The foregoing indicates that changes in the discount rate and return on assets can have a significant effect on the funded status of our pension plans, stockholders' equity and expense. As stated above, we base the discount rate assumption on investment yields available at year-end on long-term bonds rated Aa- or better. We cannot predict these bond yields or investment returns and, therefore, cannot reasonably estimate whether adjustments to our stockholders' equity for minimum pension liability in subsequent years will be significant.

Other Postretirement Benefits (Retiree Health Care and Life Insurance)

Nature of Estimates Required. The measurement of our obligations, costs and liabilities associated with other postretirement benefits (i.e., retiree health care and life insurance) requires that we make use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as health care cost increases, salary increases and demographic experience, which may have an effect on the amount and timing of future payments.

Assumptions and Approach Used. The assumptions used in developing the required estimates include the following key factors:

- Discount rates
- Salary growth
- Retirement rates
- Expected contributions
- Health care cost trends
- Expected return on plan assets
- Mortality rates

Our health care cost trend assumptions are developed based on historical cost data, the near-term outlook, efficiencies and other cost-mitigation actions (including eligibility management, employee education and wellness, competitive sourcing and appropriate employee cost sharing) and an assessment of likely long-term trends. We base the discount rate assumption on investment yields available at year-end on corporate long-term bonds rated Aa- or better. We use the Moody's Aa long-term bond yield as the initial indicator of these yields. We also consider the yield derived from matching projected other postretirement benefit payments with maturities of a portfolio of available bonds rated Aa- or better. The salary growth assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation. The expected return on plan assets assumption reflects various long-run inputs, including historical plan returns and peer data, as well as inputs from a range of internal and external advisors for capital market returns, inflation and other variables, adjusted for specific aspects of our strategy. The expected amount and timing of contributions is based on an assessment of cash availability and other considerations (e.g., funded status and tax efficiency). Retirement and mortality rates are developed to reflect actual and projected plan experience. Plan obligations and costs are based on existing retirement plan provisions. No assumption is made regarding any potential future changes to benefit provisions beyond those to which we are presently committed (e.g., in labor contracts). The effects of actual results differing from our assumptions and the effects of changing assumptions are included in unamortized net gains and losses. Unamortized gains and losses are amortized over future periods and, therefore, generally affect our recognized expense in future periods.

See Note 22 of the Notes to the Financial Statements for more information regarding costs and assumptions for other postretirement benefits.

Sensitivity Analysis. The December 31, 2004 postretirement benefits obligation is affected by December 31, 2004 assumptions. Postretirement benefit expense for 2004 is based on the plan design and assumptions as of December 31, 2003. Note that these sensitivities may be asymmetric, and are specific to 2004. They are not additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown. The effect of the indicated increase/(decrease) in selected assumptions is shown below (in millions):

		Effect on U.S. and Canadian Plans: Increase/(Decrease)	
Assumption	Percentage Point Change	December 31, 2004 Obligation	2004 Expense
Discount rate	+/- 1.0 pt.	$(5,200)/$6,200	$(340)/$390
Health care cost trends – total expense	+/- 1.0	5,200/(4,200)	580/(460)
Health care cost trends – service and interest expense	+/- 1.0	5,200/(4,200)	330/(260)

Allowance for Credit Losses – Financial Services Sector

The allowance for credit losses is our estimate of credit losses related to impaired finance receivables and operating leases as of the date of the financial statements. We monitor credit loss performance monthly and we assess the adequacy of our allowance for credit losses quarterly. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain.