PNEUMO ABEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$14 [illegible]	$[illegible]	$ [illegible]
Adjustments to reconcile net income to net cash flows provided by operating activities			
Extraordinary loss	0 9	-	4 [illegible]
Depreciation and amortization	2 9	2 8	[illegible]
Income of affiliates (higher) lower than distributions	-	0 [illegible]	(0 [illegible])
Changes in assets and liabilities net of assets and liabilities from the Merger			
Increase in trade accounts receivable	-	(1 5)	(0 [illegible])
(Increase) decrease in inventories	(1 2)	2 6	[illegible] 5
Increase (decrease) in accounts payable	(0 4)	(0 [illegible])	[illegible]
Increase (decrease) in income taxes payable to parent	0 2	0 [illegible]	(3 [illegible])
Other, net	2 9	0 5	[illegible] 3
Cash from operating activities	19 6	17 1	18 [illegible]
CASH FLOWS USED IN INVESTING ACTIVITIES			
Capital expenditures	(1 9)	(2 3)	([illegible] 9)
Proceeds from sale of joint venture	-	0 [illegible]	0 4
Cash used in investing activities	(1 9)	(2 [illegible])	(1 5)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds revolving credit facility	7 3	-	-
Foreign borrowings	(0 7)	0 7	-
Dividends paid	(12 5)	(9 0)	-
Repayment of borrowings	(33 8)	(5 [illegible])	(57 4)
Proceeds from long-term debt	-	-	50 0
Refinancing costs	-	-	(4 0)
Capital contribution	17 0	-	-
Cash used in financing activities	(22 7)	(14 0)	(11 4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5 0)	0 9	5 7
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8 5	7 6	1 9
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3 5	$ 8 5	$ 7 6
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR			
Interest	$12 5	$14 2	$ 14 2
Income taxes, net of refunds	7 4	6 6	6 3

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS)

1 BACKGROUND AND BASIS OF PRESENTATION

Mafco Worldwide Corporation ("Mafco Worldwide"), a Delaware corporation, was formed in 1991. Prior to June 15, 1995, Mafco Worldwide was an indirect wholly owned subsidiary of Mafco Holdings Inc. ("Holdings"). On June 15, 1995, Holdings and Mafco Consolidated Group Inc. ("Mafco") formerly known as Abex Inc., consummated an agreement and plan of merger. As a result of the merger, Mafco Worldwide became an indirect wholly owned subsidiary of Mafco On