

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes	¥169,220	¥144,414	\$1,688,991
Depreciation and amortization	21,413	18,820	213,724
Amortization of goodwill	1,601	1,974	15,979
Loss on impairment of goodwill	4,072	–	40,643
Loss on impairment of property, plant and equipment	808	–	8,065
Increase in accrued pension and severance costs	3,753	1,926	37,459
Increase in prepaid pension expenses	(4,036)	(966)	(40,283)
Increase (decrease) in accrued employees' bonuses	(1,404)	3,900	(14,013)
Increase (decrease) in accrued warranty expenses	(4,323)	1,614	(43,148)
Interest and dividend income	(1,491)	(910)	(14,882)
Interest expenses	343	421	3,424
Loss on foreign currency translation	694	520	6,927
Gain on sale of property, plant and equipment	(2,365)	(417)	(23,605)
Gain on sale of investment securities	(135)	(1,225)	(1,347)
Gain on sale of shares of consolidated subsidiary	–	(528)	–
Gain on reversal of forfeited warrants	(467)	(526)	(4,661)
Loss on disposal of property, plant and equipment	885	834	8,833
Equity in loss of affiliated company	–	1,442	–
(Increase) decrease in trade notes and accounts receivable	2,473	(58,352)	24,683
(Increase) decrease in inventories	28,343	(31,585)	282,893
Increase in prepaid consumption tax	(1,446)	(1,775)	(14,433)
Increase (decrease) in trade notes and accounts payable	(27,373)	17,236	(273,211)
Increase (decrease) in customer advances	2,130	(12,459)	21,260
Other, net	(3,058)	7,324	(30,524)
Subtotal	189,637	91,682	1,892,774
Receipts from interest and dividends	1,372	853	13,694
Interest paid	(348)	(453)	(3,474)
Income taxes paid	(73,722)	(37,785)	(735,822)
Net cash provided by operating activities	116,939	54,297	1,167,172
Cash flows from investing activities:			
Purchases of short-term investments	(44,070)	(30,000)	(439,864)
Proceeds from short-term investments	34,000	30,000	339,355
Payment for purchase of property, plant and equipment	(19,338)	(25,154)	(193,013)
Proceeds from sale of property, plant and equipment	4,270	1,069	42,619
Payment for acquisition of intangible assets	(4,042)	(2,462)	(40,343)
Payment for acquisition of consolidated subsidiary, net of cash acquired	–	(4,524)	–
Proceeds from sale of shares in consolidated subsidiary	–	4,169	–
Proceeds from sale of investment securities	151	2,460	1,507
Other, net	(1,157)	(851)	(11,549)
Net cash used in investing activities	(30,186)	(25,293)	(301,288)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	4,352	(404)	43,437
Repayment of long-term debt	(3,000)	–	(29,943)
Redemption of unsecured bonds	(5,500)	(24,500)	(54,896)
Decrease in treasury stock, net	844	3,217	8,424
Dividends paid	(23,431)	(12,843)	(233,866)
Other, net	(298)	(189)	(2,973)
Net cash used in financing activities	(27,033)	(34,719)	(269,817)
Effect of exchange rate changes on cash and cash equivalents	(617)	81	(6,158)
Net increase (decrease) in cash and cash equivalents	59,103	(5,634)	589,909
Cash and cash equivalents at beginning of year	134,390	140,024	1,341,352
Cash and cash equivalents at end of year	¥193,493	¥134,390	\$1,931,261

See accompanying Notes to Consolidated Financial Statements.