

Matsushita Electric Industrial Co., Ltd.
Consolidated Statement of Cash Flows *
(Nine months ended December 31)

	Yen (millions)		U.S. Dollars (millions)
	2006	2005	2006
<i><u>Cash flows from operating activities:</u></i>			
Net income	¥ 193,796	¥ 113,676	\$ 1,629
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	230,379	227,505	1,936
Net (gain) loss on sale of investments	(36,838)	(21,902)	(309)
Minority interests	26,784	475	225
(Increase) decrease in trade receivables	(3,062)	(54,947)	(26)
(Increase) decrease in inventories	(105,742)	(54,627)	(888)
Increase (decrease) in trade payables	(21,510)	57,728	(181)
Increase (decrease) in retirement and severance benefits	(80,756)	(54,380)	(679)
Other	124,157	131,014	1,043
Net cash provided by operating activities	<u>¥ 327,208</u>	<u>¥ 344,542</u>	<u>\$ 2,750</u>
<i><u>Cash flows from investing activities:</u></i>			
(Increase) decrease in short-term investments	26,540	(20,636)	223
Proceeds from disposition of investments and advances	84,440	384,403	710
Increase in investments and advances	(222,445)	(186,058)	(1,869)
Capital expenditures	(320,423)	(290,503)	(2,693)
Proceeds from sale of fixed assets	132,610	145,749	1,114
(Increase) decrease in time deposits	(235,037)	74,476	(1,975)
Proceeds from sale of shares of subsidiaries	40,548	62,948	341
Other	(29,952)	(31,484)	(252)
Net cash provided by (used in) investing activities	<u>¥ (523,719)</u>	<u>¥ 138,895</u>	<u>\$ (4,401)</u>
<i><u>Cash flows from financing activities:</u></i>			
Increase (decrease) in short-term borrowings	(25,799)	47,114	(217)
Increase (decrease) in deposits and advances from employees	(13,624)	76	(114)
Increase (decrease) in long-term debt	(39,951)	(187,521)	(336)
Dividends paid	(54,989)	(39,106)	(462)
Dividends paid to minority interests	(13,919)	(13,719)	(117)
(Increase) decrease in treasury stock	(92,250)	(86,181)	(775)
Other	--	5,125	--
Net cash used in financing activities	<u>¥ (240,532)</u>	<u>¥ (274,212)</u>	<u>\$ (2,021)</u>
Effect of exchange rate changes on cash and cash equivalents	35,528	34,528	298
Net increase (decrease) in cash and cash equivalents	(401,515)	243,753	(3,374)
Cash and cash equivalents at beginning of period	1,667,396	1,169,756	14,012
Cash and cash equivalents at end of period	<u>¥ 1,265,881</u>	<u>¥ 1,413,509</u>	<u>\$ 10,638</u>

* See Notes to consolidated financial statements on pages 15-16.