

For 2004, the expected long-term rate of returns on pension and other postretirement benefits assets will be 8.75% and 9.0%, respectively, and the discount rate used to develop pension and postretirement benefit expense will be 6.5%. In developing the expected long-term rate of return assumptions, the Company evaluated input from its third party pension plan asset managers and actuaries, including reviews of their asset class return expectations and long-term inflation assumptions.

A reconciliation of funded status for the Company's pension and postretirement benefit plans at December 31, 2003 and 2002 was as follows:

	Pension Benefits		Other Postretirement Benefits	
<i>(In millions)</i>	2003	2002	2003	2002
Change in benefit obligation:				
Benefit obligation at beginning of year	\$1,945.5	\$1,816.1	\$ 711.3	\$ 651.3
Service cost	28.6	26.6	6.3	7.4
Interest cost	126.4	123.7	44.9	42.7
Benefits paid	(143.2)	(137.4)	(45.2)	(45.7)
Participant contributions	0.8	—	—	—
Effect of currency rates	3.2	—	—	—
Plan amendments	4.0	16.3	—	(9.4)
Net actuarial (gains) losses — discount rate change	62.0	47.2	21.8	10.6
— other	(16.1)	53.0	142.5	56.3
Effect of curtailment and special termination benefits	7.4	—	—	(1.9)
Benefit obligation at end of year	\$2,018.6	\$1,945.5	(A) \$ 881.6	\$ 711.3
Change in plan assets:				
Fair value of plan assets at beginning of year	\$1,678.7	\$2,012.0	\$ 111.5	\$ 134.9
Actual returns (losses) on plan assets and plan expenses	219.6	(199.1)	9.7	(10.7)
Participant contributions	0.8	—	—	—
Effect of currency rates	2.8	—	—	—
Benefits paid	(139.8)	(134.2)	(14.2)	(12.7)
Fair value of plan assets at end of year	\$1,762.1	\$1,678.7	\$ 107.0	\$ 111.5
Underfunded status of the plan	\$ (256.5)	\$ (266.8)	\$(774.6)	(599.8)
Unrecognized net actuarial loss	624.1	709.2	292.0	132.9
Net minimum pension liability	(588.2)	(658.4)	—	—
Unrecognized prior service cost	144.0	165.1	(24.6)	(29.5)
Accrued benefit cost	\$ (76.6)	\$ (50.9)	\$(507.2)	\$(496.4)

Amounts recognized in the balance sheet consist of:

	Pension Benefits		Other Postretirement Benefits	
<i>(In millions)</i>	2003	2002	2003	2002
Deferred pension asset	\$ 144.0	\$ 165.1	\$ —	\$ —
Pension liabilities	(220.6)	(216.0)	—	—
Accrued postretirement benefits	—	—	(507.2)	(496.4)
Net amount recognized	\$ (76.6)	\$ (50.9)	\$(507.2)	\$(496.4)

(A) The Other Postretirement Benefits obligation at end of 2003 does not include the expected favorable impact of the Medicare Prescription Drug, Improvement and Modernization Act, which was signed into law on December 8, 2003. The Act provides for a federal subsidy, with tax-free payments commencing in 2006, to sponsors of retiree