

The gross fair values of the Company's derivative assets and liabilities as of September 24, 2022 were as follows (in millions):

	September 24, 2022		
	Fair Value of Derivatives Designated as Accounting Hedges	Fair Value of Derivatives Not Designated as Accounting Hedges	Total Fair Value
Derivative assets ⁽¹⁾ :			
Foreign exchange contracts	\$ 4,317	\$ 2,819	\$ 7,136
Derivative liabilities ⁽²⁾ :			
Foreign exchange contracts	\$ 2,205	\$ 2,547	\$ 4,752
Interest rate contracts	\$ 1,367	\$ —	\$ 1,367

(1) Derivative assets are measured using Level 2 fair value inputs and are included in other current assets and other non-current assets in the Condensed Consolidated Balance Sheet.

(2) Derivative liabilities are measured using Level 2 fair value inputs and are included in other current liabilities and other non-current liabilities in the Condensed Consolidated Balance Sheet.

The derivative assets above represent the Company's gross credit exposure if all counterparties failed to perform. To mitigate credit risk, the Company generally enters into collateral security arrangements that provide for collateral to be received or posted when the net fair values of certain derivatives fluctuate from contractually established thresholds. To further limit credit risk, the Company generally enters into master netting arrangements with the respective counterparties to the Company's derivative contracts, under which the Company is allowed to settle transactions with a single net amount payable by one party to the other. As of September 24, 2022, the potential effects of these rights of set-off associated with the Company's derivative contracts, including the effects of collateral, would be a reduction to both derivative assets and derivative liabilities of \$ 7.8 billion, resulting in a net derivative asset of \$ 412 million.

The carrying amounts of the Company's hedged items in fair value hedges as of December 31, 2022 and September 24, 2022 were as follows (in millions):

	December 31, 2022	September 24, 2022
Hedged assets/(liabilities):		
Current and non-current marketable securities	\$ 14,311	\$ 13,378
Current and non-current term debt	\$ (18,731)	\$ (18,739)

Accounts Receivable