

Consolidated Statement of Income

For the years ended December 31 (In millions, except share and per-share data)

	2002	2001	2000
Sales			
Consumer and Foodservice/Food Packaging	\$ 2,062	\$ 1,997	\$ 2,201
Protective and Flexible Packaging	818	815	851
	<u>2,880</u>	<u>2,812</u>	<u>3,052</u>
Costs and expenses			
Cost of sales, excluding depreciation and amortization	1,967	1,950	2,235
Selling, general, and administrative	296	288	247
Depreciation and amortization	158	177	185
Other (income) expense, net	—	6	(6)
Restructuring and other	(4)	12	70
Spin-off transaction	—	(12)	(20)
	<u>2,417</u>	<u>2,421</u>	<u>2,711</u>
Income before interest expense, income taxes, and minority interest	463	391	341
Interest expense, net of interest capitalized	96	107	134
Income tax expense	146	118	91
Minority interest	1	1	3
Income from continuing operations	220	165	113
Income from discontinued operations, net of income tax	—	28	134
Income before cumulative effect of change in accounting principles	220	193	247
Cumulative effect of change in accounting principles, net of income tax	(72)	—	—
Net income	\$ 148	\$ 193	\$ 247
Earnings per share			
Average number of shares of common stock outstanding			
Basic	158,618,274	158,833,296	161,722,021
Diluted	160,613,075	159,527,170	161,778,740
Basic earnings per share of common stock			
Continuing operations	\$ 1.38	\$ 1.04	\$ 0.70
Discontinued operations	—	0.17	0.83
Cumulative effect of change in accounting principles	(0.45)	—	—
	<u>\$ 0.93</u>	<u>\$ 1.21</u>	<u>\$ 1.53</u>
Diluted earnings per share of common stock			
Continuing operations	\$ 1.37	\$ 1.03	\$ 0.70
Discontinued operations	—	0.17	0.83
Cumulative effect of change in accounting principles	(0.45)	—	—
	<u>\$ 0.92</u>	<u>\$ 1.20</u>	<u>\$ 1.53</u>

The accompanying notes to financial statements are an integral part of this statement.

Consolidated Statement of Financial Position

At December 31 (In millions, except share data)	2002	2001
Assets		
Current assets		
Cash and temporary cash investments	\$ 127	\$ 41
Accounts and notes receivable		
Trade, less allowances of \$11 and \$12 in the respective periods	329	259
Income taxes	—	8
Other	29	21
Inventories	368	332
Deferred income taxes	23	36
Prepayments and other	28	43
Total current assets	904	740
Property, plant, and equipment, net	1,366	1,273
Other assets		
Goodwill	612	615
Intangible assets, net	294	293
Deferred income taxes	—	21
Pension assets, net	170	1,045
Other	66	73
Total other assets	1,142	2,047
Total assets	\$ 3,412	\$ 4,060
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt, including current maturities of long-term debt	\$ 13	\$ 7
Accounts payable	217	201
Taxes accrued	11	10
Interest accrued	9	9
Accrued liabilities	191	167
Other	60	65
Total current liabilities	501	459
Long-term debt	1,224	1,211
Deferred income taxes	140	594
Pension and postretirement benefits	586	52
Deferred credits and other liabilities	43	47
Minority interest	21	8
Shareholders' equity		
Common stock (158,681,918 and 159,431,382 shares issued and outstanding after deducting 13,101,457 and 11,759,094 shares held in treasury in the respective periods)	2	2
Premium on common stock and other capital surplus	1,379	1,398
Accumulated other comprehensive loss	(975)	(54)
Retained earnings	491	343
Total shareholders' equity	897	1,689
Total liabilities and shareholders' equity	\$ 3,412	\$ 4,060

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Consolidated Statement of Cash Flows

For the years ended December 31 (In millions)

	2002	2001	2000
Operating activities			
Income from continuing operations	\$ 220	\$ 165	\$ 113
Adjustments to reconcile income from continuing operations to cash provided by continuing operations			
Depreciation and amortization	158	177	185
Deferred income taxes	101	112	72
Restructuring and other	(4)	12	70
Noncash retirement benefits, net	(109)	(104)	(100)
Changes in components of working capital			
(Increase) decrease in receivables	(40)	(1)	20
(Increase) decrease in inventories	(9)	25	4
(Increase) decrease in prepayments and other current assets	3	(7)	(7)
Increase (decrease) in accounts payable	4	1	(24)
Increase (decrease) in taxes accrued	35	22	(24)
Decrease in interest accrued	—	(5)	(3)
Increase (decrease) in other current liabilities	10	(27)	4
Other	15	1	(20)
Cash provided by operating activities	384	371	290
Investing activities			
Net proceeds related to sale of discontinued operations	—	87	394
Net proceeds from sale of businesses and assets	7	69	50
Expenditures for property, plant, and equipment	(126)	(145)	(135)
Acquisitions of businesses and assets	(125)	(13)	(5)
Investments and other	—	1	(2)
Cash provided (used) by investing activities	(244)	(1)	302
Financing activities			
Issuance of common stock	11	16	15
Purchase of common stock	(40)	—	(100)
Purchase of preferred stock	—	(15)	—
Issuance of long-term debt	—	—	36
Retirement of long-term debt	(22)	(348)	(221)
Net decrease in short-term debt, excluding current maturities of long-term debt	(6)	(7)	(308)
Cash used by financing activities	(57)	(354)	(578)
Effect of foreign-exchange rate changes on cash and temporary cash investments	3	(1)	—
Increase in cash and temporary cash investments	86	15	14
Cash and temporary cash investments, January 1	41	26	12
Cash and temporary cash investments, December 31	\$ 127	\$ 41	\$ 26
Supplemental disclosure of cash-flow information			
Cash paid during year for interest	\$ 97	\$ 114	\$ 139
Cash paid (refunded) for income taxes	18	(16)	39

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Consolidated Statement of Shareholders' Equity and Other Comprehensive Income (Loss)

(Dollars in millions)	Common stock	Premium on common stock and other capital surplus	Retained earnings (deficit)	Accumulated other compre- hensive income (loss)	Total shareholders' equity	Total compre- hensive income
Balance, December 31, 1999	\$ 2	\$ 1,468	\$ (96)	\$ (24)	\$ 1,350	
Premium on common stock issued (1,565,233 shares)		15			15	
Treasury stock repurchased (11,742,951 shares)		(100)			(100)	
Change in net unrealized gains and losses				42	42	\$ 42
Translation of foreign-currency statements				(15)	(15)	(15)
Net income			247		247	247
Total comprehensive income						274
Balance, December 31, 2000	2	1,383	151	3	1,539	
Premium on common stock issued (1,254,445 shares)		15			15	
Change in net unrealized gains and losses				(42)	(42)	(42)
Translation of foreign-currency statements				(7)	(7)	(7)
Additional minimum pension liability adjustment, net of tax of \$2				(3)	(3)	(3)
Purchase of preferred stock			(1)		(1)	
Change in unrealized losses on interest-rate swaps				(5)	(5)	(5)
Net income			193		193	193
Total comprehensive income						136
Balance, December 31, 2001	2	1,398	343	(54)	1,689	
Premium on common stock issued (1,369,545 shares)		21			21	
Treasury stock repurchased (2,119,009 shares)		(40)			(40)	
Translation of foreign-currency statements				42	42	42
Additional minimum pension liability adjustment, net of tax of \$538				(966)	(966)	(966)
Change in unrealized losses on interest-rate swaps				3	3	3
Net income			148		148	148
Total comprehensive loss						\$ (773)
Balance, December 31, 2002	\$ 2	\$ 1,379	\$ 491	\$ (975)	\$ 897	

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