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**IPAYMENT HOLDINGS, INC. AND IPAYMENT, INC. COMPLETE \$509 MILLION
EXCHANGE OFFERS AND CONSENT SOLICITATIONS**

Significantly Reduces Debt

Improves Free Cash Flow

Positions Company for Growth and Investment

NEW YORK – (December 29, 2014) – iPayment Holdings, Inc. (“Holdings”) and iPayment, Inc. (“iPayment” and, together with Holdings, the “Companies”) announced the completion of their previously announced exchange offers and consent solicitations. Through these transactions, the Companies exchanged collectively approximately \$509 million of Holdings’ 15.00%/15.00% Senior Notes due 2018 and iPayment’s 10.25% Senior Notes due 2018 (together, the “Existing Notes”) for a combination of \$296 million 9.50% second lien notes due 2019 and iPayment common stock and warrants.

Mark Monaco, the Companies’ Chief Financial Officer, commented, “We are excited to have worked with our investor partners to complete these important transactions, which reduce our total debt by more than \$200 million, lower our cost of debt and improve our annual free cash flow by more than \$20 million. With an improved credit profile, a strengthened financial position and increased liquidity, iPayment is well positioned to invest in further growth opportunities and additional debt reduction initiatives.”

Carl Grimstad, Chairman and Chief Executive Officer of the Companies, added, “The successful completion of the exchange offers reflects our improving operating results and the ongoing opportunities we see in the electronic payment marketplace. We are a leader in providing payment processing solutions and value-added products to small and medium size businesses. We have both diversified and balanced sales channels supporting our organic growth and an extensive history of completing and integrating acquisitions. By enhancing our balance sheet and cash flow, these transactions enable us to pursue strategic opportunities, while continuing our fundamental commitment to invest in our people and the products that serve our merchant customers and business partners.”

The securities offered pursuant to the Offers to Exchange and Consent Solicitation Statement, dated as of November 7, 2014 (as amended, the “Statement”) have not been, and except as described in the Statement will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration under the Securities Act and applicable state securities laws or an applicable exemption therefrom. The Exchange Offers are being made pursuant to the exemption provided for under Section 4(a)(2) of the Securities Act.

December 29, 2014

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities described herein and is also not a solicitation of consents to proposed amendments as described in the Statement. The Statement was distributed only to holders of Existing Notes that completed and returned a letter of eligibility confirming that they are “eligible holders” for the purposes of the Offers.

The above description of the Statement does not purport to be a complete statement of the parties’ rights and obligations thereunder. Any information disclosed in this press release shall not be construed as an admission that such information is material. This press release does not constitute an offer to sell, or a solicitation of offers to buy, the securities described herein.

Forward-Looking Statements

Information in this press release may contain “forward-looking statements” about Holdings and iPayment. These forward-looking statements are subject to risks, uncertainties and assumptions, many of which are beyond our control, and are not guarantees of future results, performance or achievements, and actual results, performance or achievements could differ materially from our current expectations as a result of numerous factors, including but not limited to the following: unanticipated effects from the reported financial misconduct by certain of our former employees; the impact of our prior restatement on the Company’s material agreements; acquisitions; liability for merchant chargebacks; restrictive covenants governing our indebtedness; actions taken by our bank sponsors; migration of merchant portfolios to new bank sponsors; our reliance on card payment processors and on independent sales organizations; changes in interchange fees; risks associated with the unauthorized disclosure of data; imposition of taxes on Internet transactions; actions by our competitors; and risks related to the integration of companies and merchant portfolios that we have acquired or may acquire. These and other risks are more fully disclosed in our filings with the SEC, including, without limitation, our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We undertake no obligation to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

About iPayment

iPayment provides credit and debit card payment processing services to small merchants across the United States. iPayment’s payment processing services enable merchants to accept credit cards from VISA, MasterCard, American Express, Discover and Diners Club, as well as other forms of payment, including debit cards, checks, gift cards and loyalty programs. iPayment provides payment processing services to approximately 150,000 merchants throughout the United States.

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