

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note1)
	2003	2002	2003
Operating activities:			
Income (loss) before income taxes and minority interest	¥ (11,128)	¥ 2,755	\$ (92,578)
Adjustments for:			
Income taxes-refund (paid)	1,695	(29,711)	14,100
Depreciation and amortization	20,367	17,917	169,444
Provision for employees' retirement benefits	2,457	7,304	20,440
Loss on sales or disposal of property, plant and equipment	650	1,258	5,407
Gain on sales of property, plant and equipment	(9,270)	(3,180)	(77,121)
Loss on sales of investment securities	2,041	3,358	16,982
Gain on sales of investment securities	(1,548)	(1,800)	(12,879)
Other-net	1,044	235	8,685
Change in assets and liabilities:			
Decrease (increase) in notes and accounts receivable-trade	(2,223)	42,719	(18,498)
Increase in inventories	(20,298)	(4,246)	(168,871)
Increase (decrease) in notes and accounts payable-trade	20,020	(40,807)	166,557
Other-net	5,597	(5,273)	46,572
Total adjustments	20,532	(12,226)	170,818
Net cash provided by (used in) operating activities	9,404	(9,471)	78,240
Investing activities:			
Capital expenditures	(19,760)	(28,423)	(164,391)
Proceeds from sales of property, plant and equipment	9,879	3,517	82,184
Purchases of investment securities	(6,147)	(8,812)	(51,142)
Proceeds from sales of investment securities	5,973	8,489	49,694
Net decrease (increase) in loans receivable	(77)	653	(639)
Other-net	(8,400)	(1,276)	(69,886)
Net cash used in investing activities	(18,532)	(25,852)	(154,180)
Financing activities:			
Net increase (decrease) in short-term borrowings	(52,756)	27,814	(438,901)
Proceeds from long-term debt	78,317	26,156	651,556
Repayments of long-term debt	(16,524)	(25,740)	(137,469)
Dividends paid	(8)	(2,951)	(64)
Other-net	(383)	(166)	(3,192)
Net cash provided by financing activities	8,646	25,113	71,930
Foreign currency translation adjustments on cash and cash equivalents	(681)	581	(5,662)
Net decrease in cash and cash equivalents	(1,163)	(9,629)	(9,672)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	241	352	1,999
Cash and cash equivalents of deconsolidated subsidiaries, end of year		(0)	
Cash and cash equivalents of merged previously non-consolidated subsidiary		159	
Cash and cash equivalents, beginning of year	24,614	33,732	204,779
Cash and cash equivalents, end of year	¥ 23,692	¥ 24,614	\$ 197,106
Non-cash investing and financing activities			
Assets increased by consolidation of subsidiaries previously unconsolidated	¥ 430	¥ 544	\$ 3,577
Liabilities increased by consolidation of subsidiaries previously unconsolidated	84	127	703
Assets acquired and liabilities assumed by merger between non-consolidated subsidiary and consolidated subsidiary			
Land and buildings acquired		259	
Other assets acquired		87	
Long-term debt assumed		70	
Other liabilities assumed		41	

See Notes to Consolidated Financial Statements.