



FOR IMMEDIATE RELEASE

Contact: Mark Monaco
Chief Financial Officer
(212) 802-7200

iPAYMENT REPORTS UNAUDITED RESULTS FOR SECOND QUARTER AND FIRST SIX MONTHS OF 2013

NEW YORK – (Aug. 14, 2013) – iPayment Holdings, Inc. (“Holdings”) and iPayment, Inc. (“iPayment” or the “Company”) today announced their unaudited financial results for the three months and six months ended June 30, 2013. All operations are conducted through iPayment and its subsidiaries. Holdings is a holding company that does not have any operations or material assets other than its ownership of iPayment and its subsidiaries. The financial results of Holdings are substantially the same as those of iPayment with the exception of interest expense, tax provision (benefit) and net income (loss). The financial results discussed below represent those of iPayment and its consolidated subsidiaries, except where otherwise noted.

For the second quarter of 2013, the Company processed \$5.7 billion of total transaction volume, unchanged from the second quarter of 2012. Total revenues decreased by 2.6% to \$173.9 million for the second quarter of 2013 from \$178.6 million for the second quarter of 2012. This decrease was primarily due a lower number of merchants on file during the second quarter 2013 versus the second quarter 2012. Revenues, net of interchange, decreased 9.0% to \$83.3 million for the second quarter of 2013 compared with \$91.6 million for the second quarter of 2012. Income from operations decreased 51.5% to \$7.9 million for iPayment and its consolidated subsidiaries and \$7.8 million for Holdings and its consolidated subsidiaries for the second quarter of 2013 compared with \$16.2 million for iPayment and its consolidated subsidiaries and \$16.2 million for Holdings and its consolidated subsidiaries for the second quarter of 2012. Income from operations for the second quarter of 2013 was affected by charges related to phantom stock compensation for employees and one-time charges related to an amended purchase agreement and the related employment agreements with the former owners of Flagship Merchant Services (“Flagship”), a business acquired by the Company in 2012. Excluding these charges, second quarter income from operations would have been flat year over year. Results for the second quarter of 2013 included \$0.4 million in embezzlement recoveries and \$0.4 million of investigation and remediation costs associated with the matters described in the Company's November 5, 2012 Report on Form 8-K. The Company had approximately 112,000 active merchants and 158,000 merchants on file from which it generated revenue at the end of June 2013.

For the first six months of 2013, the Company processed \$10.9 billion of total transaction volume, a 2.9% decrease from \$11.3 billion for the first six months of 2012. Total revenues decreased by 4.0% to \$329.9 million for the first six months of 2013 from \$343.7 million for the first six months of 2012. Revenues, net of interchange, decreased 10.0% to \$157.4 million for the first six months of 2013 compared with \$174.8 million for the first six months of 2012. Income from operations decreased 36.1% to \$18.7 million for iPayment and its consolidated subsidiaries and \$18.7 million for Holdings and its consolidated subsidiaries for the first six months of 2013 compared with \$29.3 million for iPayment and its consolidated subsidiaries and \$29.2 million for Holdings and its consolidated subsidiaries for the first six months of 2012. Excluding the Flagship and phantom stock compensation charges mentioned above, Income from Operations for the first six months would have

iPayment Reports Results for Second Quarter of 2013

Page 2

August 14, 2013

been \$27.7 million or 5.5% lower than the comparable period in 2012. Results for the first six months of 2013 included \$2.8 million in embezzlement recoveries and \$2.1 million of investigation and remediation costs associated with the matters described in the Company's November 5, 2012 Report on Form 8-K.

Conference Call

Management will hold a conference call on Thursday, August 15, 2013, at 10:00 a.m. (Eastern Time) to discuss the Company's 2013 second quarter results. Participants should dial 719-325-2393 approximately 10 minutes prior to the start of the call. A telephonic replay will become available after 12:00 noon (Eastern Time) on Thursday, August 15, and will continue to be available through August 24, 2013. You can access the replay by dialing 719-457-0820 and entering Confirmation Code 2612275.

The live broadcast of iPayment's quarterly conference call will be available online at www.ipaymentinc.com or <http://www.videonewswire.com/event.asp?id=95061> beginning Thursday, August 15, 2013, at 10:00 a.m. (Eastern Time). The online replay will be available at approximately 12:00 noon (Eastern Time) on Thursday, August 15, and will continue to be available for one week thereafter.

Safe Harbor Provisions

Information in this press release may contain "forward-looking statements" about Holdings and iPayment. These forward-looking statements involve risks and uncertainties 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: the pace at which we are able to implement improvements in our internal controls; 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 158,000 merchants throughout the United States.

- END -