## (3) Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>36,875</td>
<td>58,152</td>
<td>480,595</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>59,773</td>
<td>62,503</td>
<td>516,554</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in trade receivables</td>
<td>(10,338)</td>
<td>(15,830)</td>
<td>(130,827)</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(9,014)</td>
<td>(12,513)</td>
<td>(103,413)</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables</td>
<td>1,536</td>
<td>17,219</td>
<td>142,306</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>974</td>
<td>(2,400)</td>
<td>(19,835)</td>
</tr>
<tr>
<td>Decrease (increase) in other assets and liabilities, net</td>
<td>(2,230)</td>
<td>6,162</td>
<td>50,926</td>
</tr>
<tr>
<td>Other-net</td>
<td>11,740</td>
<td>4,235</td>
<td>35,000</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>89,316</td>
<td>117,528</td>
<td>971,306</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(70,604)</td>
<td>(114,799)</td>
<td>(948,752)</td>
</tr>
<tr>
<td>Proceeds from sale and maturity of short-term investments</td>
<td>11,347</td>
<td>24,274</td>
<td>200,611</td>
</tr>
<tr>
<td>Payment for purchase of short-term investments</td>
<td>(19,230)</td>
<td>(20,749)</td>
<td>(171,479)</td>
</tr>
<tr>
<td>Proceeds from sale and maturity of securities</td>
<td>145</td>
<td>3,990</td>
<td>32,975</td>
</tr>
<tr>
<td>Payment for purchase of securities</td>
<td>(230)</td>
<td>(829)</td>
<td>(6,851)</td>
</tr>
<tr>
<td>Acquisition of affiliates</td>
<td>-</td>
<td>(2,313)</td>
<td>(19,116)</td>
</tr>
<tr>
<td>Disbursement for loans made by TDK</td>
<td>(23,706)</td>
<td>(128)</td>
<td>(1,058)</td>
</tr>
<tr>
<td>Proceeds from sales of tangible and intangible assets</td>
<td>6,945</td>
<td>2,635</td>
<td>21,777</td>
</tr>
<tr>
<td>Other-net</td>
<td>2,257</td>
<td>4,495</td>
<td>37,149</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(93,076)</td>
<td>(103,424)</td>
<td>(854,744)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>26,711</td>
<td>13,664</td>
<td>112,926</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(1,761)</td>
<td>(385)</td>
<td>(3,182)</td>
</tr>
<tr>
<td>Increase (decrease) in short-term debt, net</td>
<td>(12,709)</td>
<td>75,212</td>
<td>621,587</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(10,053)</td>
<td>(13,843)</td>
<td>(114,405)</td>
</tr>
<tr>
<td>Acquisition of noncontrolling interests</td>
<td>(24,608)</td>
<td>(28,504)</td>
<td>(235,570)</td>
</tr>
<tr>
<td>Other-net</td>
<td>2,706</td>
<td>24</td>
<td>198</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(19,714)</td>
<td>46,168</td>
<td>381,554</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>36,241</td>
<td>(2,378)</td>
<td>(19,653)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>12,767</td>
<td>57,894</td>
<td>478,463</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>250,848</td>
<td>265,104</td>
<td>2,190,942</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>263,615</td>
<td>322,998</td>
<td>2,669,405</td>
</tr>
</tbody>
</table>

**Note:**

U.S.$1=Yen 121, for convenience only.