

Table of Contents

the European currency impact. South American sales suffered from weak local currencies throughout the region in particular the Argentine peso and the Brazilian real.

Corporate restructuring strategies designed to enhance core business activities led to a number of divestitures of businesses that did not meet revised core strategies. Some of these divestitures did not result in discontinued operations treatment in our financial statements. Accordingly, those divestitures have had an impact on the comparison of sales in 2002 and 2001. All regions except for South America were impacted by net divestitures. North American sales were impacted by four divestitures, the most significant of which was the power take-off business that represented \$28 of the total sales decrease. The divestiture impact in Asia Pacific was wholly attributable to the sale of Taiway Ltd in January 2002. The divestiture impact in Europe was primarily related to the sales of Thermoplast + Apparatabau GmbH, a manufacturer of molded interior trim parts and the carryover impact of the September 2001 sale of our Glacier industrial polymer bearings business. The European divestiture impact on sales was partially offset by the August 2002 acquisition of GKN Ayra Cardan, a Spanish manufacturer of light-duty driveshafts. In South America, we realized a net increase in sales from acquisition and divestiture activities resulting from the carryover effect of our June 2001 acquisition of an additional 51% interest in Danaven, Inc. in which we previously held 49%.

Sales by segment for 2002 and 2001 are presented in the following table. DCC did not record sales in either year. The "Other" category in the table represents facilities that had been closed or sold and operations not assigned to the SBUs, but excludes discontinued operations.

**Strategic Business Unit Sales Analysis**

|       | Dollar Change Due To |                |               |          |                  |                            |                        |
|-------|----------------------|----------------|---------------|----------|------------------|----------------------------|------------------------|
|       | 2002                 | 2001           | Dollar Change | % Change | Currency Effects | Acquisitions/ Divestitures | Organic Change & Other |
| ASG   | \$3,526              | \$3,485        | \$ 41         | 1        | \$(60)           | \$ 6                       | \$ 95                  |
| EFMG  | 2,119                | 2,151          | (32)          | (1)      | (11)             | (91)                       | 70                     |
| HVTSG | 1,797                | 1,751          | 46            | 3        | 5                | (35)                       | 76                     |
| Other | 59                   | 93             | (34)          | (37)     | (2)              | 1                          | (33)                   |
|       | <u>\$7,501</u>       | <u>\$7,480</u> | <u>\$ 21</u>  |          | <u>\$(68)</u>    | <u>\$(119)</u>             | <u>\$208</u>           |

ASG overall sales increase occurred outside the North American region as year-over-year sales in North America actually declined by \$1. ASG's European and Asia Pacific operations produced sales increases of \$22 and \$68, respectively, while South American sales declined by \$48 because of adverse currency movements of \$81. Acquisition and divestitures had a minimal effect on ASG in 2002. However, ASG enjoyed 2.7% of organic growth, which occurred primarily in Asia Pacific where organic growth totaled \$79 in 2002. Higher North American light-duty production levels also supported organic growth in 2002.

EFMG experienced an overall sales decline in 2002 all of which occurred outside the North American region as year-over-year sales in North America increased by \$29. EFMG sales in Europe, Asia Pacific and South America decreased by \$53, \$7 and \$1, respectively. Adverse currency impacts of \$35 in South America and \$3 in North America were not offset by a favorable currency impact in