

Matsushita Electric Industrial Co., Ltd.
Consolidated Statements of Cash Flows *
(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	2002	2001	2002
<u>Cash flows from operating activities:</u>			
Net income (loss)	¥ 17,846	¥ (69,473)	\$ 146
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	146,468	166,843	1,201
Net gain on sale of investments	(967)	(6,641)	(8)
Provision for doubtful receivables	4,083	5,369	33
Deferred income taxes	5,273	(3,913)	43
Write-down of investment securities	4,569	18,608	37
Impairment loss on long-lived assets	2,375	--	19
Minority interests	(1,027)	(26,903)	(8)
(Increase) decrease in trade receivables	(10,789)	215,663	(88)
(Increase) decrease in inventories	(57,480)	17,703	(471)
(Increase) decrease in other current assets	1,742	(20,024)	14
Increase (decrease) in trade payables	124,409	(159,438)	1,020
Increase (decrease) in accrued income taxes	4,927	(25,788)	40
Increase (decrease) in accrued expenses and other current liabilities	83,525	(36,146)	685
Increase (decrease) in retirement and severance benefits	8,766	7,586	72
Other	701	11,959	6
Net cash provided by operating activities	<u>¥ 334,421</u>	<u>¥ 95,405</u>	<u>\$ 2,741</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of short-term investments	4,707	17,830	39
Purchase of short-term investments	(878)	(14,491)	(7)
Proceeds from disposition of investments and advances	57,005	35,324	467
(Increase) decrease in investments and advances	(43,691)	(44,041)	(358)
Capital expenditures	(107,003)	(209,713)	(877)
(Increase) decrease of finance receivables	17,117	28,759	140
(Increase) decrease in time deposits	133,031	108,741	1,090
Other	34,497	(29,497)	283
Net cash provided by (used in) investing activities	<u>¥ 94,785</u>	<u>¥ (107,088)</u>	<u>\$ 777</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	(48,935)	(35,777)	(401)
Increase (decrease) in deposits and advances from customers and employees	(5,986)	(2,228)	(49)
Proceeds from long-term debt	75,000	48,554	615
Repayments of long-term debt	(220,651)	(88,414)	(1,808)
Dividends paid	(7,814)	(12,995)	(64)
Dividends paid to minority interests	(5,328)	(6,414)	(44)
Repurchase of common stock	(10,445)	(250)	(86)
Other	--	6,300	--
Net cash provided by (used in) financing activities	<u>¥ (224,159)</u>	<u>¥ (91,224)</u>	<u>\$ (1,837)</u>
Effect of exchange rate changes on cash and cash equivalents	(13,925)	(7,411)	(114)
Net increase (decrease) in cash and cash equivalents	191,122	(110,318)	1,567
Cash and cash equivalents at beginning of period	899,769	848,878	7,375
Cash and cash equivalents at end of period	<u>¥ 1,090,891</u>	<u>¥ 738,560</u>	<u>\$ 8,942</u>

* See notes to consolidated financial statements on pages 7—8.