

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Statements of Cash Flows \***  
**(Year ended March 31)**

	Yen (millions)		U.S. Dollars (millions)
	2002	2001	2002
<u>Cash flows from operating activities:</u>			
Net income (loss)	¥ (431,007)	¥ 41,500	\$ (3,241)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	352,890	374,102	2,653
Net gain on sale of investments	(6,160)	(13,706)	(46)
Provision for doubtful receivables	4,170	16,449	31
Deferred income taxes	(87,246)	(67,994)	(656)
Write-down of investment securities	92,806	5,330	698
Impairment loss on long-lived assets	24,420	--	184
Minority interests	(59,732)	22,125	(449)
(Increase) decrease in trade receivables	199,266	(69,146)	1,498
(Increase) decrease in inventories	248,601	(56,335)	1,869
(Increase) decrease in other current assets	(30,694)	27,682	(231)
Increase (decrease) in trade payables	(127,978)	(4,284)	(962)
Increase (decrease) in accrued income taxes	(32,379)	(28,839)	(243)
Increase (decrease) in accrued expenses and other current liabilities	4,230	101,747	32
Increase (decrease) in retirement and severance benefits	(86,345)	26,789	(649)
Other	12,022	17,032	90
Net cash provided by operating activities	<u>¥ 76,864</u>	<u>¥ 392,452</u>	<u>\$ 578</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of short-term investments	21,103	145,870	159
Purchase of short-term investments	(14,503)	(105,127)	(109)
Proceeds from disposition of investments and advances	172,588	110,405	1,298
Increase in investments and advances	(123,037)	(71,203)	(925)
Capital expenditures	(335,695)	(480,844)	(2,524)
(Increase) decrease finance receivables	60,731	9,754	456
(Increase) decrease in time deposits	29,742	(160,576)	223
Other	119,305	(30,867)	897
Net cash used in investing activities	<u>¥ (69,766)</u>	<u>¥ (582,588)</u>	<u>\$ (525)</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	(62,969)	(44,573)	(473)
Increase (decrease) in deposits and advances from customers and employees	(22,768)	3,822	(171)
Proceeds from long-term debt	446,228	380,185	3,355
Repayments of long-term debt	(208,804)	(415,838)	(1,570)
Dividends paid	(25,990)	(25,885)	(195)
Dividends paid to minority interests	(9,905)	(8,027)	(74)
Repurchase of common stock	(91,446)	(199)	(688)
Other	5,115	(2,211)	37
Net cash provided by (used in) financing activities	<u>¥ 29,461</u>	<u>¥ (112,726)</u>	<u>\$ 221</u>
Effect of exchange rate changes on cash and cash equivalents	14,332	35,478	108
Net increase (decrease) in cash and cash equivalents	50,891	(267,384)	382
Cash and cash equivalents at beginning of year	848,878	1,116,262	6,383
Cash and cash equivalents at end of year	<u>¥ 899,769</u>	<u>¥ 848,878</u>	<u>\$ 6,765</u>

\* See notes to consolidated financial statements on page 7.