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Cash Flows (2002 versus 2001)

	2002	2001	Dollar Change
Cash Flows from Operating Activities:			
Net income (loss)	$(182)	$(298)	$ 116
Effect of change in accounting	220		220
Depreciation and amortization	478	548	(70)
Deferred income taxes	(135)	(116)	(19)
Unremitted earnings of affiliates	(43)	4	(47)
Gains on divestitures and asset sales	(53)	(10)	(43)
Asset impairment charges	114	206	(92)
Decrease (increase) in operating working capital	50	407	(357)
Other	72	(102)	174
Cash flows from operating activities	$ 521	$ 639	$(118)

Net income in 2002, after adding back the non-cash impact of our change in accounting for goodwill, contributed $336 more to operating cash flows than in 2001. Operating cash flow produced from depreciation declined in 2002 because of our reduced capital spending in 2001 and 2002, as spending was substantially below depreciation levels in both years. The non-cash impact of impairment charges on operating cash flows resulted from a higher level of restructuring announcements in 2001 compared to 2002, each of which related to the overall restructuring program announced during the fourth quarter of 2001. Operating working capital decreased significantly in 2001 as we addressed the high levels of working capital in our AAG SBU. Working capital, especially inventory, was abnormally high in 2000 in certain of the AAG units that were in the process of consolidating distribution centers and had built bridge inventories to meet customer demand during the consolidation. These inventories were reduced in 2001. The pace of improvement in working capital levels slowed in 2002 in large part due to cash payments associated with our restructuring plans.

	2002	2001	Dollar Change
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	$(375)	$(425)	$ 50
Divestitures	506	236	270
Proceeds from sales of leasing subsidiary assets	248	60	188
Proceeds from sales of other assets	101	132	(31)
Other	45	76	(31)
Cash flows from investing activities	$ 525	$ 79	$446

Cash flows from investing activities in 2002 benefited from cash generated by divestitures of non-core businesses during the year, including FTE, Boston Weatherhead Division and certain smaller business units. In addition, sales of DCC assets were significantly higher in 2002 as a result of sale transaction activity occurring subsequent to our announcement in the fourth quarter of 2001 of our intention to sell a substantial portion of DCC's assets. Investing cash flows also benefited from reduced