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**FIRST DATA CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Stock compensation expense for certain awards is only recognized upon liquidity or an employment termination event which triggers vesting. For the remaining awards that vest based solely on service conditions, expense is recognized over the requisite service period.

Total stock-based compensation expense recognized in "Selling, general, and administrative" expense in the unaudited consolidated statements of operations was as follows for the periods presented:

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Total stock-based compensation expense (pretax)	\$ 16	\$ 5	\$ 23	\$ 34

During the six months ended June 30, 2015 and 2014, \$9 million and \$23 million, respectively, of stock-based compensation expense was recognized as a result of the departure of certain executive officers.

Beginning in 2014, substantially all of the Company's employees are granted restricted stock awards on an annual basis and during the six months ended June 30, 2015, 41 million restricted stock awards were granted. The restrictions on a majority of these awards will lapse upon the later of three years or following an initial public offering or upon certain employment termination events. For the remainder of these awards, the restrictions will lapse following an initial public offering or upon certain employment termination events.

As of June 30, 2015, there was \$158 million and \$345 million of total unrecognized compensation expense related to non-vested stock options and restricted stock, respectively.

For additional information on the Company's Stock Compensation Plans refer to Note 11 "Stock Compensation Plans" in the Company's December 31, 2014 audited consolidated financial statements.

**Note 10: Derivative Financial Instruments**

The Company enters into the following types of derivatives:

Interest rate contracts:

- Interest rate swaps: The Company uses interest rate swaps to mitigate its exposure to interest rate fluctuations on interest payments related to variable rate debt. The Company uses these contracts in non-qualifying hedging relationships.
- Fixed to floating interest rate swaps: The Company uses fixed to floating interest rate swaps to maintain a desired ratio of fixed rate and floating rate debt. The Company uses these contracts in non-qualifying hedging relationships.

Foreign exchange contracts: The Company uses cross-currency swaps to protect the net investment in certain foreign subsidiaries and/or affiliates with respect to changes in foreign currency exchange rates. The Company uses these contracts in both qualifying and non-qualifying hedging relationships.