

Consolidated Statements of Cash Flows

Years ended March 31	1998	1999	Yen (millions) 2000	U.S. Dollars (thousands) (Note 3) 2000
Cash flows from operating activities (A):				
Income before income taxes and minority interests	¥123,855	¥ 49,625	¥ 74,857	\$ 706,198
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	353,715	371,195	359,808	3,394,415
Goodwill amortization	33,909	21,754	27,621	260,575
Accrual for severance benefits, less payments	10,443	14,235	13,883	130,972
Provision for loss on repurchase of computers	53,124	48,638	45,736	431,472
Reversal of provision for loss on repurchase of computers	(53,313)	(53,124)	(48,489)	(457,443)
Interest charges	56,615	58,240	49,505	467,028
Interest and dividend income	(12,760)	(12,499)	(12,583)	(118,708)
Equity in earnings of affiliates, net	(18,964)	(22,475)	(17,025)	(160,613)
Disposal of property, plant and equipment	16,695	38,378	27,726	261,566
Decrease (increase) in receivables, trade	(96,607)	29,874	72,396	682,981
Decrease (increase) in inventories	(62,704)	40,321	20,998	198,094
(Increase) decrease in other current assets	1,646	(61,775)	(41,764)	(394,000)
Increase in payables, trade	68,166	48,769	35,665	336,462
(Decrease) increase in other current liabilities	4,260	(3,704)	15,535	146,557
Other, net	40,278	(30,519)	(53,282)	(502,660)
Cash generated from operations	518,358	536,933	570,587	5,382,896
Interest paid	(57,462)	(60,395)	(50,617)	(477,519)
Interest received	8,964	5,257	12,387	116,859
Dividends received	976	6,329	4,264	40,226
Income taxes paid	(102,920)	(88,413)	(59,579)	(562,066)
Net cash provided by operating activities	367,916	399,711	477,042	4,500,396
Cash flows from investing activities (B):				
Purchases of property, plant and equipment	(448,869)	(279,226)	(322,794)	(3,045,227)
Proceeds from sales of property, plant and equipment	17,432	25,325	30,921	291,708
Purchases of intangible assets	(60,696)	(61,848)	(68,256)	(643,924)
(Increase) in investments and long-term loans	(907)	(102,595)	(42,117)	(397,330)
(Increase) decrease in short-term investments	33,385	(20,452)	34,322	323,792
Acquisition of Amdahl Corporation, net of cash acquired	(97,403)	—	—	—
Other, net	10,704	30,057	19,636	185,245
Net cash used in investing activities	(546,354)	(408,739)	(348,288)	(3,285,736)
A+B (*)	(178,438)	(9,028)	128,754	1,214,660
Cash flows from financing activities:				
Proceeds from long-term debt	466,540	204,899	107,807	1,017,047
Repayment of long-term debt	(279,700)	(185,031)	(133,934)	(1,263,528)
Increase (decrease) in short-term borrowings	(23,630)	42,682	(329,348)	(3,107,057)
Increase (decrease) in minority interests	(4,483)	11,513	17,056	160,906
Dividends paid	(18,508)	(18,686)	(19,112)	(180,302)
Other, net	14,389	13,822	86,284	814,000
Net cash provided by (used in) financing activities	154,608	69,199	(271,247)	(2,558,934)
Effect of exchange rate changes on cash and cash equivalents	2,120	(2,851)	9,159	86,406
Net increase (decrease) in cash and cash equivalents	(21,710)	57,320	(133,334)	(1,257,868)
Cash and cash equivalents at beginning of year	413,900	392,190	449,510	4,240,660
Cash and cash equivalents at end of year	¥392,190	¥449,510	¥316,176	\$2,982,792
Noncash financing activities:				
Conversion of bonds into common stock and capital surplus	¥ 4,252	¥ 361	¥ 20,790	\$ 196,132

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

(*) This is referred to as "free cash flow" in "Management's Discussion and Analysis of Operations."