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FIRST DATA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company held the following derivative instruments as of the dates indicated:

(in millions)	Notional Currency	As of June 30, 2015			As of December 31, 2014		
		Notional Value	Assets (a) (b)	Liabilities (a) (c)	Notional Value	Assets (a) (b)	Liabilities (a) (c)
Derivatives designated as hedges of net investments in foreign operations:							
Foreign exchange contracts	AUD	260	\$ 54	\$ —	260	\$ 41	\$ —
Foreign exchange contracts	EUR	200	45	—	200	27	—
Foreign exchange contracts	GBP	250	15	—	250	18	—
Foreign exchange contracts	CAD	110	16	—	110	9	—
			130	—		95	—
Derivatives not designated as hedging instruments:							
Interest rate contracts	USD	5,000	—	(95)	5,750	47	(105)
Foreign exchange contracts	EUR	—	—	—	22	1	—
			—	(95)		48	(105)
			<u>\$ 130</u>	<u>\$ (95)</u>		<u>\$ 143</u>	<u>\$ (105)</u>

- (a) Of the balances included in the table above, in aggregate, \$130 million of assets and \$87 million of liabilities, net \$43 million, as of June 30, 2015 and \$142 million of assets and \$96 million of liabilities, net \$46 million, as of December 31, 2014 are subject to master netting agreements to the extent that the swaps are with the same counterparty. The terms of those agreements require that the Company net settle the outstanding positions at the option of the counterparty upon certain events of default.
- (b) Derivative assets are included in "Other current assets" and "Other long-term assets" in the unaudited consolidated balance sheets.
- (c) Derivative liabilities are included in "Other current liabilities" and "Other long-term liabilities" in the unaudited consolidated balance sheets.

The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments is through January 2018.

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 are 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.