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An analysis of our 2003 and 2002 gross and operating margins and selling, general and administrative expense is presented in the following table.

Gross and Operating Margin Analysis

	As a Percentage of Sales			
	2003	2002	**Increase/ (Decrease)**	**% Change**
Gross Margin %:				
ASG	**7.19%**	8.31%	(1.12)%	(13.48)%
EFMG	**11.90%**	11.77%	0.13%	1.10%
HVTSG	**10.63%**	10.43%	0.20%	1.92%
Consolidated	**8.47%**	9.29%	(0.82)%	(8.83)%
Selling, general and administrative expense %:				
ASG	**2.95%**	3.40%	(0.45)%	(13.24)%
EFMG	**6.27%**	6.87%	(0.60)%	(8.73)%
HVTSG	**6.06%**	5.86%	0.20%	3.41%
Consolidated	**6.56%**	7.75%	(1.19)%	(15.35)%
Operating margin %:				
ASG	**4.25%**	4.91%	(0.66)%	(13.44)%
EFMG	**5.63%**	4.90%	0.73%	14.90%
HVTSG	**4.57%**	4.57%	—%	—%
Consolidated	**1.91%**	1.53%	0.38%	24.84%

In ASG, 2003 gross margins have been significantly affected by start-up costs in our structures business. Significant front-end costs are typical in this business. This past year was atypical in that we had a greater number of programs launching in the same year than is normal. As well, some of these programs were large volume programs — including the new Ford F-150 pick-up (the highest selling pick-up in North America) and the General Motors Colorado/ Canyon full-size pick-up. Additionally, certain of these major programs experienced launch difficulties that resulted in higher than planned start-up costs. Incremental start-up costs in our structures business in 2003 approximated $35; we also incurred other launch-related costs. This factor alone negatively impacted ASG gross margins by about 1%. Adjusted for the effects of structures start-up costs, ASG gross margins in 2003 were comparable to 2002. Other factors that reduced gross margins were higher steel costs, higher pension and healthcare costs and customer price reductions. These margin reductions were largely offset by the benefits realized from prior restructuring initiatives, outsourcing of non-core manufacturing and other cost reduction initiatives.

Gross margins in our EFMG unit improved slightly year over year despite an organic sales decline. Like ASG, higher pension and healthcare costs and customer price reductions reduced margins in 2003. More than offsetting these factors were the benefits accruing from past restructuring actions, outsourcing non-core engine liner manufacturing to a Mexican equity affiliate and other cost reduction initiatives.

The HVTSG business, similar to EFMG, experienced a slight improvement in gross margins. As did our other two manufacturing SBUs, HVTSG margins benefits from restructuring actions taken the past few years and other continuous improvement endeavors.