

Years ended March 31	Yen (millions)			U.S. dollars (thousands) (Note 2)
	1996	1997	1998	1998
<b>Cash flows from operating activities:</b>				
Income before income taxes . . . . .	¥127,686	¥143,074	¥104,891	\$ 794,629
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization . . . . .	241,543	299,892	350,675	2,656,629
Accrual for severance benefits, less payments . . . . .	13,822	14,781	10,443	79,113
Provision for loss on repurchase of computers . . . . .	54,066	53,272	53,124	402,454
Reversal of provision for loss on repurchase of computers . .	(61,846)	(57,697)	(53,313)	(403,886)
Interest charges . . . . .	48,589	49,276	56,615	428,901
Interest and dividend income . . . . .	(10,976)	(9,758)	(12,760)	(96,667)
Loss on disposal of property, plant and equipment . . . . .	9,824	11,656	12,866	97,470
(Increase) in receivables, trade . . . . .	(146,983)	(155,299)	(96,607)	(731,871)
(Increase) in inventories . . . . .	(177,681)	(26,835)	(65,771)	(498,265)
(Increase) decrease in other current assets . . . . .	(21,736)	941	1,709	12,947
Increase in payables, trade . . . . .	146,323	103,991	68,166	516,409
Increase (decrease) in other current liabilities . . . . .	58,338	(31,831)	4,260	32,273
Other, net . . . . .	(5,258)	(5,505)	41,003	310,629
Cash generated from operations . . . . .	275,711	389,958	475,301	3,600,765
Interest paid . . . . .	(49,196)	(48,113)	(57,462)	(435,318)
Interest received . . . . .	10,059	6,829	8,964	67,909
Dividends received . . . . .	2,095	2,808	976	7,394
Income taxes paid . . . . .	(66,967)	(68,450)	(102,920)	(779,697)
Net cash provided by operating activities . . . . .	171,702	283,032	324,859	2,461,053
<b>Cash flows from investing activities:</b>				
Acquisitions of property, plant and equipment . . . . .	(388,860)	(438,969)	(448,869)	(3,400,523)
Proceeds from sales of equipment . . . . .	2,541	8,250	17,418	131,955
(Increase) in investments and long-term loans . . . . .	(41,761)	(22,699)	(14,209)	(107,644)
(Increase) decrease in short-term investments . . . . .	14,452	(11,153)	33,385	252,917
Acquisition of Amdahl Corporation, net of cash acquired . . . . .	—	—	(97,403)	(737,902)
Other, net . . . . .	(15,998)	19,914	7,384	55,939
Net cash used in investing activities . . . . .	(429,626)	(444,657)	(502,294)	(3,805,258)
<b>Cash flows from financing activities:</b>				
Proceeds from long-term debt . . . . .	206,483	274,100	466,540	3,534,394
Repayment of long-term debt . . . . .	(88,564)	(128,399)	(279,700)	(2,118,940)
Increase (decrease) in short-term borrowings . . . . .	176,176	(1,416)	(23,630)	(179,015)
Increase (decrease) in minority interests . . . . .	9,795	8,828	(4,483)	(33,962)
Dividends paid . . . . .	(18,289)	(18,413)	(18,508)	(140,212)
Other, net . . . . .	8,367	(5,721)	13,386	101,409
Net cash provided by financing activities . . . . .	293,968	128,979	153,605	1,163,674
Effect of exchange rate changes on cash and cash equivalents . .	8,843	12,608	2,120	16,061
Net increase (decrease) in cash and cash equivalents . . . . .	44,887	(20,038)	(21,710)	(164,470)
Cash and cash equivalents at beginning of year . . . . .	389,051	433,938	413,900	3,135,606
Cash and cash equivalents at end of year . . . . .	¥433,938	¥413,900	¥392,190	\$2,971,136
<b>Noncash financing activities:</b>				
Conversion of bonds into common stock and capital surplus . .	¥ 27,927	¥ 127	¥ 4,252	\$ 32,212

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.