

The following table provides the amounts recognized on the Consolidated Balance Sheets as of December 31:

(Millions)	2002	2001
Accrued benefit liability	\$ [429]	\$ [359]
Prepaid benefit cost	400	17
Intangible asset	1	1
Minimum pension liability adjustment	76	159
Net amount recognized at December 31,	<b>\$ 48</b>	<b>\$ [182]</b>

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$1,222 million, \$1,149 million and \$726 million, respectively, as of December 31, 2002, and \$612 million, \$553 million and \$326 million, respectively, as of December 31, 2001. As a result of a significant decrease in the fair value of plan assets in the company's U.S. and certain non-U.S. pension plans, more plans had an accumulated benefit obligation that exceeded the fair value of the plan assets. In 2002, the company made a \$289 million contribution to the United Kingdom pension plan such that at the measurement date the fair market value of the plan assets exceeded the accumulated benefit obligation.

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10 percent of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The weighted average assumptions used in the accounting for the company's defined benefit plans were:

	2002	2001
Discount rates	6.2%	7.0%
Rates of increase in compensation levels	4.0%	4.2%
Expected long-term rates of return on assets <sup>(a)</sup>	9.3%	9.5%

(a) At the September 30, 2002 measurement date, the company reduced the weighted average return on assets actuarial assumption to be used in calculating the 2003 pension expense to 8.1%.

The company also has a defined contribution retirement plan (a 401(k) savings plan with a profit sharing and stock bonus plan feature) covering most employees in the United States. The defined contribution plan expense was \$121 million, \$76 million and \$151 million in 2002, 2001 and 2000, respectively.

### Other Postretirement Benefits

The company sponsors postretirement benefit plans that provide health care, life insurance and other postretirement benefits to retired U.S. employees. Net periodic postretirement benefit expenses were \$38 million, \$25 million and \$26 million in 2002, 2001 and 2000, respectively. The liabilities recognized on the Consolidated Balance Sheets for the company's defined postretirement benefit plans (other than pension plans) at December 31, 2002 and 2001 were \$223 million and \$212 million, respectively.

## Note 16 INCOME TAXES

The provisions (benefits) for income taxes were as follows:

(Millions)	2002	2001	2000
Federal	\$ 725	\$ [36]	\$ 748
State and local	81	59	76
Foreign	250	262	274
Total	<b>\$ 1,056</b>	<b>\$ 285</b>	<b>\$ 1,098</b>

Accumulated net earnings of certain foreign subsidiaries, which totaled \$2.4 billion at December 31, 2002, are intended to be permanently reinvested outside the United States. Accordingly, federal taxes, which would have aggregated \$332 million, have not been provided on those earnings.