

CONSOLIDATED STATEMENTS OF CASH FLOWS

FISCAL YEAR (DOLLARS IN MILLIONS)	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 2,586	\$ 1,980	\$ 1,465
Adjustments to reconcile net income to net cash used for operating activities:			
Non-cash charges included in net income:			
Defer red income taxes	(77)	(426)	(212)
Compensation payable in common or preferred stock	374	513	353
Depreciation and amortization	338	251	201
Relocation charge	Ð	Ð	59
Provision for losses on credit receivables	1,493	1,214	722
Changes in assets and liabilities:			
Cash and securities deposited with clearing organizations or segregated under federal and other regulations	(1,691)	(1,943)	519
Financial instruments owned, net of financial instruments sold, not yet purchased	1,730	(2,536)	(9,846)
Securities borrowed, net of securities loaned ² ,	(10,561)	(13,087)	489
Receivables and other assets	(13,808)	(8,227)	390
Payables and other liabilities	19,028	6,910	2,484
Net cash used for operating activities	(588)	(15,351)	(1,376)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (payments for) proceeds from:			
Of fice facilities	(301)	(152)	(403)
Purchase of Miller Anderson & Sherrerd, LLP, net of cash acquired	Ð	(200)	Ð
Purchase of Van Kampen American Capital, Inc., net of cash acquired	Ð	(986)	Ð
Net principal disbursed on consumer loans	(4,994)	(7,532)	(7,429)
Purchases of consumer loans	(11)	(51)	(307)
Sales of consumer loans	2,783	4,824	1,827
Other investing activities	(5)	(40)	(116)
Net cash used for investing activities	(2,528)	(4,137)	(6,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (payments for) proceeds from short-term borrowings	(1,336)	8,106	5,833
Securities sold under agreements to repurchase, net of securities purchased under agreements to resell	3,080	7,748	(1,384)
Proceeds from:			
Deposits	2,113	1,022	982
Issuance of cumulative prefer red stock	Ð	540	Ð
Issuance of common stock	224	156	122
Issuance of long-term borrowings	6,619	8,745	4,311
Issuance of Capital Units	134	Ð	513
Payments for:			
Repayments of long-term borrowings	(3,964)	(2,637)	(1,604)
Redemption of cumulative prefer red stock	(345)	(138)	Ð
Repurchases of common stock	(124)	(1,133)	(267)
Cash dividends	(416)	(313)	(235)
Net cash provided by financing activities	5,985	22,096	8,271
Dean Witter, Discover & Co's net cash activity for the month of December 1996	(1,158)	Ð	Ð
Net increase in cash and cash equivalents	1,711	2,608	467
Cash and cash equivalents, at beginning of period	6,544	3,936	3,469
Cash and cash equivalents, at end of period	\$ 8,255	\$ 6,544	\$ 3,936

See Notes to Consolidated Financial Statements.