

### 13. Financial derivative instruments

The purpose of contracting financial derivative instruments is: (i) to partially cover the financial risks of exposure to exchange rates, interest rates, and prices of certain metals; or (ii) to realize financial returns due to the behavior of the underlying. The decision to contract an economic financial hedge is based on market conditions, the expectation of such instrument at a given date, and the domestic and international economic context of the economic indicators that influence the Entity's operations.

The transactions performed with foreign exchange and/or interest rate forwards and swaps; as well as embedded derivatives, are summarized below:

Instrument	Designated as	Notional		Maturity	Valuation as of December 31, 2014			
		Amount ('000)	Unit		Asset (liability)	Net income of the year	Income of prior year	Gain (loss) on settlement
Dollar forwards	Purchase	1,147,000	Dollars	During 2014	\$ -	\$ -	\$ -	\$ (89,338)
Dollar forwards	Sale	477,000	Dollars	March 2015	(5,108)	5,108	-	-
Dollar forwards	Sale	1,297,000	Dollars	During 2014	-	-	-	469,042
TIE swaps to fixed rate	Purchase	8,600,000	Mexican Pesos	May 2017 to May 2027	(632,647)	(190,603)	823,250	374,832
TIE swaps to fixed rate	Purchase	1,750,000	Mexican Pesos	During 2014	-	-	-	169,745
TIE swaps to fixed rate	Sale	1,700,000	Mexican Pesos	June 2017 and may 2018	213,437	34,120	(247,557)	(95,462)
Embedded	N/A	549	Dollars	2015	(173)	(3,579)	3,751	-
Total at December 31, 2014					<u>\$ (424,491)</u>	<u>\$ (154,954)</u>	<u>\$ 579,444</u>	<u>\$ 828,819</u>
Total at December 31, 2013					<u>\$ (593,380)</u>	<u>\$ (95,489)</u>	<u>\$ 688,869</u>	<u>\$ 76,392</u>

Open and closed transactions with hedge forwards to purchase foreign currency are summarized below:

Instrument	Notional		Maturity	Valuation as of December 31, 2014		
	Amount ('000)	Unit		Asset (liability)	Comprehensive income	Gain (loss) on settlement
Euro forwards purchase	15,637	Euro	January 2014 to December 2016	\$ (27,112)	\$ 18,978	\$ -
Euro forwards purchase	3,592	Euro	During 2014	-	-	(2,364)
Total at December 31, 2014				<u>\$ (27,112)</u>	<u>\$ 18,978</u>	<u>\$ (2,364)</u>
Total at December 31, 2013				<u>\$ 4,889</u>	<u>\$ (3,422)</u>	<u>\$ 2,573</u>

The transactions opened and settled with hedge swaps to purchase metals:

Instrument	Notional		Maturity	Valuation as of December 31, 2014		
	Amount ('000)	Unit		Asset (liability)	Comprehensive income	Gain (loss) on settlement Cost of sales
Copper Swaps	1,206	Tons	January to December 2015	(5,200)	\$ 3,559	\$ -
Copper Swaps	1,915	Tons	During 2014	-	-	1,200
Aluminum Swaps	150	Tons	January to April 2015	(361)	253	-
Aluminum Swaps	1,025	Tons	During 2014	-	-	(1,038)
Total at December 31, 2014				<u>\$ (5,561)</u>	<u>\$ 3,812</u>	<u>\$ 162</u>
Total at December 31, 2013				<u>\$ 2,978</u>	<u>\$ (2,085)</u>	<u>\$ 12,537</u>