

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

	Yen (millions)		U.S. Dollars (millions)
<u>Cash flows from operating activities:</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Net income	¥ 58,481	¥ 42,145	\$ 547
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	325,465	278,177	3,042
Net gain on sale of investments	(31,399)	(11,327)	(294)
Provision for doubtful receivables	4,963	3,154	46
Deferred income taxes	56,805	21,160	531
Write-down of investment securities	16,186	52,492	151
Impairment loss on long-lived assets	29,519	11,666	276
Minority interests	27,719	19,618	259
(Increase) decrease in trade receivables	61,207	35,248	572
(Increase) decrease in inventories	84,405	(37,016)	789
(Increase) decrease in other current assets	14,649	13,450	137
Increase (decrease) in trade payables	(74,276)	87,226	(694)
Increase (decrease) in accrued income taxes	(3,422)	12,254	(32)
Increase (decrease) in accrued expenses and other current liabilities	(10,736)	10,782	(100)
Increase (decrease) in retirement and severance benefits	(99,499)	(67,332)	(930)
Other	18,368	17,435	171
Net cash provided by operating activities	<u>¥ 478,435</u>	<u>¥ 489,132</u>	<u>\$ 4,471</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of short-term investments	6,117	--	57
Purchase of short-term investments	(9,001)	(702)	(84)
Proceeds from disposition of investments and advances	101,374	68,468	948
Increase in investments and advances	(133,636)	(207,869)	(1,249)
Capital expenditures	(352,203)	(275,544)	(3,291)
Proceeds from sale of fixed assets	78,131	113,008	730
(Increase) decrease in finance receivables	26,823	30,697	251
(Increase) decrease in time deposits	27,748	202,808	259
Inflows due to acquisition of additional shares of newly consolidated subsidiaries, net of cash paid	82,208	--	768
Other	(5,857)	(16,311)	(55)
Net cash used in investing activities	<u>¥ (178,296)</u>	<u>¥ (85,445)</u>	<u>\$ (1,666)</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	(8,009)	(39,577)	(75)
Increase (decrease) in deposits and advances from customers and employees	(139,134)	(15,787)	(1,300)
Proceeds from long-term debt	119,422	108,026	1,116
Repayments of long-term debt	(251,554)	(228,039)	(2,351)
Dividends paid	(35,251)	(29,218)	(329)
Dividends paid to minority interests	(14,765)	(4,675)	(138)
Repurchase of common stock	(92,879)	(69,394)	(868)
Sale of treasury stock	1,324	--	12
Other	1,395	5,963	13
Net cash used in financing activities	<u>¥ (419,451)</u>	<u>¥ (272,701)</u>	<u>\$ (3,920)</u>
Effect of exchange rate changes on cash and cash equivalents	14,054	(23,442)	131
Net increase (decrease) in cash and cash equivalents	(105,258)	107,544	(984)
Cash and cash equivalents at beginning of year	1,275,014	1,167,470	11,916
Cash and cash equivalents at end of year	<u>¥1,169,756</u>	<u>¥ 1,275,014</u>	<u>\$ 10,932</u>

* See Notes to consolidated financial statements on pages 13-15.