

generated by operating activities in 2020 and 2019 was deployed to pay dividends, fund capital expenditures and business acquisitions, and repurchase our common stock.

Year Ended December 31	2020	2019
Net cash provided by operating activities	\$ 3,858	\$ 2,981
Net cash used by investing activities	(974)	(994)
Net cash used by financing activities	(903)	(1,997)
Net cash used by discontinued operations	(59)	(51)
Net increase (decrease) in cash and equivalents	1,922	(61)
Cash and equivalents at beginning of year	902	963
Cash and equivalents at end of year	2,824	902
Short- and long-term debt	(12,998)	(11,930)
Net debt	\$ (10,174)	\$ (11,028)
Debt-to-equity (a)	83.0 %	85.3 %
Debt-to-capital (b)	45.4 %	46.0 %

(a) Debt-to-equity ratio is calculated as total debt divided by total equity as of year end.

(b) Debt-to-capital ratio is calculated as total debt divided by the sum of total debt plus total equity as of year end.

We expect to continue to generate funds in excess of our short- and long-term liquidity needs. We believe we have adequate funds on hand and sufficient borrowing capacity to execute our financial and operating strategy. The following is a discussion of our major operating, investing and financing activities in 2020 and 2019, as classified on the Consolidated Statement of Cash Flows in Item 8.

OPERATING ACTIVITIES

Cash provided by operating activities was \$3.9 billion in 2020 compared with \$3 billion in 2019. The primary driver of cash inflows in both periods was net earnings. However, cash flows in both years were affected negatively by growth in operating working capital (OWC) in our Aerospace segment due to our position in the development and production cycles of our Gulfstream aircraft models. We had anticipated this OWC growth to begin reversing in 2020, but the impact of COVID-19 on our production and delivery rates has delayed this recovery. Cash flows in 2019 were also affected negatively by growth in OWC in our Combat Systems segment due to the timing of payments on a large international wheeled armored vehicle contract. These payment timing issues have been resolved as a result of finalizing a contract amendment with the customer, which contributed to the increase in cash flows in 2020. For additional information about the unbilled receivables balance and activity associated with this contract, see Note H to the Consolidated Financial Statements in Item 8.

INVESTING ACTIVITIES

Cash used by investing activities was \$974 in 2020 and \$994 in 2019. Our investing activities include cash paid for capital expenditures and business acquisitions; purchases, sales and maturities of marketable securities; and proceeds from asset sales.

Capital Expenditures. The primary use of cash for investing activities in both years was capital expenditures. Capital expenditures were \$967 in 2020 and \$987 in 2019. Capital expenditures have been at an elevated level the past two years as we continue to invest in our shipyards, particularly for the planned growth in submarine construction. We expect capital expenditures to be approximately 2.5% of revenue in 2021.