

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### RISKS

We are exposed to economic risk from foreign exchange rates, interest rates, credit risk, and equity prices. We use derivatives instruments to manage these risks, however, they may still impact our consolidated financial statements.

#### Foreign Currency

Certain forecasted transactions, assets, and liabilities are exposed to foreign currency risk. We monitor our foreign currency exposures daily to maximize the economic effectiveness of our foreign currency positions. Principal currencies hedged include the euro, Japanese yen, British pound, Canadian dollar, and Australian dollar.

#### Interest Rate

Securities held in our fixed-income portfolio are subject to different interest rate risks based on their maturities. We manage the average maturity of the fixed-income portfolio to achieve economic returns that correlate to certain global fixed-income indices.

#### Credit

Our fixed-income portfolio is diversified and consists primarily of investment-grade securities. We manage credit exposures relative to broad-based indices and to facilitate portfolio diversification.

#### Equity

Securities held in our equity and other investments portfolio are subject to market price risk.

### SENSITIVITY ANALYSIS

Historically, we used a value-at-risk ("VaR") model to estimate and quantify our market risks. This included presenting one-day VaR as well as average, high, and low VaR by risk category throughout the reporting period. Given the changes in size and allocation of our portfolio of financial assets, we believe sensitivity analysis is more informative in representing the potential impact to the portfolio as a result of market movements. Therefore, we have presented a sensitivity analysis for each risk category below.

Sensitivity analysis is not intended to represent actual losses in fair value, including determinations of other-than-temporary losses in fair value in accordance with accounting principles generally accepted in the United States of America, but is used as a risk estimation and management tool.

The following table sets forth the potential loss in future earnings or fair values, including associated derivatives, resulting from hypothetical changes in relevant market rates or prices:

(In millions)

Risk Categories	Hypothetical Change	June 30, 2018	June 30, 2017	Impact
Foreign currency – Revenue	10% decrease in foreign exchange rates	\$ (2,187)	\$ (1,785)	Earnings
Foreign currency – Investments	10% decrease in foreign exchange rates	(70)	(92)	Fair Value
Interest rate	100 basis point increase in U.S. treasury interest rates	(2,705)	(2,394)	Fair Value
Credit	100 basis point increase in credit spreads	(232)	(167)	Fair Value
Equity	10% decrease in equity market prices	(140)	(323)	Fair Value