

**Panasonic Corporation**  
**Consolidated Statement of Cash Flows \***  
**(Six months ended September 30)**

|  | Yen<br>(millions)  |                    |
|--|--------------------|--------------------|
| <u>Cash flows from operating activities:</u>   | <u>2008</u>        | <u>2007</u>        |
| Net income   | ¥ 128,492          | ¥ 105,122          |
| Adjustments to reconcile net income to<br>net cash provided by operating activities: |                    |                    |
| Depreciation and amortization  | 185,160            | 155,982            |
| Net (gain) loss on sale of investments   | (5,836)            | (2,446)            |
| Minority interests   | 12,104             | 5,012              |
| (Increase) decrease in trade receivables   | 25,203             | (16,878)           |
| (Increase) decrease in inventories   | (135,804)          | (84,362)           |
| Increase (decrease) in trade payables  | 26,216             | 10,416             |
| Increase (decrease) in retirement<br>and severance benefits                          | (54,997)           | (62,747)           |
| Other  | (44,274)           | 71,590             |
| Net cash provided by operating activities  | <u>¥ 136,264</u>   | <u>¥ 181,689</u>   |
| <u>Cash flows from investing activities:</u>   |                    |                    |
| (Increase) decrease in short-term investments  | --                 | 697                |
| Proceeds from disposition of investments<br>and advances                             | 83,944             | 88,063             |
| Increase in investments and advances   | (25,579)           | (92,141)           |
| Capital expenditures   | (271,773)          | (219,019)          |
| Proceeds from sale of fixed assets   | 14,331             | 123,335            |
| (Increase) decrease in time deposits   | (47,548)           | 188,187            |
| Purchase of shares of a newly consolidated subsidiary                                | --                 | (50,465)           |
| Other  | (23,342)           | (23,140)           |
| Net cash provided by (used in) investing activities                                  | <u>¥ (269,967)</u> | <u>¥ 15,517</u>    |
| <u>Cash flows from financing activities:</u>   |                    |                    |
| Increase (decrease) in short-term borrowings   | (8,479)            | (21,546)           |
| Increase (decrease) in deposits and<br>advances from employees                       | (37)               | (44)               |
| Increase (decrease) in long-term debt  | 13,029             | (20,613)           |
| Dividends paid   | (36,769)           | (32,194)           |
| Dividends paid to minority interests   | (13,270)           | (10,783)           |
| (Increase) decrease in treasury stock  | (71,473)           | (61,629)           |
| Proceeds from issuance of shares by subsidiaries                                     | --                 | 39,866             |
| Net cash used in financing activities  | <u>¥ (116,999)</u> | <u>¥ (106,943)</u> |
| Effect of exchange rate changes on cash<br>and cash equivalents                      | <u>9,019</u>       | <u>(10,944)</u>    |
| Effect of changes in consolidated subsidiaries                                       | --                 | (93,441)           |
| Net increase (decrease) in cash and cash equivalents                                 | (241,683)          | (14,122)           |
| Cash and cash equivalents at beginning of period                                     | <u>1,214,816</u>   | <u>1,236,639</u>   |
| Cash and cash equivalents at end of period   | <u>¥ 973,133</u>   | <u>¥ 1,222,517</u> |

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