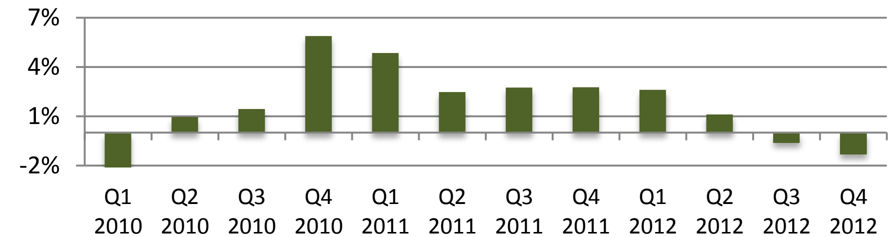
SIC 4 **Grocery, Food & Liquor Stores**



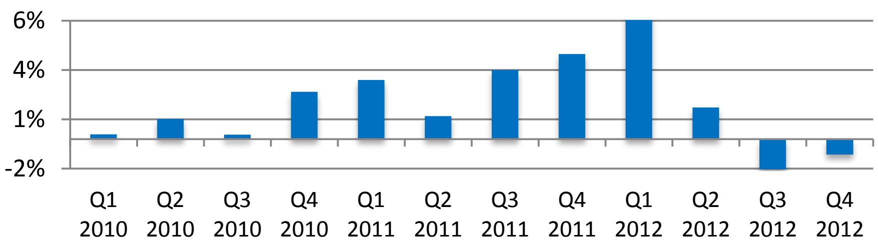
SIC 1 **Eating, Drinking & Hospitality**



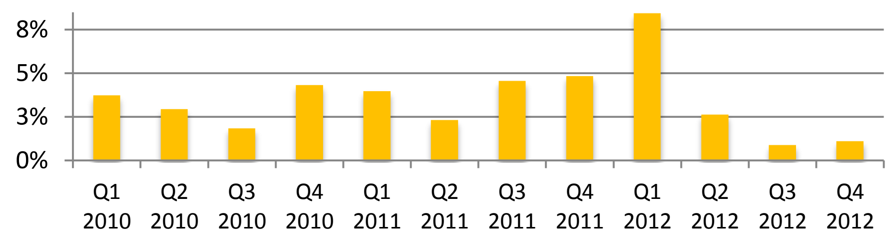
SIC 5 **Auto, Boat, & Mobile Home Dealers & Repair Shops**



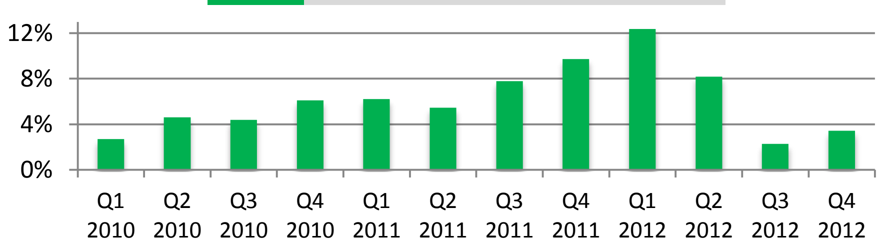
SIC 2 **Retail**



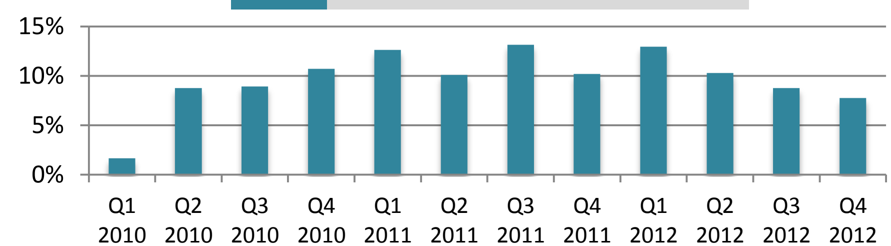
SIC 6 **Home Furnishing, Supply & Auto**



SIC 3 **Business & Personal Services**



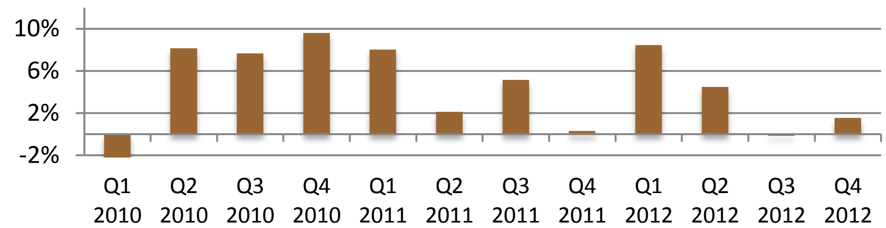
SIC 7 **Wholesale**



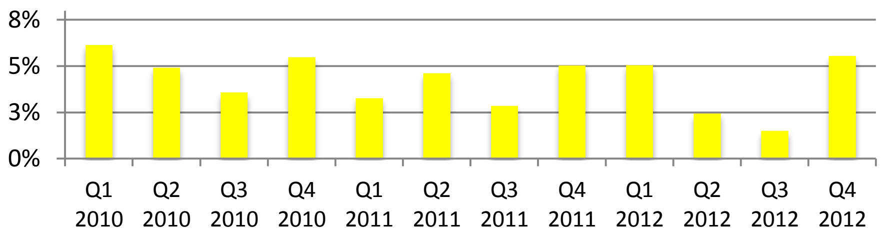
Microeconomic Indicators

Health & Medical Services grew at a slower pace in Q4 2012, going from 6.21% in Q4 2011 to 0.53% in Q4 2012. Entertainment & Recreation rose in Q4 to a level similar to earlier in the year. Petroleum has risen in Q4 ‘12 to 4.14% after two quarters of decline. For more information on the divisions and inclusions of each code, please see this link: [SIC Category Detail]

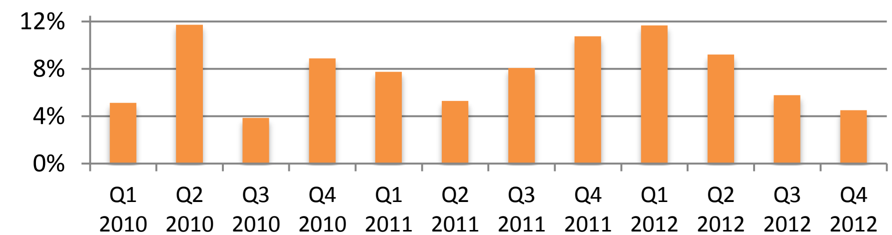
SIC 11 Construction Services



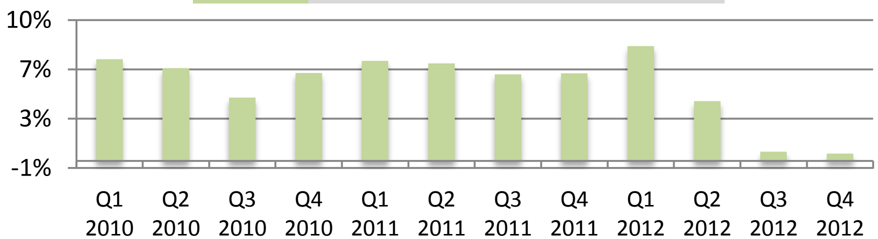
SIC 8 Education, Non-Profits, Public Services & Interest Groups



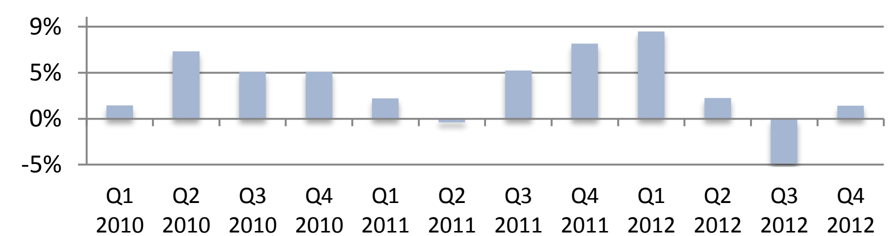
SIC 12 Transportation Services



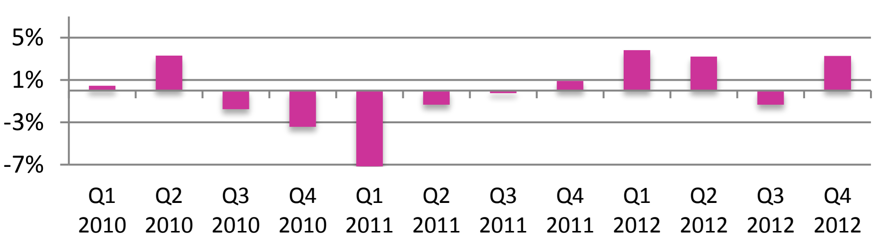
SIC 9 Health & Medical Services



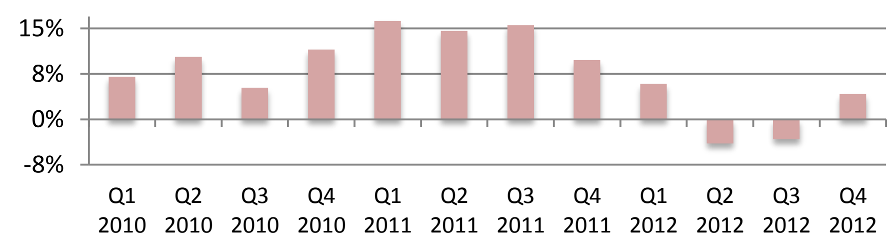
SIC 13 Manufacturing



SIC 10 Entertainment & Recreation

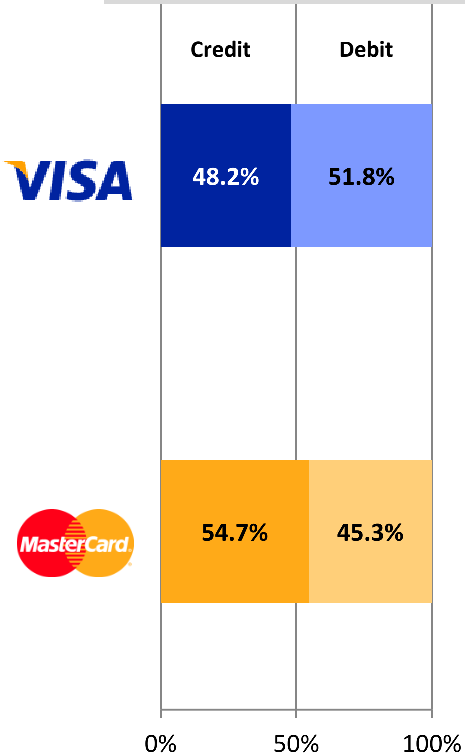


SIC 14 Petroleum



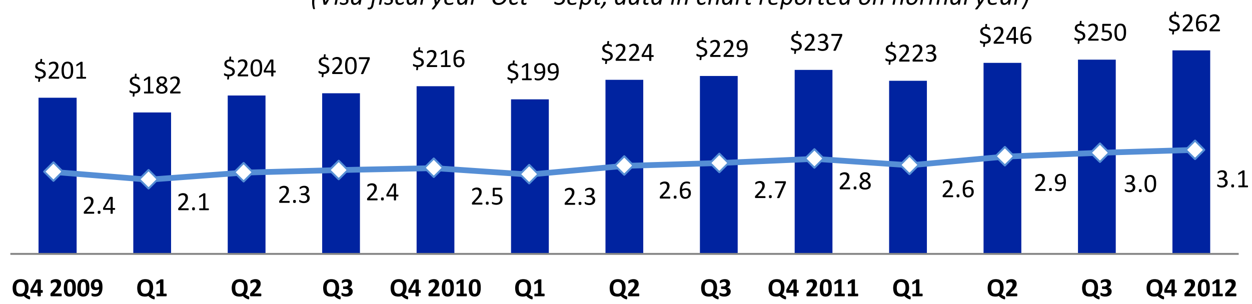
Card Volumes

Payment Type Mix: $ Volume
(Visa and MasterCard's Q4 '12)



US *Credit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)
(Visa fiscal year Oct – Sept, data in chart reported on normal year)

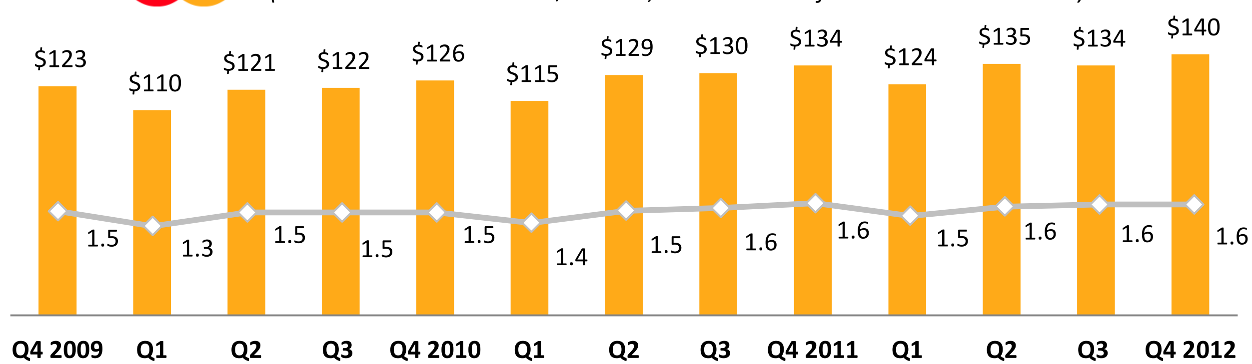


Q4 2011 to Q4 2012: Credit Card Payments

Volume: **+10.5%** **Transactions:** **+10.7%**

US *Credit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)



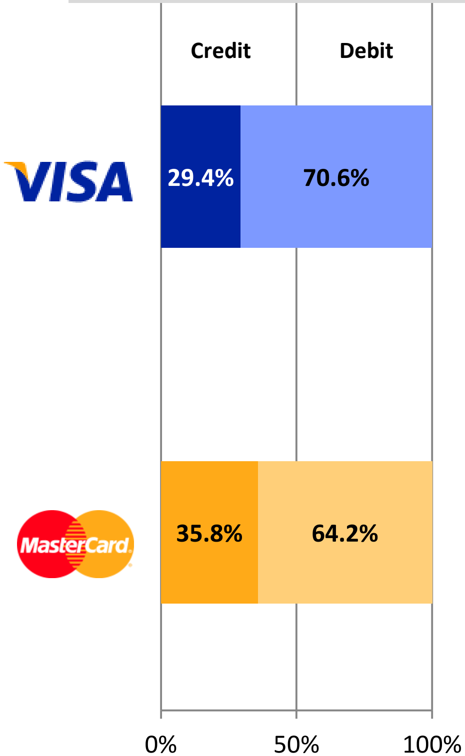
Q4 2011 to Q4 2012: Credit Card Payments

Volume: **+4.5%** **Transactions:** **0.0%**

** % may not calculate due to rounding*

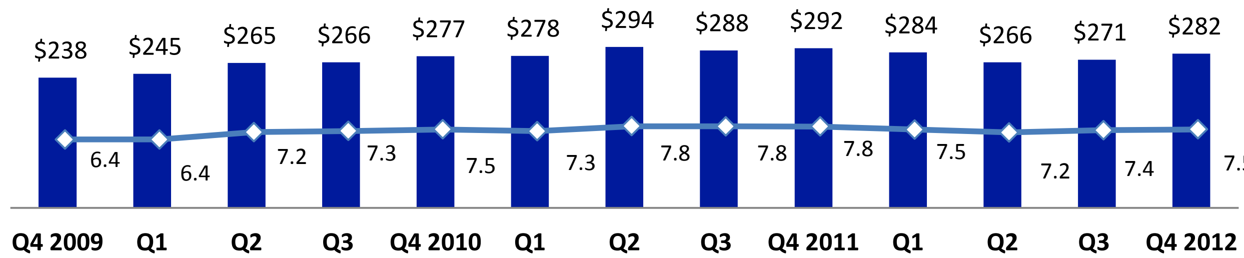
Card Volumes

Payment Type Mix: # of Transactions
(Visa and MasterCard's Q4 '12)



US *Debit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)
(Visa fiscal year Oct – Sept. Data displayed using normal year)

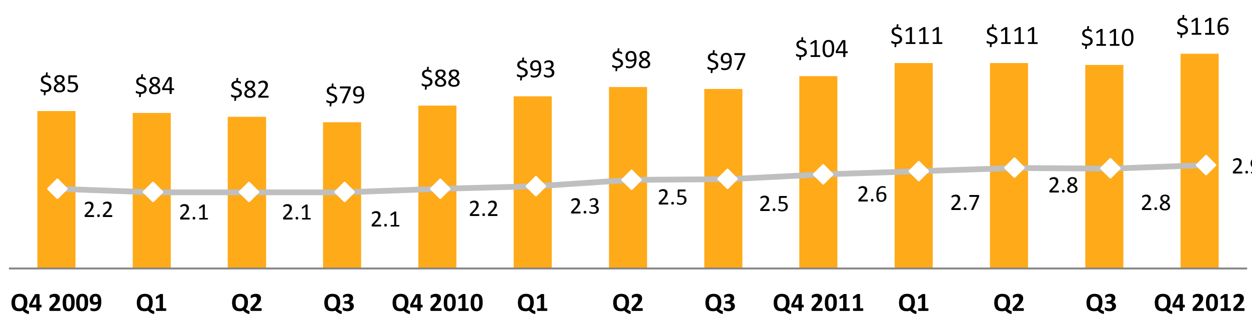


Q4 2011 to Q4 2012: Debit Card Payments

Volume: **-3.4%** **Transactions:** **-3.8%**

US *Debit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)



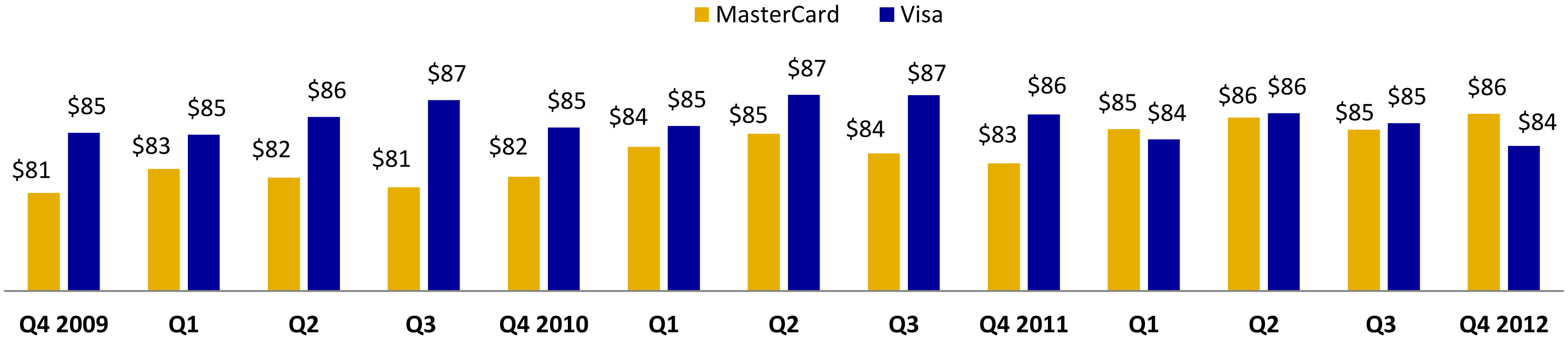
Q4 2011 to Q4 2012: Debit Card Payments

Volume: **+11.5%** **Transactions:** **+11.5%**

** % may not calculate due to rounding*

Card Volumes

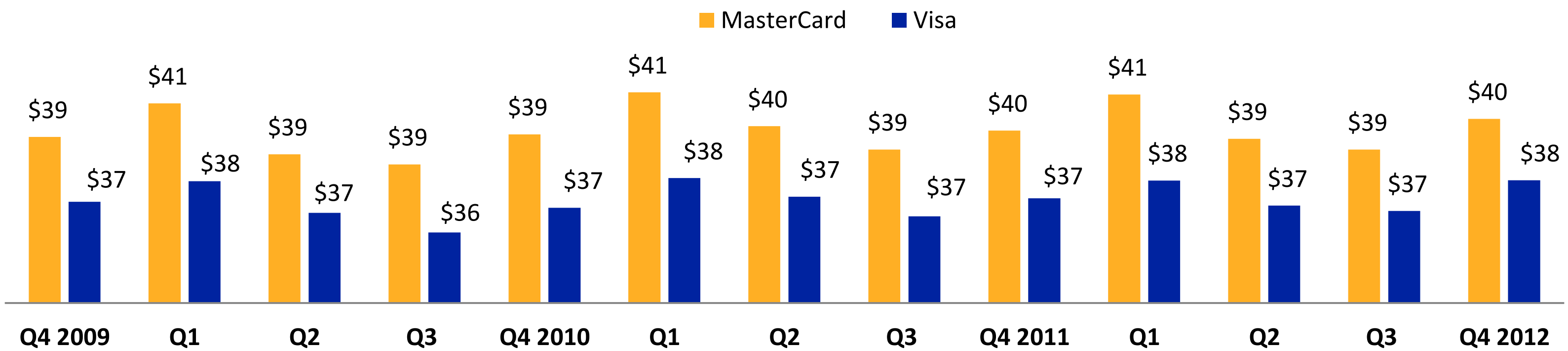
MasterCard & VISA US *Credit Card* Average Tickets



Q4 2011 to Q4 2012: Credit Card Ave. Ticket

MasterCard: **+3.6%** **Visa:** **-2.3%**

MasterCard & VISA US *Debit Card* Average Tickets



Q4 2011 to Q4 2012: Debit Card Ave. Ticket

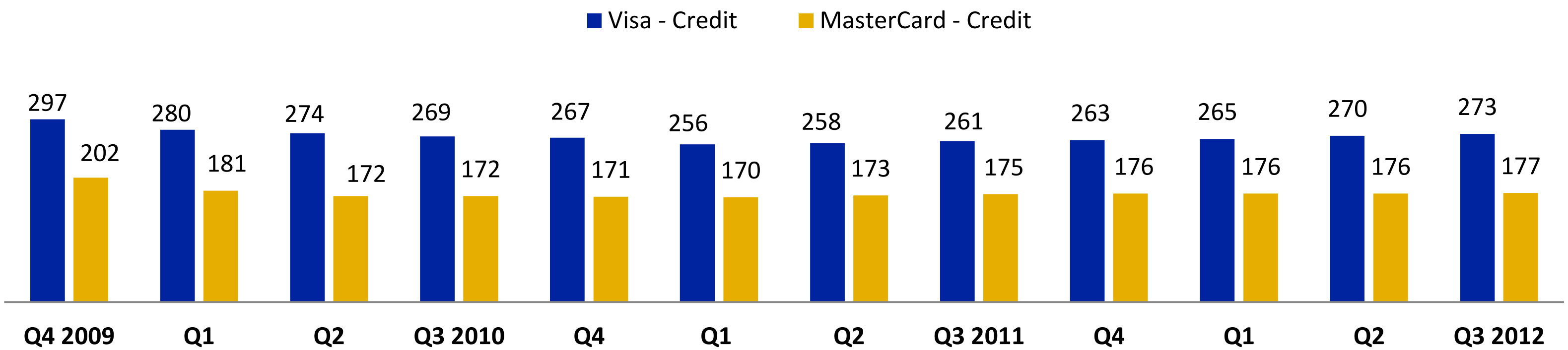
MasterCard: **0.0%** **Visa:** **+2.7%**

**Ave tickets may not match data in previous slides due to rounding*

** % may not calculate due to rounding*

Card Volumes

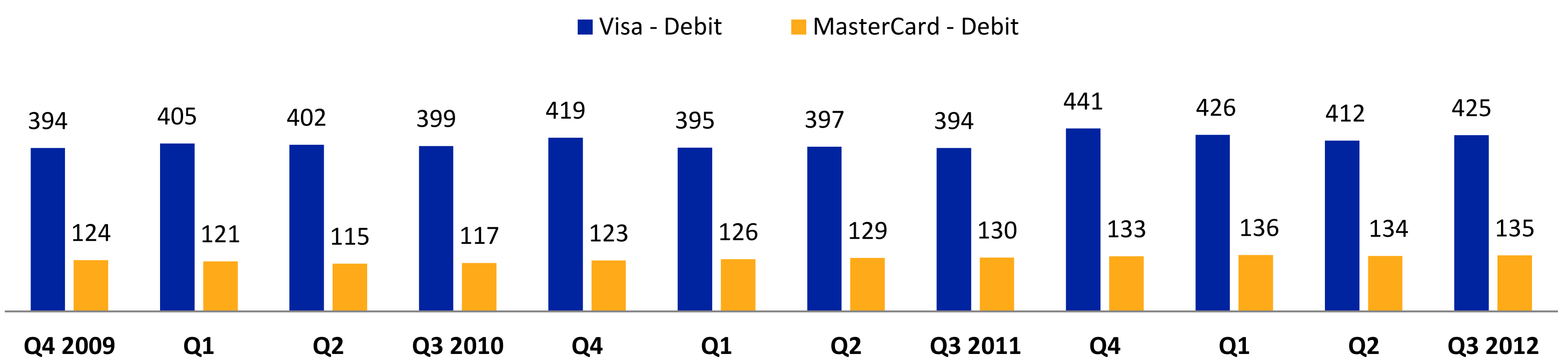
& VISA US *Credit Cards in Circulation - millions*



Q3 2011 to Q3 2012: Credit Cards in Circulation

MasterCard: **+1.1%** **Visa:** **+4.6%**

& VISA US *Debit Cards in Circulation - millions*



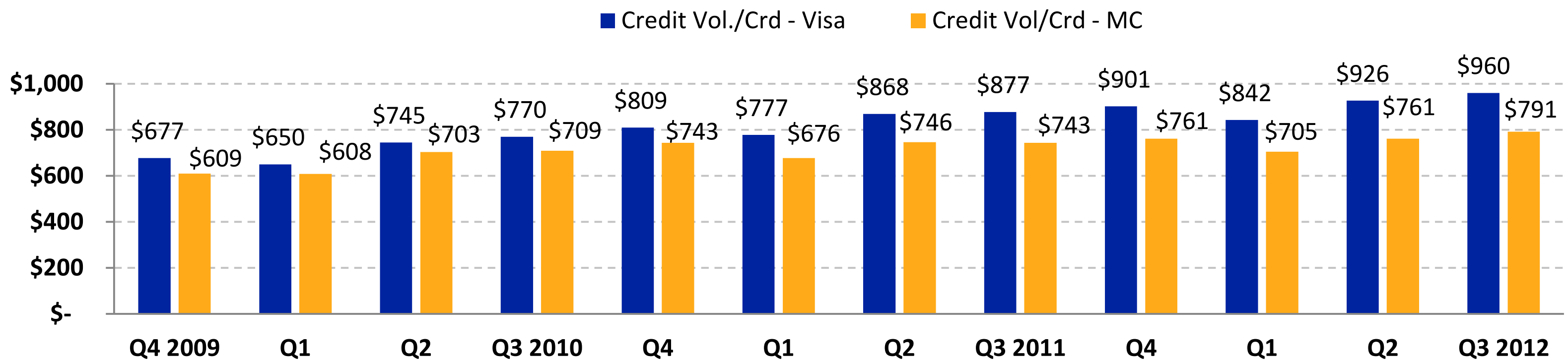
Q2 3011 to Q3 2012: Debit Cards in Circulation

MasterCard: **+3.8%** **Visa:** **+7.9%**

** % may not calculate due to rounding*

Card Volumes

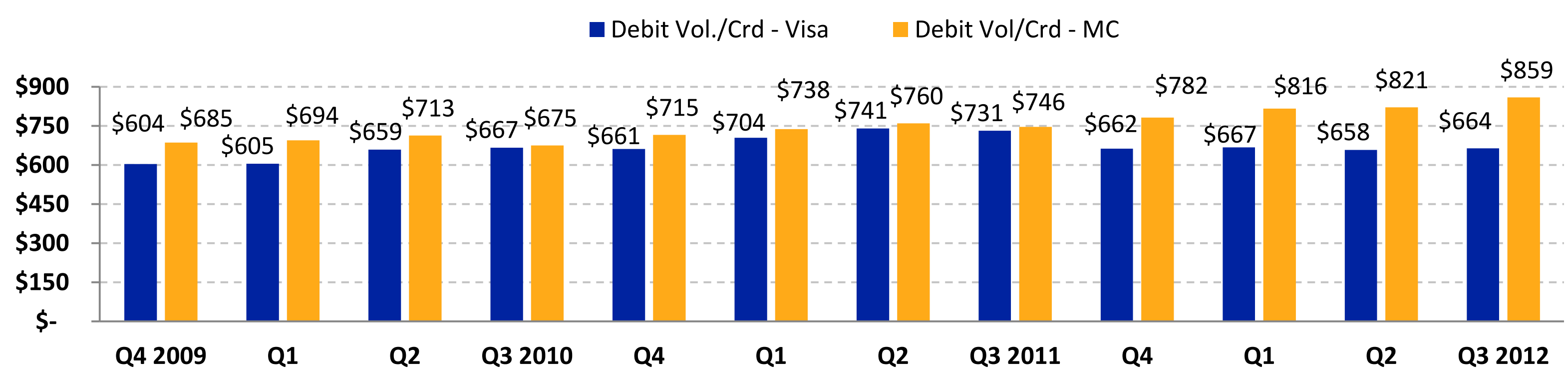
MasterCard & VISA *US $ Volume per Credit Card*



Q3 2011 to Q3 2012: Volume per Credit Card

MasterCard: **+6.5%** **Visa:** **+9.5%**

MasterCard & VISA *US $ Volume per Debit Card*



Q3 2011 to Q3 2012: Volume per Debit Card

MasterCard: **+15.1%** **Visa:** **-9.2%**

** % may not calculate due to rounding*

About ETA

The Electronic Transactions Association (ETA) is an international trade association representing companies who offer electronic transaction processing products and services. The purpose of ETA is to influence, monitor and help shape the merchant acquiring industry by providing leadership through education, advocacy and the exchange of information. ETA's membership spans the breadth of the payments industry, from financial institutions to transaction processors to independent sales organizations (ISOs) and equipment suppliers. More than 500 companies worldwide are members of ETA. Please visit www.electran.org for more information.

About TSG

The Strawhecker Group (TSG), founded in 2006, is a management consulting company focused on the global electronic payments industry.

TSG clients include merchant acquirers/ISOs, issuers, the card brands, technology and mobile companies, processors, major merchants, bank specialty lenders and private equity firms, as well as banks and financial institutions.

The TSG team consists of proven industry leaders with extensive experience leading companies through explosive growth periods, mergers and acquisitions, technology-driven strategies, and data-driven decision making within the Payments Industry.

TSG's Service Groups

Payments Strategy - Payments Strategy encompasses the full spectrum of advisory services within the Payments Industry. The depth of these services is built on deep industry knowledge - the Partners and Associates of the firm have an average of over 20 years of industry experience. With clients from card issuers to merchant acquirers, TSG has the experience and expertise to provide real-time strategies.

Transaction Advisory - Whether buying or selling, seeking investment funding, or planning your company's exit strategy, TSG's experience can be critical to achieving success. TSG has performed more than 100 Payments Company Valuation and/or Business Assessments in the past three years - ranging in value from $1 million to $1 billion.

TSG Metrics - TSG Metrics, the strategic research and analysis division of TSG, provides the Payments Industry with highly focused research and industry-wide studies. TSG Metrics takes data, boils it down to information, transforms it to knowledge and presents it to provide wisdom to its client partners.

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