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FIRST DATA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2014 and 2013. As of October 1, 2014, the most recent impairment analysis date, the fair value of each reporting unit exceeded its carrying value. The Company did not record any goodwill impairment charges in 2014 or 2013.

The following table presents changes to goodwill for the years ended December 31, 2013 and 2014:

(in millions)	Global Business Solutions	Global Financial Solutions	Network & Security Solutions	Divested Operations	Totals
Balance as of January 1, 2013					
Goodwill	\$ 15,909	\$ 2,228	\$ 2,205	\$ 181	\$ 20,523
Accumulated impairment losses	(1,363)	(683)	(1,013)	(181)	(3,240)
	<u>14,546</u>	<u>1,545</u>	<u>1,192</u>	<u>—</u>	<u>17,283</u>
Acquisitions	24	—	—	—	24
Other adjustments (primarily foreign currency)	(41)	(18)	—	—	(59)
Balance as of December 31, 2013					
Goodwill	15,892	2,210	2,205	181	20,488
Accumulated impairment losses	(1,363)	(683)	(1,013)	(181)	(3,240)
	<u>14,529</u>	<u>1,527</u>	<u>1,192</u>	<u>—</u>	<u>17,248</u>
Acquisitions	—	—	33	—	33
Other adjustments (primarily foreign currency)	(180)	(84)	—	—	(264)
Balance as of December 31, 2014					
Goodwill	15,712	2,126	2,238	181	20,257
Accumulated impairment losses	(1,363)	(683)	(1,013)	(181)	(3,240)
	<u>\$ 14,349</u>	<u>\$ 1,443</u>	<u>\$ 1,225</u>	<u>\$ —</u>	<u>\$ 17,017</u>

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. Costs incurred during the