

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.