

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

	Yen (millions)		U. S. Dollars (millions)
	2004	2003	2004
<u>Cash flows from operating activities:</u>			
Net income (loss)	¥ 42,145	¥ (19,453)	\$ 405
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	278,177	302,141	2,675
Net gain on sale of investments	(11,327)	(93)	(109)
Provision for doubtful receivables	3,154	17,621	30
Deferred income taxes	21,160	19,572	203
Write-down of investment securities	52,492	52,611	505
Impairment loss on long-lived assets	11,666	2,375	112
Minority interests	19,618	5,505	189
(Increase) decrease in trade receivables	35,248	(72,604)	339
(Increase) decrease in inventories	(37,016)	82,573	(356)
(Increase) decrease in other current assets	13,450	27,996	129
Increase (decrease) in trade payables	87,226	162,378	839
Increase (decrease) in accrued income taxes	12,254	4,960	118
Increase (decrease) in accrued expenses and other current liabilities	10,782	79,252	104
Increase (decrease) in retirement and severance benefits	(67,332)	16,622	(648)
Other	17,435	16,861	168
Net cash provided by operating activities	<u>¥ 489,132</u>	<u>¥ 698,317</u>	<u>\$ 4,703</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of short-term investments	--	10,523	\$ --
Purchase of short-term investments	(702)	--	(7)
Proceeds from disposition of investments and advances	68,468	121,001	658
Increase in investments and advances	(207,869)	(80,774)	(1,999)
Capital expenditures	(275,544)	(246,603)	(2,649)
Proceeds from sale of fixed assets	113,008	58,270	1,087
(Increase) decrease in finance receivables	30,697	29,158	295
(Increase) decrease in time deposits	202,808	96,371	1,950
Other	(16,311)	877	(157)
Net cash used in investing activities	<u>¥ (85,445)</u>	<u>¥ (11,177)</u>	<u>\$ (822)</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	(39,577)	(106,630)	(380)
Increase (decrease) in deposits and advances from customers and employees	(15,787)	(20,589)	(152)
Proceeds from long-term debt	108,026	122,288	1,039
Repayments of long-term debt	(228,039)	(293,088)	(2,193)
Dividends paid	(29,218)	(20,798)	(281)
Dividends paid to minority interests	(4,675)	(8,267)	(45)
Repurchase of common stock	(69,394)	(115,770)	(667)
Other	5,963	--	57
Net cash used in financing activities	<u>¥ (272,701)</u>	<u>¥ (442,854)</u>	<u>\$ (2,622)</u>
Effect of exchange rate changes on cash and cash equivalents	(23,442)	(9,948)	(225)
Net increase in cash and cash equivalents	107,544	234,338	1,034
Cash and cash equivalents at beginning of year	1,167,470	933,132	11,226
Cash and cash equivalents at end of year	<u>¥ 1,275,014</u>	<u>¥ 1,167,470</u>	<u>\$ 12,260</u>

* See Notes to consolidated financial statements on pages 13-14.