

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

	Yen (millions)	
	2008	2007
<i><u>Cash flows from operating activities:</u></i>		
Net income	¥ 281,877	¥ 217,185
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	320,534	317,685
Net (gain) loss on sale of investments	(14,402)	(40,154)
Minority interests	28,637	31,131
(Increase) decrease in trade receivables	(56,677)	50,012
(Increase) decrease in inventories	(37,372)	474
Increase (decrease) in trade payables	(41,568)	(61,630)
Increase (decrease) in retirement and severance benefits	(128,937)	(108,559)
Other	113,966	126,413
Net cash provided by operating activities	<u>¥ 466,058</u>	<u>¥ 532,557</u>
<i><u>Cash flows from investing activities:</u></i>		
(Increase) decrease in short-term investments	697	26,505
Proceeds from disposition of investments and advances	313,947	142,074
Increase in investments and advances	(160,423)	(290,046)
Capital expenditures	(418,730)	(411,309)
Proceeds from sale of fixed assets	151,279	182,892
(Increase) decrease in time deposits	166,750	(223,801)
Purchase of shares of a newly consolidated subsidiary	(68,309)	--
Proceeds from sale of shares of subsidiaries	--	40,548
Other	(46,582)	(34,671)
Net cash used in investing activities	<u>¥ (61,371)</u>	<u>¥ (567,808)</u>
<i><u>Cash flows from financing activities:</u></i>		
Increase (decrease) in short-term borrowings	(5,815)	(5,826)
Increase (decrease) in deposits and advances from employees	(252)	(13,951)
Increase (decrease) in long-term debt	(45,406)	(183,778)
Dividends paid	(69,295)	(54,989)
Dividends paid to minority interests	(19,807)	(16,285)
(Increase) decrease in treasury stock	(102,839)	(152,874)
Proceeds from issuance of shares by subsidiaries	39,866	--
Net cash used in financing activities	<u>¥ (203,548)</u>	<u>¥ (427,703)</u>
Effect of exchange rate changes on cash and cash equivalents	(129,521)	32,197
Effect of changes in consolidated subsidiaries	(93,441)	--
Net increase (decrease) in cash and cash equivalents	(21,823)	(430,757)
Cash and cash equivalents at beginning of period	1,236,639	1,667,396
Cash and cash equivalents at end of period	<u>¥ 1,214,816</u>	<u>¥ 1,236,639</u>

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