

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

	Yen (millions)		U.S. Dollars (millions)
	2003	2002	2003
<u>Cash flows from operating activities:</u>			
Net income (loss)	¥ (19,453)	¥ (427,779)	\$ (162)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	302,141	362,052	2,518
Net gain on sale of investments	(93)	(6,160)	(1)
Provision for doubtful receivables	17,621	4,428	147
Deferred income taxes	19,572	(87,177)	163
Write-down of investment securities	52,611	92,297	438
Impairment loss on long-lived assets	2,375	24,420	20
Minority interests	5,505	(56,666)	46
(Increase) decrease in trade receivables	(72,604)	200,966	(605)
(Increase) decrease in inventories	82,573	270,360	688
(Increase) decrease in other current assets	27,996	(35,579)	233
Increase (decrease) in trade payables	162,378	(130,275)	1,353
Increase (decrease) in accrued income taxes	4,960	(31,505)	41
Increase (decrease) in accrued expenses and other current liabilities	79,252	9,199	660
Increase (decrease) in retirement and severance benefits	16,622	(86,144)	139
Other	16,861	10,509	141
Net cash provided by operating activities	<u>¥ 698,317</u>	<u>¥ 112,946</u>	<u>\$ 5,819</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of short-term investments	10,523	36,976	88
Purchase of short-term investments	--	(27,509)	--
Proceeds from disposition of investments and advances	121,001	172,763	1,008
Increase in investments and advances	(80,774)	(123,330)	(673)
Capital expenditures	(246,603)	(342,107)	(2,055)
Proceeds from sale of fixed assets	58,270	142,924	486
(Increase) decrease in finance receivables	29,158	60,731	243
(Increase) decrease in time deposits	96,371	29,742	803
Other	877	(24,662)	7
Net cash used in investing activities	<u>¥ (11,177)</u>	<u>¥ (74,472)</u>	<u>\$ (93)</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	(106,630)	(83,703)	(889)
Increase (decrease) in deposits and advances from customers and employees	(20,589)	(22,739)	(171)
Proceeds from long-term debt	122,288	447,458	1,019
Repayments of long-term debt	(293,088)	(218,159)	(2,442)
Dividends paid	(20,798)	(25,990)	(173)
Dividends paid to minority interests	(8,267)	(10,112)	(69)
Repurchase of common stock	(115,770)	(91,969)	(965)
Reduction of treasury stock	--	523	--
Other	--	5,107	--
Net cash provided by (used in) financing activities	<u>¥ (442,854)</u>	<u>¥ 416</u>	<u>\$ (3,690)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9,948)</u>	<u>16,541</u>	<u>(83)</u>
Net increase (decrease) in cash and cash equivalents	234,338	55,431	1,953
Cash and cash equivalents at beginning of year	933,132	877,701	7,776
Cash and cash equivalents at end of year	<u>¥ 1,167,470</u>	<u>¥ 933,132</u>	<u>\$ 9,729</u>

* See notes to consolidated financial statements on pages 12-14.