EATON CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

Year ended December 31	1994	1993	1992
(Millions)			
Operating activities			
Income before extraordinary item and cumulative effect of accounting changes	$ 333	$ 180	$ 140
Adjustments to reconcile to net cash provided by operating activities			
Depreciation	216	182	184
Amortization	35	14	16
Acquisition integration charge		55	
Deferred income taxes	35	(65)	(26)
Long-term liabilities	40	(6)	20
Other non-cash items in income	37		(39)
Changes in operating assets and liabilities, excluding acquisitions and divestitures of businesses			
Accounts receivable	(190)	40	58
Inventories	(115)	12	11
Other current assets	(12)	6	(5)
Accounts payable and other accruals	129	29	(8)
Accrued income and other taxes	10	(15)	(9)
Other – net	4	3	39
Net cash provided by operating activities	522	435	381
Investing activities			
Acquisitions of businesses, less cash acquired	(1,058)	(14)	(22)
Divestitures of businesses	61		18
Expenditures for property, plant and equipment	(267)	(227)	(186)
Purchases of short-term investments	(7)	(108)	(86)
Maturities and sales of short-term investments	252	22	
Other – net	9	8	18
Net cash used in investing activities	(1,010)	(319)	(258)
Financing activities			
Borrowings with original maturities of more than three months			
Proceeds	731		99
Payments	(609)	(98)	(151)
Borrowings with original maturities of less than three months – net	173	(14)	(15)
Proceeds from sale of Common Shares	252	62	
Proceeds from exercise of stock options	18	19	29
Cash dividends paid	(91)	(83)	(76)
Net cash provided by (used in) financing activities	474	(114)	(114)
Total increase (decrease) in cash	(14)	2	9
Cash at beginning of year	32	30	21
Cash at end of year	$ 18	$ 32	$ 30

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