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

Fair Value Measurement

The carrying amounts for the Company's Derivative financial instruments are the estimated fair value of the financial instruments. The Company's derivatives are not exchange listed and therefore the fair value is estimated under an income approach using Bloomberg analytics models that are based on readily observable market inputs. These models reflect the contractual terms of the derivatives, such as notional value and expiration date, as well as market-based observables including interest and foreign currency exchange rates, yield curves, and the credit quality of the counterparties. The models also incorporate the Company's creditworthiness in order to appropriately reflect non-performance risk. Inputs to the derivative pricing models are generally observable and do not contain a high level of subjectivity and, accordingly, the Company's derivatives were classified within Level 2 of the fair value hierarchy. While the Company believes its estimates result in a reasonable reflection of the fair value of these instruments, the estimated values may not be representative of actual values that could have been realized or that will be realized in the near future.

Effect of Derivative Instruments on the Consolidated Statements of Operations

Derivative gains and (losses) were as follows for the periods indicated:

(in millions, pretax)	Year ended December 31,					
	2014		2013		2012	
	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts
Derivatives in cash flow hedging relationships (a):						
Gain (loss) reclassified from accumulated OCI into Interest expense in the Consolidated Statements of Operations	\$ —	\$ —	\$ —	\$ —	\$ (115)	\$ —
Derivatives in net investment hedging relationships:						
Gain (loss) recognized in OCI (effective portion)	\$ —	\$ 80	\$ —	\$ 14	\$ —	\$ (9)
Derivatives not designated as hedging instruments						
Gain (loss) recognized in Other income (expense) in the Consolidated Statements of Operations	\$ (3)	\$ 4	\$ (23)	\$ (2)	\$ (90)	\$ (2)

(a) No gain (loss) recognized in Consolidated Statements of Operations due to ineffectiveness.