health care benefits plans that provide a benefit that is at least actuarially equivalent to the benefit established by the law. Based upon estimates from the Company's actuaries, the Company expects that the federal subsidy included in the law will result in a reduction in the Other Postretirement Benefits obligation of up to $70 million. This reduction is not reflected in the financial statements, or in the table above, because authoritative accounting guidance regarding how the benefit is to be recognized in the financial statements is pending.

The accumulated benefit obligation for all defined benefit pension plans was $1,972.3 million and $1,879.9 million at December 31, 2003 and 2002, respectively.

In 2002, the Company entered into a new six-year labor agreement covering Wah Chang employees represented by the United Steelworkers of America ("USWA"). In 2001, the Company entered into new six-year labor agreements covering Allegheny Ludlum and Oremet employees represented by the USWA. These labor agreements included enhancements to pension benefits. The increase in the pension liability resulting from these labor agreements, as well as pension enhancements at other operations of the Company are presented as plan amendments in the tables above.

The pension plan asset allocations for the years ended 2003 and 2002, and the target allocation for 2004 are:

Asset Category	2003	2002	Target Allocation 2004
Equity securities	**75%**	69%	65% — 75%
Fixed Income	**25%**	30%	25% — 35%
Other	**0%**	1%	0% — 10%
Total	**100%**	100%	

The postretirement plan obligation asset allocations for the years ended 2003 and 2002, and the target allocation for 2004 are:

Asset Category	2003	2002	Target Allocation 2004
Equity securities	**68%**	69%	65% — 75%
Fixed Income	**25%**	22%	25% — 35%
Other	**7%**	9%	0% — 10%
Total	**100%**	100%	

The Company invests in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. These asset classes include U.S. domestic equities, developed market equities, emerging market equities, private equity, global high quality and high yield fixed income. The Company continually monitors the investment results of these asset classes and its fund managers, and explores other potential asset classes for possible future investment. During 2003, the Company entered into a risk reduction program with respect to the pension fund investments in U.S. domestic equities. The goal of the program was to reduce the potential impact to the plan's funded status of a further decline in the U.S. equity markets.

The plan assets for the defined benefit pension plan at December 31, 2003 and 2002 include 1.3 million shares of Allegheny Technologies common stock with a fair value of $17.2 million and $8.1 million, respectively. Dividends of $0.3 million and $0.9 million were received by the plan in 2003 and 2002, respectively on the Allegheny Technologies common stock held by the plan. Any reversion of pension plan assets to the Company would be subject to federal and state income taxes, substantial excise tax and other possible claims.

The Company is not required to make cash contributions to its U.S. defined pension plan for 2004 and, based upon current actuarial studies, does not expect to be required to make cash contributions to its U.S. defined pension plan for at least the next several years. In accordance with labor contracts, the Company funds certain retiree health care benefits for Allegheny Ludlum using plan assets held in a Voluntary Employee Benefit Association (VEBA) trust. During 2003, 2002 and 2001, the Company was able to fund $14.2 million, $12.7 million, and $3.2 million, respectively, of retiree medical costs using the assets of the VEBA trust. The Company may continue to fund certain retiree medical benefits utilizing the plan assets held in the VEBA if the value of these plan assets exceed $50 million. The value of the assets held in the VEBA was approximately $100 million as of December 31, 2003. Pension costs for defined contribution plans were $10.5 million in 2003, $12.1 million in 2002, and $14.8 million in 2001. Company contributions to the defined contribution plans are funded with cash.