Item 7A: Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk Management

We maintain a mix of fixed-rate and variable-rate debt. As of December 31, 2009, approximately 99.7% of our total debt of $29.1 billion was at fixed rates with the remaining debt at variable rates. We are exposed to the market risk of adverse changes in interest rates. In order to manage the cost and volatility relating to the interest cost of our outstanding debt, we enter into various interest rate risk management derivative transactions in accordance with our policies.

We monitor our interest rate risk exposures using techniques that include market value and sensitivity analyses. We do not engage in any speculative or leveraged derivative transactions.

We manage the credit risks associated with our derivative financial instruments through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

Our interest rate derivative financial instruments, which can include swaps, rate locks, caps and collars, represent an integral part of our interest rate risk management program. Our interest rate derivative financial instruments reduced the portion of our total debt at fixed rates from 99.7% to 86.9% as of December 31, 2009. In 2009 and 2008, the effect of our interest rate derivative financial instruments was a decrease in our interest expense of approximately $104 million and $34 million, respectively. In 2007, the effect was an increase in our interest expense of approximately $43 million. Interest rate risk management instruments may have a significant effect on our interest expense in the future.

The table below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 2009.

(in millions)	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value 12/31/2009
Debt								
Fixed rate	$ 1,150	$ 1,804	$ 820	$ 2,394	$ 1,091	$ 21,758	$ 29,017	$ 31,168
Average interest rate	5.7%	6.2%	9.5%	8.8%	5.0%	6.8%	6.9%	
Variable rate	$ 6	$ 5	$ 12	$ 56	$ —	$ —	$ 79	$ 79
Average interest rate	5.3%	7.9%	9.0%	5.2%	—%	—%	6.0%	
Interest rate instruments								
Fixed to variable swaps	$ 200	$ 750	$ —	$ 1,000	$ 900	$ 900	$ 3,750	$ 183
Average pay rate	1.5%	2.6%	—%	7.9%	3.1%	5.1%	4.7%	
Average receive rate	5.9%	5.5%	—%	8.3%	5.3%	5.7%	6.3%	

We use the notional amounts on the instruments to calculate the interest to be paid or received. The notional amounts do not represent the amount of our exposure to credit loss. The estimated fair value approximates the payments necessary or proceeds to be received to settle the outstanding contracts. We estimate interest rates on variable debt and swaps using the average implied forward London Interbank Offered Rate ("LIBOR") for the year of maturity based on the yield curve in effect on December 31, 2009, plus the applicable margin in effect on December 31, 2009.

As a matter of practice, we typically do not structure our financial contracts to include credit-ratings-based triggers that could affect our liquidity. In the ordinary course of business, some of our swaps could be subject to termination provisions if we do not maintain investment grade credit ratings. As of December 31, 2009 and 2008, the estimated fair value of those swaps was an asset of $26 million and an asset of $44 million, respectively. The amount to be paid or received upon termination, if any, would be based on the fair value of the outstanding contracts at that time.

Equity Price Risk Management

We are exposed to the market risk of changes in the equity prices of our investments in marketable securities. We enter into various derivative transactions in accordance with our policies to manage the volatility relating to these exposures. Through market value and sensitivity analyses, we monitor our equity price risk exposures to ensure that the instruments are matched with the underlying assets or liabilities, reduce our risks relating to equity prices and maintain a high correlation to the risk inherent in the hedged item.

To limit our exposure to and benefits from price fluctuations in the common stock of some of our investments, we use equity derivative financial instruments. These derivative financial instruments, which are accounted for at fair value, include equity collar agreements, prepaid forward sale agreements and indexed debt instruments.

Except as described above in "Investment Income (Loss), Net," the changes in the fair value of the investments that we accounted for as trading or available for sale securities were substantially offset by the changes in the fair values of the equity derivative financial instruments.

Refer to Note 2 to our consolidated financial statements for a discussion of our accounting policies for derivative financial instruments and to Note 6 and Note 10 to our consolidated financial statements for a discussion of our derivative financial instruments.