The table below reflects quantitative information related to our derivative instruments and where these amounts are recorded in our financial statements (dollar amounts in millions).

	As of December 31, 2013	2012
Fuel derivatives		
Asset fair value recorded in prepaid expenses and other (1)	$ 6	$ —
Liability fair value recorded in other accrued liabilities (1)	—	1
Longest remaining term *(months)*	12	9
Hedged volume *(barrels, in thousands)*	1,320	675
Estimated amount of existing gains (losses) expected to be reclassified into earnings in the next 12 months	3	(1)
Interest rate derivatives		
Liability fair value recorded in other long term liabilities (2)	3	12
Estimated amount of existing losses expected to be reclassified into earnings in the next 12 months	(2)	(9)

	2013	2012	2011
Fuel derivatives			
Hedge effectiveness gains (losses) recognized in aircraft fuel expense	$ (10)	$ 10	$ 3
Hedge ineffectiveness losses recognized in other expense	—	—	(2)
Losses on derivatives not qualifying for hedge accounting recognized in other expense	—	(3)	—
Hedge gains (losses) on derivatives recognized in comprehensive income	(6)	14	(11)
Percentage of actual consumption economically hedged	21%	30%	40%
Interest rate derivatives			
Hedge gains (losses) on derivatives recognized in comprehensive income	1	(3)	(7)
Hedge losses on derivatives recognized in interest expense	(8)	(11)	(10)

(1) Gross asset or liability of each contract prior to consideration of offsetting positions with each counterparty

(2) Gross liability, prior to impact of collateral posted

Any outstanding derivative instrument exposes us to credit loss in connection with our fuel contracts in the event of nonperformance by the counterparties to the agreements, but we do not expect any of our three counterparties will fail to meet their obligations. The amount of such credit exposure is generally the fair value of our outstanding contracts for which we are in a receivable position. To manage credit risks, we select counterparties based on credit assessments, limit our overall exposure to any single counterparty and monitor the market position with each counterparty. Some of our agreements require cash deposits from either counterparty if market risk exposure exceeds a specified threshold amount.

We have master netting arrangements with our counterparties allowing us the right of offset to mitigate credit risk in derivative transactions. The financial derivative instrument agreements we have with our counterparties may require us to fund all, or a portion of, outstanding loss positions related to these contracts prior to their scheduled maturities. The amount of collateral posted, if any, is periodically adjusted based on the fair value of the hedge contracts. Our policy is to offset the liabilities represented by these contracts with any cash collateral paid to the counterparties. We did not have any collateral posted related to our outstanding fuel hedge contracts at December 31, 2013 or December 31, 2012. We had $3 million and $12 million posted in collateral related to our interest rate derivatives which offset the hedge liability in other current liabilities at December 31, 2013 and 2012, respectively. The impact of offsetting derivative instruments is depicted below (dollar amounts in millions):

	Gross Amount of Recognized		Gross Amount of Cash Collateral	Net Amount Presented in Balance Sheet	
	Assets	Liabilities	Offset	Assets	Liabilities
As of December 31, 2013					
Fuel derivatives	$ 6	$ —	$ —	$ 6	$ —
Interest rate derivatives	—	3	3	—	—
As of December 31, 2012					
Fuel derivatives	—	1	—	—	1
Interest rate derivatives	—	12	12	—	—

NOTE 14 Fair Value

Under the *Fair Value Measurements and Disclosures* topic of the Codification, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- **Level 1** quoted prices in active markets for identical assets or liabilities;
- **Level 2** quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
- **Level 3** unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.