

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

	Yen (millions)	
	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Net income	¥ 128,492	¥ 105,122
Adjustments to reconcile net income to 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 and severance benefits	(54,997)	(62,747)
Other	<u>(44,274)</u>	<u>71,590</u>
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 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	<u>(23,342)</u>	<u>(23,140)</u>
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 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 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.