Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. The net amounts recognized in *Other income (expense), net*, during the years ending September 30, 2019, 2018 and 2017 were immaterial to the Company's consolidated financial results. The total notional amounts of the Company's outstanding foreign exchange contracts as of September 30, 2019 and 2018 were $2.3 billion and $3.1 billion, respectively.

Certain of the Company's foreign currency-denominated long-term notes outstanding, which had a total carrying value of $1.4 billion and $3.0 billion, as of September 30, 2019 and 2018, respectively, were designated as, and were effective as, economic hedges of net investments in certain of the Company's foreign subsidiaries. In connection with the Company's issuance of Euro-denominated notes during the third quarter of fiscal year 2019, the Company entered into cross-currency swaps, as well as a forward contract, which were designated and effective as economic hedges of net investments in certain of the Company's foreign subsidiaries. The notional amount of the cross-currency swaps was $2.3 billion as of September 30, 2019. The forward contract was terminated in the third quarter, in conjunction with the Company's issuance of the Euro-denominated notes. Additional disclosures regarding the Company's issuance of Euro-denominated notes in the third quarter of fiscal year 2019 are provided in Note 16.

Net gains or losses relating to the net investment hedges, which are attributable to changes in the foreign currencies to U.S. dollar spot exchange rates, are recorded as accumulated foreign currency translation in *Other comprehensive income (loss)*. Upon the termination of a net investment hedge, any net gain or loss included in *Accumulated other comprehensive income (loss)* relative to the investment hedge remains until the foreign subsidiary investment is disposed of or is substantially liquidated.

Net gains (losses) recorded to *Accumulated other comprehensive income (loss)* relating to the Company's net investment hedges as of September 30, 2019 and 2018 were as follows:

(Millions of dollars)	2019	2018
Foreign currency-denominated debt	$ 138	$ 81
Cross-currency swaps	$ 73	$ —
Foreign currency forward contract	$ (9)	$ —

Interest Rate Risks and Related Strategies

The Company's primary interest rate exposure results from changes in U.S. dollar interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either fair value or cash flow hedges.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates.

The total notional amount of the Company's outstanding interest rate swaps designated as fair value hedges was $375 million and $1.2 billion at September 30, 2019 and 2018, respectively. The outstanding swaps represent fixed-to-floating interest rate swap agreements the Company entered into to convert the interest payments on certain long-term notes from the fixed rate to a floating interest rate based on LIBOR. Changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt. The amounts recorded during the years ended September 30, 2019 and 2018 for changes in the fair value of these hedges were immaterial to the Company's consolidated financial results.