ncome Taxes

Income before income taxes for the years ended December 31 follows (in millions):

	1996	1995	1994
United States	[illegible]	$471	$386
Non-United States	[illegible]	(121)	82
	[illegible]	$592	$468

Income taxes for the years ended December 31 follows (in millions):

	1996	1995	1994
Current			
United States			
Federal	[illegible]	[illegible]	[illegible]
State and local	[illegible]	[illegible]	[illegible]
Non-United States	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Deferred			
United States			
Reduction of valuation allowance for deferred income tax assets	[illegible]	[illegible]	[illegible]
Other Federal	[illegible]	[illegible]	[illegible]
State and local	[illegible]	[illegible]	[illegible]
Non-United States			
Operating loss carryforwards	[illegible]	[illegible]	[illegible]
Reduction of valuation allowance for deferred income tax assets	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]

Reconciliations of income taxes at the United States Federal statutory rate to the effective income tax rate for the years ended December 31 follow (in millions):

	1996		1995	1994
	Amount	Rate	Rate	Rate
Income taxes at the United States statutory rate	[illegible]	[illegible]	[illegible]	[illegible]
State and local income taxes	[illegible]	[illegible]	[illegible]	[illegible]
Adjustment of worldwide tax liabilities	[illegible]	[illegible]	[illegible]	[illegible]
Possessions credit related to Puerto Rican operations	[illegible]	[illegible]	[illegible]	[illegible]
Reduction of valuation allowance for deferred income tax assets	[illegible]	[illegible]	[illegible]	[illegible]
Foreign source income	[illegible]	[illegible]	[illegible]	[illegible]
Other—net	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

Significant components of current and long-term deferred income taxes at December 31 follow (in millions):

	Current assets	Long-term assets	Long-term liabilities
1996			
Accruals and other adjustments			
Employee benefits	[illegible]	[illegible]	[illegible]
Depreciation and amortization	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]
Operating loss carryforwards of non-United States subsidiaries	[illegible]	[illegible]	[illegible]
Other items	[illegible]	[illegible]	[illegible]
Valuation allowance	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
1995			
Accruals and other adjustments			
Employee benefits	[illegible]	[illegible]	[illegible]
Depreciation and amortization	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]
Operating loss carryforwards of non-United States subsidiaries	[illegible]	[illegible]	[illegible]
Other items	[illegible]	[illegible]	[illegible]
Valuation allowance	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]

At December 31, 1996, certain non-United States subsidiaries had operating loss carryforwards aggregating $198 million. Carryforwards of $163 million have no expiration dates and the balance expire at various dates from 1997 through 2005.

The Company has manufacturing facilities in Puerto Rico which operate under tax relief and other incentives that will no longer be available after 2005.

No provision has been made for income taxes on undistributed earnings of consolidated non-United States subsidiaries of $459 million at December 31, 1996, since the earnings retained have been reinvested by the subsidiaries. If distributed, such remitted earnings would be subject to withholding taxes but substantially free of United States income taxes.

Worldwide income tax payments in 1996, 1995 and 1994 (in millions) were $154, $166 and $109, respectively.

Other Information

Accounts Receivable Accounts receivable are net of an allowance for doubtful accounts of $15 million at the end of 1996 and 1995.

Inventories The components of inventories at December 31 follow (in millions):

	1996	1995
Raw materials	$270	$225
Work in process	312	369
Finished goods	240	235
Gross inventories at FIFO	822	829
Excess of current cost over LIFO cost	(93)	(94)
Net inventories	$729	$735

Gross inventories accounted for using the LIFO method (in millions) were $431 and $328 at the end of 1996 and 1995, respectively.