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EBITDA and Adjusted EBITDA are calculated as follows:

(in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2012	2013	2014	2014	2015
Net loss attributable to First Data	\$ (736)	\$ (952)	\$ (458)	\$ (235)	\$ (138)
Interest expense, net	1,887	1,856	1,728	920	811
Income tax (benefit) expense	(243)	105	82	77	13
Depreciation and amortization(a)	1,331	1,212	1,163	582	557
EBITDA	2,239	2,221	2,515	1,344	1,243
Stock-based compensation(b)	12	38	50	34	23
Other items(c)	150	129	(95)	(52)	50
Cost of alliance conversions and data center, technology and savings initiatives(d)	77	68	20	13	5
KKR related items(e)	34	32	27	14	11
Debt issuance costs(f)	14	5	3	3	—
Loss on debt extinguishment	56	79	274	3	—
Adjustments for non-wholly owned entities(g)	(102)	(81)	(86)	(42)	(43)
Amortization of initial payments for new contracts(h)	(44)	(42)	(45)	(22)	(24)
Adjusted EBITDA	<u>\$2,436</u>	<u>\$2,449</u>	<u>\$2,663</u>	<u>\$ 1,295</u>	<u>\$ 1,265</u>

- (a) Includes amortization of equity method investments included in “Equity earnings in affiliates” within the consolidated statements of operations and initial payments for new contracts included as contra-revenue within “Transaction and processing service fees” within the consolidated statements of operations.
- (b) Represents stock-based compensation recognized as expense.
- (c) Includes adjustments to exclude the official check and money order businesses due to the Company’s wind down of these businesses, restructuring, certain retention bonuses, litigation and regulatory settlements, and “Other income” as presented in the consolidated statements of operations included elsewhere in this prospectus, which includes divestitures, impairments, derivative gains and (losses), and non-operating foreign currency gains and (losses).
- (d) Represents costs directly associated with the strategy to have First Data operate Bank of America N.A.’s legacy settlement platform and costs associated with the termination of our former Chase Paymentech alliance in 2008, both of which are considered business optimization projects, and other technology initiatives.
- (e) Represents KKR fees for management, consulting, financial and other advisory services.
- (f) Represents costs associated with refinancing and modifying our debt structure.
- (g) Net adjustment to reflect our proportionate share of alliance EBITDA within the Global Business Solutions segment, equity earnings in affiliates, and amortization related to equity method investments not included in segment EBITDA. See the Segment Information notes to our consolidated financial statements included elsewhere in this prospectus.
- (h) Represents adjustment for amortization of initial payments for new contracts which is included in Adjusted EBITDA.
- (9) Adjusted Net Income, a measure used by management to measure operating performance, is not a recognized term under GAAP and does not purport to be an alternative to net income (loss) attributable to First Data as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, Adjusted Net Income is not intended to be a measure of free cash flow available for management’s discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Management believes that Adjusted Net Income is helpful in highlighting trends because