

## Consolidated Statements of Cash Flows

TDK Corporation and Subsidiaries years ended March 31, 2003, 2002 and 2001

	Yen (Millions)			U.S. Dollars (Thousands) (Note 2)
	2003	2002	2001	2003
<b>Cash flows from operating activities:</b>				
Net income (loss) . . . . .	¥ 12,019	(25,771)	43,983	\$ 100,158
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization . . . . .	57,789	61,920	67,973	481,575
Loss on disposal of property and equipment . . . . .	4,845	6,436	5,144	40,375
Deferred income taxes . . . . .	4,301	(13,797)	(10,986)	35,842
Loss (gain) on securities . . . . .	3,298	207	(13,450)	27,483
Contribution of cash and cash equivalents to pension trust . . . . .	-	-	(15,315)	-
Changes in assets and liabilities:				
Decrease (increase) in trade receivables . . . . .	(2,256)	18,517	22,365	(18,800)
Decrease (increase) in inventories . . . . .	14,277	28,776	(23,607)	118,975
Increase (decrease) in trade payables . . . . .	6,691	(14,806)	(18,969)	55,758
Increase (decrease) in income taxes payables, net . . . . .	2,265	(25,223)	4,642	18,875
Other – net . . . . .	1,129	5,245	5,817	9,409
Net cash provided by operating activities . . . . .	<b>104,358</b>	<b>41,504</b>	<b>67,597</b>	<b>869,650</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures . . . . .	(41,451)	(58,777)	(99,452)	(345,425)
Proceeds from sales and maturities of investments . . . . .	1,511	323	6,253	12,592
Payment for purchase of investments . . . . .	(7,306)	(3,116)	(692)	(60,883)
Other – net . . . . .	601	3,667	1,353	5,008
Net cash used in investing activities . . . . .	<b>(46,645)</b>	<b>(57,903)</b>	<b>(92,538)</b>	<b>(388,708)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from long-term debt . . . . .	211	46	614	1,758
Repayment of long-term debt . . . . .	(646)	(777)	(1,536)	(5,383)
Increase (decrease) in short-term debt, net . . . . .	(254)	(3,568)	2,761	(2,117)
Payment to acquire treasury stock . . . . .	(1,263)	(926)	(2,666)	(10,525)
Dividends paid . . . . .	(5,973)	(7,977)	(7,987)	(49,775)
Net cash used in financing activities . . . . .	<b>(7,925)</b>	<b>(13,202)</b>	<b>(8,814)</b>	<b>(66,042)</b>
Effect of exchange rate changes on cash and cash equivalents . . . . .	(4,998)	4,445	10,153	(41,650)
Net increase (decrease) in cash and cash equivalents . . . . .	<b>44,790</b>	<b>(25,156)</b>	<b>(23,602)</b>	<b>373,250</b>
Cash and cash equivalents at beginning of period . . . . .	<b>125,761</b>	<b>150,917</b>	<b>174,519</b>	<b>1,048,008</b>
Cash and cash equivalents at end of period . . . . .	<b>¥170,551</b>	<b>125,761</b>	<b>150,917</b>	<b>\$1,421,258</b>

See accompanying notes to consolidated financial statements.