EATON CORPORATION STATEMENTS OF CONSOLIDATED CASH FLOWS

Year ended December 31	1995	1994	1993
(Millions)			
Operating activities			
Income before extraordinary item	$ 399	$ 333	$ 180
Adjustments to reconcile to net cash provided by operating activities			
Depreciation	238	216	182
Amortization	43	35	14
Acquisition integration charge			55
Deferred income taxes	1	35	(65)
Long-term liabilities	19	40	(6)
Other non-cash items in income	22	37	
Changes in operating assets and liabilities, excluding acquisitions and divestitures of businesses			
Accounts receivable	(20)	(190)	40
Inventories	(30)	(115)	12
Other current assets	(11)	(12)	6
Accounts payable and other accruals	(10)	129	29
Accrued income and other taxes	(1)	10	(15)
Other—net	(3)	4	3
Net cash provided by operating activities	647	522	435
Investing activities			
Acquisitions of businesses, less cash acquired	(143)	(1,058)	(14)
Divestitures of businesses	11	61	
Expenditures for property, plant and equipment	(399)	(267)	(227)
Purchases of short-term investments	(10)	(7)	(108)
Maturities and sales of short-term investments	6	252	22
Other—net	28	9	8
Net cash used in investing activities	(507)	(1,010)	(319)
Financing activities			
Borrowings with original maturities of more than three months			
Proceeds	368	731	
Payments	(251)	(609)	(98)
Borrowings with original maturities of less than three months—net	(73)	173	(14)
Proceeds from sale of Common Shares		252	62
Proceeds from exercise of stock options	11	18	19
Cash dividends paid	(117)	(91)	(83)
Purchase of Common Shares	(40)		
Net cash provided by (used in) financing activities	(102)	474	(114)
Total increase (decrease) in cash	38	(14)	2
Cash at beginning of year	18	32	30
Cash at end of year	$ 56	$ 18	$ 32

The Financial Review on pages 24 to 32 is an integral part of the consolidated financial statements.