NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS)

6 PENSION PLANS

Certain current and former employees are covered under various retirement plans Plans covering salaried employees generally provide pension benefits based on years of service and compensation Plans covering hourly employees and union members generally provide stated benefits for each year of credited service Plan assets are invested primarily in common stocks, mutual funds, fixed income securities and cash equivalents The Company's funding policy is to contribute annually the statutory required minimum amount as actuarially determined

The following table reconciles the funded status of the Company's pension plans as of the dates indicated. (The 1996 reconciliation includes the Mafco Worldwide and Pneumo Abex plans, while the 1995 reconciliation includes only the Mafco Worldwide plans)

	DECEMBER 31	
	1996	1995
Actuarial present value of benefit obligation		
Accumulated benefit obligation includes vested benefits of $119 3 and $8 8	$119 4	$8 9
Plan assets at fair value	$150 2	$ 9 4
Less projected benefit obligation for service rendered to date	121 2	10 5
Plan assets in excess of (less than) projected benefit obligation	29 0	(1 1)
Unrecognized transition obligation	-	0 2
Unrecognized prior service cost	0 1	(0 2)
Unrecognized net gain	(16 6)	(0 7)
Net pension asset (liability)	$ 12 5	$(1 8)

The Company has an unfunded supplemental benefit plan to provide salaried employees with retirement benefits which were limited by the enactment of OBRA 93 In addition, the Company has an unfunded benefit plan which provides benefits to certain former employees of Pneumo Abex The projected benefit obligation after adjusting for prior service costs and unrecognized actuarial gains and losses included in other liabilities at December 31, 1996 was $1.2

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligations was 7 5% as of December 31, 1996 and 1995. The rate of increase in future compensation levels reflected in the determination of the Company's two salaried plans was 4.5% - 5% for 1996 and 5% for 1995 for the Company's one salaried plan The expected long-term rate of return on assets was 8% - 9% for the two salaried plans for 1996 and 8% for the one salaried plan for 1995 and 9% and 8% for the union pension plan for 1996 and 1995, respectively. Unrecognized items are being amortized over the estimated remaining service lives of active employees Certain employees of the Company are covered under a union pension plan which provides for a benefit accrual based upon a flat dollar amount for each year of credited service

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