

Table of Contents

Interest expense decreased slightly in 2013 compared to 2012 due to the de-designation of cash flow hedges, which resulted in the reclassification of \$115 million of accumulated losses from other comprehensive income (OCI) into interest expense during 2012. This was substantially offset by increased interest expense related to higher interest rates resulting from debt modifications and amendments. As of December 31, 2014 and 2013, there were no amounts carried in OCI related to interest rate swaps. Refer to Note 5 “Derivative Financial Instruments” to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

Loss on debt extinguishment

We incurred a \$274 million, \$79 million, and \$56 million loss on the extinguishment of debt during the years ended December 31, 2014, 2013, and 2012, respectively. Refer to Note 6 “Borrowings—Debt Repurchase” to our audited consolidated financial statements included elsewhere in this prospectus for more information.

Other income (expense)

(in millions)	Year ended December 31,		
	2014	2013	2012
Investment gains and (losses)	\$ 100	\$ 2	\$ (8)
Derivative financial instruments gains and (losses)	—	(24)	(91)
Divestitures, net	2	(5)	—
Non-operating foreign currency gains and (losses)	59	(20)	5
Other income (expense)	<u>\$ 161</u>	<u>\$ (47)</u>	<u>\$ (94)</u>

Investment gains and (losses). Gains in 2014 relate to the sale of our 30% minority interest in EFS which resulted in a pretax gain of \$98 million. The net investment losses in 2012 relate to the impairment of a strategic investment.

Derivative financial instruments gains and (losses). The net loss in 2013 was due to fair value adjustments for interest rate swaps and cross currency swaps that are not designated as accounting hedges while the loss in 2012 was driven by fair value adjustments related to interest rate swaps.

Non-operating foreign currency gains and (losses). Amounts represent net gains and losses related to currency translations on our intercompany loans and euro-denominated debt. The gain during 2014 was driven by the U.S. dollar strengthening against the Euro.

Income taxes

(in millions)	Year ended December 31,		
	2014	2013	2012
Income tax expense (benefit)	\$ 82	\$105	\$(243)
Effective income tax rate	(45)%	(16)%	30%

The effective tax rates in each year differ from the statutory rates as a result of recognizing tax expense in jurisdictions with pretax income while being precluded from recognizing deferred tax benefits on pre-tax losses in the U.S. and certain foreign jurisdictions that are subject to valuation allowances. In each year, the negative impact from the valuation allowance was partially offset by us not having to record tax expense attributable to the noncontrolling interest portion of pretax income from pass through entities.

Following the recognition of significant valuation allowances in 2012, we have regularly experienced substantial volatility in our effective tax rate in interim periods and across years. This is due to deferred income