
Table of Contents**Derivative financial instruments and hedging activities**

All derivative instruments are recognized in the combined balance sheet at fair value. Derivatives not designated for hedge accounting and used to hedge foreign-currency denominated balance sheet items are reported directly in earnings along with offsetting transaction gains and losses on the items being hedged. Derivatives used to hedge foreign-currency denominated cash flows and floating rate debt may be accounted for as cash flows hedges, as deemed appropriate. Gains and losses on derivatives designated as cash flows hedges are recorded in other comprehensive (loss) income and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings. The effective portion of the hedge will be recorded in the same manner as foreign currency translation adjustment in other comprehensive (loss) income. When the hedge position is dissolved and we recognize a gain or loss in other income (expense), the associated hedge gain or loss in other comprehensive (loss) income will be reclassified to other income (expense).

Stock-based compensation

On September 29, 2014 and March 31, 2015, we granted 20,450 shares and 35,245 shares of restricted stock, respectively, to certain employees of SunEdison that will perform services for us. This represents 5.6% of the estimated fair value of the total equity in Global as of the grant date. Upon the completion of our initial public stock offering, the restricted shares will be convertible to a number of shares of Class A common stock that represents the percentage interest noted above, or 3,657,464 and 6,303,537 shares of Class A common stock for September 29, 2014 and March 31, 2015 grants, respectively. We will begin recognizing stock-based compensation expense on the date of the initial public offering based on the grant-date fair value of these awards using the straight-line attribution method, net of estimated forfeitures.

Income taxes

Our income tax balances are determined and reported using a "separate return" method. Income taxes as presented herein allocate current and deferred income taxes of the parent to us in a manner that is systematic, rational and consistent with the asset and liability method. The sum of the amounts allocated to the Company's carve-out tax provisions may not equal the historical consolidated provision. Under the separate return method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date. Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as temporary differences. We record the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which we receive a tax deduction, but have not yet been recorded in the combined statement of operations).

We regularly review our deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and