

## Consolidated Statements of Cash Flows

TDK Corporation and Subsidiaries years ended March 31, 2004, 2003 and 2002

	Yen (Millions)			U.S. Dollars (Thousands) (Note 2)
	2004	2003	2002	2004
<b>Cash flows from operating activities:</b>				
Net income (loss) . . . . .	¥ 42,101	12,019	(25,771)	\$ 397,179
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization . . . . .	51,233	57,789	61,920	483,330
Loss on disposal of property and equipment . . . . .	1,789	4,845	6,436	16,877
Deferred income taxes . . . . .	2,868	4,301	(13,797)	27,057
Loss on securities, net . . . . .	1,093	3,298	207	10,311
Changes in assets and liabilities:				
Decrease (increase) in trade receivables . . . . .	(7,582)	(2,256)	18,517	(71,528)
Decrease (increase) in inventories . . . . .	(7,824)	14,277	28,776	(73,811)
Increase (decrease) in trade payables . . . . .	8,171	6,691	(14,806)	77,085
Increase (decrease) in accrued expenses . . . . .	8,660	(5,971)	(11,906)	81,698
Increase (decrease) in income taxes payables, net . . . . .	5,877	2,265	(25,223)	55,443
Increase (decrease) in retirement and severance benefits . . . . .	9,285	7,639	(2,218)	87,594
Other – net . . . . .	(967)	(539)	19,369	(9,122)
Net cash provided by operating activities . . . . .	114,704	104,358	41,504	1,082,113
<b>Cash flows from investing activities:</b>				
Capital expenditures . . . . .	(44,866)	(41,451)	(58,777)	(423,264)
Proceeds from sales and maturities of available-for-sale securities . . . . .	1,814	1,511	323	17,113
Payment for purchase of available-for-sale securities . . . . .	(1)	(700)	(399)	(9)
Payment for purchase of other investments . . . . .	(442)	(6,606)	(2,717)	(4,170)
Proceeds from sales of property, plant and equipment . . . . .	4,571	4,590	3,967	43,123
Acquisition of minority interests . . . . .	(366)	(3,967)	(276)	(3,453)
Proceeds from sale of a subsidiary . . . . .	1,523	–	–	14,368
Other – net . . . . .	(3)	(22)	(24)	(29)
Net cash used in investing activities . . . . .	(37,770)	(46,645)	(57,903)	(356,321)
<b>Cash flows from financing activities:</b>				
Proceeds from long-term debt . . . . .	69	211	46	651
Repayment of long-term debt . . . . .	(479)	(646)	(777)	(4,519)
Increase (decrease) in short-term debt, net . . . . .	(1,047)	(254)	(3,568)	(9,877)
Sale (purchase) of treasury stock, net . . . . .	(1,579)	(1,263)	(926)	(14,896)
Dividends paid . . . . .	(6,625)	(5,973)	(7,977)	(62,500)
Net cash used in financing activities . . . . .	(9,661)	(7,925)	(13,202)	(91,141)
Effect of exchange rate changes on cash and cash equivalents . . . . .	(10,669)	(4,998)	4,445	(100,651)
Net increase (decrease) in cash and cash equivalents . . . . .	56,604	44,790	(25,156)	534,000
Cash and cash equivalents at beginning of period . . . . .	170,551	125,761	150,917	1,608,972
Cash and cash equivalents at end of period . . . . .	¥227,155	170,551	125,761	\$2,142,972

See accompanying notes to consolidated financial statements.