

Consolidated Statements of Cash Flows

Nikon Corporation and Consolidated Subsidiaries

Years ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Operating activities:			
Income before income taxes and minority interest	¥ 2,755	¥ 29,827	\$ 20,678
Adjustments for:			
Income taxes-paid	(29,711)	(8,592)	(222,968)
Depreciation and amortization	17,917	16,007	134,463
Provision for employees' retirement benefits	7,304	10,024	54,814
Loss on sales or disposal of property, plant and equipment	1,258	1,251	9,443
Gain on sales of property, plant and equipment	(3,180)	(4,575)	(23,868)
Loss on sales of investment securities	3,358	1,668	25,201
Gain on sales of investment securities	(1,800)		(13,506)
Other-net	235	6,960	1,761
Change in assets and liabilities:			
Decrease (increase) in notes and accounts receivable — trade	42,719	(12,633)	320,591
Increase in inventories	(4,246)	(41,944)	(31,868)
Increase (decrease) in notes and accounts payable — trade	(40,807)	22,534	(306,243)
Other-net	(5,273)	14,397	(39,572)
Total adjustments	(12,226)	5,097	(91,752)
Net cash provided by (used in) operating activities	(9,471)	34,924	(71,074)
Investing activities:			
Capital expenditures	(28,423)	(18,184)	(213,302)
Proceeds from sales of property, plant and equipment	3,517	5,452	26,397
Purchases of investment securities	(8,812)	(5,090)	(66,128)
Proceeds from sales of investment securities	8,489	2,203	63,709
Net decrease in loans receivable	653	3,250	4,897
Other-net	(1,276)	(3,325)	(9,583)
Net cash used in investing activities	(25,852)	(15,694)	(194,010)
Financing activities:			
Net increase (decrease) in short-term borrowings	27,814	(2,943)	208,738
Proceeds from long-term debt	26,156	1,317	196,290
Repayments of long-term debt	(25,740)	(16,617)	(193,170)
Dividends paid	(2,951)	(2,392)	(22,145)
Other-net	(166)	1	(1,248)
Net cash provided by (used in) financing activities	25,113	(20,634)	188,465
Foreign currency translation adjustments on cash and cash equivalents	581	1,495	4,359
Net increase (decrease) in cash and cash equivalents	(9,629)	91	(72,260)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	352	1,067	2,640
Cash and cash equivalents of deconsolidated subsidiaries, end of year	(0)		(1)
Cash and cash equivalents of merged previously non-consolidated subsidiary	159		1,193
Cash and cash equivalents, beginning of year	33,732	32,574	253,152
Cash and cash equivalents, end of year	¥ 24,614	¥ 33,732	\$ 184,724
Non-cash investing and financing activities			
Assets increased by consolidation of subsidiaries previously unconsolidated	¥ 544	¥ 16,258	\$ 4,086
Liabilities increased by consolidation of subsidiaries previously unconsolidated	127	231	955
Assets acquired and liabilities assumed by merger between non-consolidated subsidiary and consolidated subsidiary			
Land and buildings acquired	259		1,943
Other assets acquired	87		654
Long-term debt assumed	70		525
Other liabilities assumed	41		308

See Notes to Consolidated Financial Statements.