

| (In millions) | Years Ended December 31 : | 2003 | 2002 | 2001 | |
|--|---------------------------|---------|---------|---------|-------|
| Cash flows from operating activities | | | | | |
| Income from continuing operations | \$ | 535 | \$ | 756 | |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities from continuing operations, net of the effect of acquisitions and divestitures | \$ | 2 | | | |
| Depreciation and amortization | | 393 | 364 | 677 | |
| Deferred federal and foreign income taxes | | 94 | 264 | 7 | |
| Net gain on sales of operating units and investments | | (82) | (4) | (74) | |
| Savings and investment plan activity | | 190 | 181 | 193 | |
| Decrease (increase) in accounts receivable | | 193 | (20) | (20) | |
| Decrease in contracts in process | | 285 | 152 | 528 | |
| Decrease (increase) in inventories | | 110 | 10 | (288) | |
| Decrease (increase) in prepaid expenses and other current assets | | 78 | 124 | (74) | |
| Increase (decrease) in advance payments | | 136 | (52) | (268) | |
| Increase (decrease) in accounts payable | | 26 | (105) | (109) | |
| Increase in accrued salaries and wages | | 60 | 137 | 57 | |
| (Decrease) increase in other accrued expenses | | (163) | 223 | 251 | |
| Other adjustments, net | | 247 | 205 | (131) | |
| Net cash provided by operating activities from continuing operations | | 2,102 | 2,235 | 751 | |
| Net cash used in operating activities from discontinued operations | | (533) | (1,196) | (596) | |
| Net cash provided by operating activities | | 1,569 | 1,039 | 155 | |
| Cash flows from investing activities | | | | | |
| Origination of financing receivables | | (402) | (431) | (663) | |
| Sale of financing receivables | | 279 | 263 | 696 | |
| Repurchase of financing receivables | | — | (347) | (329) | |
| Collection of financing receivables not sold | | 588 | 156 | 121 | |
| Buy-out of off balance sheet receivables facility | | — | (1,029) | — | |
| Expenditures for property, plant, and equipment | | (428) | (458) | (461) | |
| Synthetic lease maturity payment | | (125) | — | — | |
| Proceeds from sales of property, plant, and equipment | | 25 | 11 | 9 | |
| Capitalized expenditures for internal use software | | (98) | (138) | (149) | |
| Increase in other assets | | (3) | (36) | (6) | |
| Space Imaging debt guarantee payment | | (130) | — | — | |
| Proceeds from sales of operating units and investments | | 111 | 1,166 | 266 | |
| Payment for purchases of acquired companies, net of cash received | | (60) | (10) | — | |
| Hughes Defense settlement | | — | 134 | 500 | |
| Net cash used in investing activities from continuing operations | | (243) | (719) | (16) | |
| Net cash used in investing activities from discontinued operations | | — | — | (31) | |
| Net cash used in investing activities | | (243) | (719) | (47) | |
| Cash flows from financing activities | | | | | |
| Dividends | | (331) | (321) | (281) | |
| (Decrease) increase in short-term debt and other notes | | — | (163) | 140 | |
| Issuance of long-term debt, net of offering costs | | 1,113 | 566 | — | |
| Repayments of long-term debt | | (2,078) | (1,294) | (1,910) | |
| Issuance of equity security units | | — | — | 837 | |
| Issuance of common stock | | 74 | 147 | 1,426 | |
| Proceeds under common stock plans | | 13 | 75 | 25 | |
| Net cash (used in) provided by financing activities from continuing operations | | (1,209) | (990) | 237 | |
| Net cash used in financing activities from discontinued operations | | — | — | (2) | |
| Net cash (used in) provided by financing activities | | (1,209) | (990) | 235 | |
| Net increase (decrease) in cash and cash equivalents | | 117 | (670) | 343 | |
| Cash and cash equivalents at beginning of year | | 544 | 1,214 | 871 | |
| Cash and cash equivalents at end of year | \$ | 661 | \$ | 544 | |
| | | | | \$ | 1,214 |

The accompanying notes are an integral part of the financial statements.