

Consolidated Statements of Cash Flows

| Years ended March 31 | Yen (millions) | | | U.S. Dollars (thousands) (Note 3) |
|---|----------------|-----------|-------------|---|
| | 2000 | 2001 | 2002 | 2002 |
| Cash flows from operating activities (A): | | | | |
| Income (loss) before income taxes and minority interests | ¥ 74,857 | ¥ 157,564 | ¥ (594,733) | \$ (4,471,677) |
| Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 359,808 | 389,090 | 417,867 | 3,141,857 |
| Goodwill amortization | 27,621 | 64,757 | 21,090 | 158,571 |
| Accrual for retirement benefits, less payments | 13,883 | (73,172) | 12,638 | 95,023 |
| Provision for loss on repurchase of computers | 45,736 | 38,075 | 30,594 | 230,030 |
| Reversal of provision for loss on repurchase of computers | (48,489) | (38,222) | (35,279) | (265,256) |
| Interest charges | 49,505 | 48,955 | 43,126 | 324,256 |
| Interest and dividend income | (12,583) | (14,291) | (10,480) | (78,797) |
| Equity in earnings of affiliates, net | (17,025) | (13,429) | (2,676) | (20,120) |
| Disposal of non-current assets | 27,726 | 45,678 | 177,152 | 1,331,970 |
| (Increase) decrease in receivables, trade | 72,396 | (5,057) | 294,617 | 2,215,165 |
| (Increase) decrease in inventories | 20,998 | (71,459) | 272,898 | 2,051,865 |
| (Increase) decrease in other current assets | (41,764) | 53,964 | 47,232 | 355,128 |
| Increase (decrease) in payables, trade | 35,665 | 110,687 | (210,938) | (1,586,000) |
| Increase in other current liabilities | 15,535 | 10,720 | 40,215 | 302,368 |
| Other, net | (53,282) | 1,760 | (49,101) | (369,180) |
| Cash generated from operations | 570,587 | 705,620 | 454,222 | 3,415,203 |
| Interest paid | (50,617) | (48,794) | (45,458) | (341,789) |
| Interest received | 12,387 | 6,435 | 6,877 | 51,707 |
| Dividends received | 4,264 | 6,414 | 6,686 | 50,270 |
| Income taxes paid | (59,579) | (73,213) | (115,756) | (870,346) |
| Net cash provided by operating activities | 477,042 | 596,462 | 306,571 | 2,305,045 |
| Cash flows from investing activities (B): | | | | |
| Purchases of property, plant and equipment | (322,794) | (406,928) | (347,841) | (2,615,346) |
| Proceeds from sales of property, plant and equipment | 30,921 | 2,136 | 15,184 | 114,166 |
| Purchases of intangible assets | (68,256) | (73,832) | (71,375) | (536,654) |
| (Increase) in investments and long-term loans | (42,117) | (34,078) | (16,401) | (123,316) |
| Decrease in short-term investments | 34,322 | 2,265 | 5,374 | 40,406 |
| Other, net | 19,636 | 43,628 | 5,596 | 42,075 |
| Net cash used in investing activities | (348,288) | (466,809) | (409,463) | (3,078,669) |
| A+B (*) | 128,754 | 129,653 | (102,892) | (773,624) |
| Cash flows from financing activities: | | | | |
| Proceeds from long-term debt | 107,807 | 57,167 | 448,947 | 3,375,541 |
| Repayment of long-term debt | (133,934) | (171,179) | (296,718) | (2,230,962) |
| Increase (decrease) in short-term borrowings | (329,348) | 2,467 | (36,191) | (272,113) |
| Increase (decrease) in minority interests | 17,056 | (5,544) | 17,032 | 128,060 |
| Dividends paid | (19,112) | (19,642) | (14,842) | (111,594) |
| Other, net | 86,284 | (917) | (26,916) | (202,376) |
| Net cash provided by (used in) financing activities | (271,247) | (137,648) | 91,312 | 686,556 |
| Effect of exchange rate changes on cash and cash equivalents | 9,159 | 1,803 | 1,014 | 7,624 |
| Net (decrease) in cash and cash equivalents | (133,334) | (6,192) | (10,566) | (79,444) |
| Cash and cash equivalents at beginning of year | 449,510 | 316,176 | 309,984 | 2,330,707 |
| Cash and cash equivalents at end of year | ¥316,176 | ¥309,984 | ¥299,418 | \$ 2,251,263 |
| Noncash financing activities: | | | | |
| Conversion of bonds into common stock and capital surplus | ¥ 20,790 | ¥ 2,798 | ¥ 19,414 | \$ 145,970 |

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."