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**6. Derivative instruments**

A summary of all interest rate and currency swap instruments outstanding as of March 31, 2015 is as follows:

Type of instrument	Notional amount in local currency (in millions)	Notional currency	Interest rate	Variable rate	Termination date
Interest rate swap #1 - Economic Hedge	89.7	Malaysian Ringgit	4.3%	KLIBOR	March 31, 2028
Interest rate swap #2 <sup>(1)</sup>	35.7	Malaysian Ringgit	4.4%	KLIBOR	March 31, 2028
Interest rate swap #3 - Economic Hedge	173.0	Thai Baht	6.5%	MLR - 2.0%	December 31, 2023
Interest rate swap #4 - Cash Flow Hedge		South African Rand		JIBAR SAFEX + 4.4%	September 30, 2031
Currency swap - Cash Flow Hedge	1,856.0	South African Rand	JIBAR SAFEX +4.4%	LIBOR + 2.2%	September 30, 2031

(1) Cash Flow Hedge and Economic Hedge as of March 31, 2015 and December 31, 2014, respectively.

Derivative instruments, which are not designated as hedging instruments, consist of:

In thousands	Balance sheet classification	Assets (liabilities or equity) fair value	
		As of March 31, 2015	As of December 31, 2014
Interest rate swaps	Accrued expenses and other current liabilities	\$ 213	\$ 486

  

In thousands	Statement of operations classification	For the three-months ended March 31,	
		2015	2014
Interest rate swaps	Interest expense (income)	\$ 594	\$ 705

As of March 31, 2015, we are party to three interest rate swap instruments that are accounted for as economic hedges. These instruments are used to hedge floating rate debt and are not accounted for as cash flow hedges. Under the interest rate swap agreements, we pay the fixed rate and the financial institution counterparties to the agreements pay us a floating interest rate above. The amount recorded in the combined balance sheet, as provided in the table above, represents the estimated fair value of the net amount that we would settle on March 31, 2015 and December 31, 2014 if the agreements were transferred to other third parties or canceled by us. Because these interest rate and currency swaps are deemed economic hedges and not accounted for as hedging instruments, the changes in fair value are recognized in interest expense within the combined statements of operations.

As of March 31, 2015, we are party to an interest rate swap and two currency swaps accounted for using hedge accounting. These instruments are used to hedge the interest rate of variable rate debt denominated in U.S. dollars. The amount recorded in the combined balance sheet represents the estimated fair value of the net amount that we would settle on March 31, 2015, if the agreements were transferred to other third parties or canceled by us. We recorded a gain of \$273 and a loss of \$64 for the three months ended March 31, 2015 and 2014, respectively, for the effective portion of these cash flow hedges. These were recorded to accumulated other comprehensive income (loss). There was no material ineffectiveness recorded for the three months ended March 31, 2015 and 2014, respectively.

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