

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2004, 2005 AND 2006 € IN MILLIONS

	Notes	2004	2005	2006
Net income (loss)		61	(312)	(268)
Adjustments to reconcile net income (loss) to cash provided by operating activities:				
Depreciation and amortization	16/18	1,320	1,316	1,405
Acquired in-process research and development	4	9	–	–
Deferred compensation		2	–	–
Provision for doubtful accounts	13	15	3	23
Gain on sale of marketable securities	12	(9)	(8)	(3)
Loss (gain) on sale of businesses and interests in subsidiaries	5	2	(39)	10
Gain on disposal of property, plant, and equipment		(5)	(8)	(9)
Equity in losses (earnings) of associated companies, net	17	14	(57)	(78)
Gain on subsidiaries and associated company share issuance, net	17	(2)	–	(19)
Minority interests	24	(18)	(2)	23
Impairment charges	16/17/18	136	134	57
Stock-based compensation	26	–	–	28
Deferred income taxes	10	96	88	(6)
Changes in operating assets and liabilities:				
Trade accounts receivable	13	(219)	119	(334)
Inventories	14	(40)	(25)	(145)
Other current assets	15	154	(2)	31
Trade accounts payable	19	228	(52)	222
Accrued liabilities	20	92	(114)	89
Other current liabilities	21	(22)	–	48
Other assets and liabilities	18/23	43	(2)	(100)
Net cash provided by operating activities		1,857	1,039	974

See accompanying notes to the consolidated financial statements.

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	Notes	2004	2005	2006
Cash flows from investing activities:				
Purchases of marketable securities available for sale		(2,678)	(2,228)	(492)
Proceeds from sale of marketable securities available for sale		2,520	3,310	730
Proceeds from sale of businesses and interests in subsidiaries		9	101	72
Business interests, net of cash acquired		(29)	–	–
Investment in associated and related companies	17	(386)	(135)	(6)
Cash increase from initial consolidation of ALTIS	17	–	–	119
Dividends received from equity investments		–	51	29
Purchases of intangible assets	18	(125)	(27)	(44)
Purchases of property, plant and equipment	16	(1,163)	(1,368)	(1,253)
Proceeds from sales of property, plant and equipment	16	43	58	21
Net cash used in investing activities		(1,809)	(238)	(824)
Cash flows from financing activities:				
Net change in short-term debt	22	62	(20)	–
Net change in related party financial receivables and payables	29	75	18	7
Proceeds from issuance of long-term debt	22	–	192	400
Principal repayments of long-term debt	22	(549)	(500)	(56)
Change in restricted cash		(43)	21	10
Proceeds from issuance of shares to minority interest		53	23	–
Proceeds from issuance of shares of Qimonda	3	–	–	406
Capital distributions to minority interests		–	–	(5)
Net cash (used in) provided by financing activities		(402)	(266)	762
Effect of foreign exchange rate changes on cash and cash equivalents		(7)	5	(20)
Net increase (decrease) in cash and cash equivalents		(361)	540	892
Cash and cash equivalents at beginning of year		969	608	1,148
Cash and cash equivalents at end of year		608	1,148	2,040

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