

Asset Class	Plan Assets at Measurement Date					
	2008			2007		
	Actual	Actual	Target	Actual	Actual	Target
Domestic equities	\$ 5,694	49%	53%	\$ 5,897	52%	53%
International equities	2,481	21	17	2,413	21	17
Private equities	406	4	5	314	3	5
Total equities	8,581	74	75	8,624	76	75
Long duration fixed income securities	1,778	15	15	1,627	15	15
Other fixed income securities	1,302	11	10	1,049	9	10
	\$11,661	100%	100%	\$11,300	100%	100%

The actual historical return on our U.S. pension plan assets, calculated on a compound geometric basis, was 9.4%, net of investment manager fees, for the 15-year period ended February 29, 2008.

Pension expense is also affected by the accounting policy used to determine the value of plan assets at the measurement date. We use a calculated-value method to determine the value of plan assets, which helps mitigate short-term volatility in market performance (both increases and decreases). Another method used in practice applies the market value of plan assets at the measurement date. The application of the calculated-value method equaled the result from applying the market-value method for 2006 through 2008.

Salary Increases. The assumed future increase in salaries and wages is also a key estimate in determining pension cost. Generally, we correlate changes in estimated future salary increases to changes in the discount rate (since that is an indicator of general inflation and cost of living adjustments) and general estimated levels of profitability (since most incentive compensation is a component of pensionable wages). Our average future salary increases based on age and years of service were 4.47% for 2008, 3.46% for 2007 and 3.15% for 2006. Future salary increases are estimated to be 4.49% for our 2009 pension costs. In the future, a one-basis-point across-the-board change in the rate of estimated future salary increases will have an immaterial impact on our pension costs.

Following is information concerning the funded status of our pension plans as of May 31 (in millions):

	2008	2007
Funded Status of Plans:		
Projected benefit obligation (PBO)	\$11,617	\$12,209
Fair value of plan assets	11,879	11,506
Funded status of the plans	262	(703)
Employer contributions after measurement date	15	22
Net amount recognized	\$ 277	\$ (681)
Components of Amounts Included in Balance Sheets:		
Noncurrent pension assets	\$ 827	\$ 1
Current pension and other benefit obligations	(32)	(24)
Noncurrent pension and other benefit obligations	(518)	(658)
Net amount recognized	\$ 277	\$ (681)
Cash Amounts:		
Cash contributions during the year	\$ 548	\$ 524
Benefit payments during the year	\$ 318	\$ 261

The funded status of the plans reflects a snapshot of the state of our long-term pension liabilities at the plan measurement date. Our plans remain adequately funded to provide benefits to our employees as they come due and current benefit payments are nominal compared to our total plan assets (benefit payments for 2008 were approximately 2.7% of plan assets). As described previously in this MD&A, the adoption of SFAS 158 in 2007 resulted in a \$982 million charge to shareholders' equity in accumulated other comprehensive income to recognize the funded status of the PBO. SFAS 158 also requires immediate recognition of actuarial gains and losses in accumulated other comprehensive income even though such items continue to be deferred for the determination of pension expense. The funded status of our plans improved substantially in 2008 due primarily to an increase in the discount rate used to measure plan liabilities and to voluntary funding of those plans.

We made tax-deductible voluntary contributions of \$479 million in 2008 and \$482 million in 2007 to our qualified U.S. domestic pension plans. We currently expect to make tax-deductible voluntary contributions to our qualified plans in 2009 at levels approximating those in 2008.

Cumulative unrecognized actuarial losses for pension plans expense determination were approximately \$2.5 billion through February 29, 2008, compared to \$3.3 billion at February 28, 2007. These unrecognized losses primarily reflect the declining discount rate from 2002 through 2006 and other changes in assumptions. A portion is also attributable to the differences between expected and actual asset returns, which are being amortized over future periods. These unrecognized losses may be recovered in future periods through actuarial gains. However, unless they are below a corridor amount, these unrecognized actuarial losses are required to be amortized and recognized in future periods. For example, projected U.S. domestic plan pension expense for 2009 includes \$44 million of amortization of these actuarial losses versus \$162 million in 2008, \$136 million in 2007 and \$107 million in 2006.

SELF-INSURANCE ACCRUALS

We are self-insured up to certain limits for costs associated with workers' compensation claims, vehicle accidents and general business liabilities, and benefits paid under employee healthcare and long-term disability programs. At May 31, 2008, there were approximately \$1.4 billion of self-insurance accruals reflected in our balance sheet (\$1.3 billion at May 31, 2007). Approximately 41% of these accruals were classified as current liabilities in both 2008 and 2007.