

Panasonic Corporation
Consolidated Statement of Cash Flows *
(Nine months ended December 31)

	Yen (millions)	
	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Net income	¥ 65,376	¥ 220,305
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	275,260	233,278
Net (gain) loss on sale of investments	(15,546)	(7,956)
Minority interests	(13,538)	16,074
(Increase) decrease in trade receivables	117,157	(67,622)
(Increase) decrease in inventories	(138,064)	(83,032)
Increase (decrease) in trade payables	(96,059)	(45,226)
Increase (decrease) in retirement and severance benefits	(81,284)	(89,594)
Other	<u>10,600</u>	<u>70,451</u>
Net cash provided by operating activities	¥ 123,902	¥ 246,678
<u>Cash flows from investing activities:</u>		
(Increase) decrease in short-term investments	--	697
Proceeds from disposition of investments and advances	105,671	191,410
Increase in investments and advances	(31,270)	(123,658)
Capital expenditures	(397,121)	(314,668)
Proceeds from sale of fixed assets	19,121	129,857
(Increase) decrease in time deposits	(26,018)	130,091
Purchase of shares of a newly consolidated subsidiary	--	(50,465)
Other	<u>(25,934)</u>	<u>(41,675)</u>
Net cash used in investing activities	¥ (355,551)	¥ (78,411)
<u>Cash flows from financing activities:</u>		
Increase (decrease) in short-term borrowings	2,311	(8,476)
Increase (decrease) in deposits and advances from employees	(39)	(109)
Increase (decrease) in long-term debt	(26,682)	(38,304)
Dividends paid	(83,364)	(69,295)
Dividends paid to minority interests	(18,683)	(16,502)
(Increase) decrease in treasury stock	(71,782)	(82,515)
Proceeds from issuance of shares by subsidiaries	--	39,866
Net cash used in financing activities	¥ (198,239)	¥ (175,335)
Effect of exchange rate changes on cash and cash equivalents	(60,803)	(13,370)
Effect of changes in consolidated subsidiaries	--	(93,441)
Net increase (decrease) in cash and cash equivalents	(490,691)	(113,879)
Cash and cash equivalents at beginning of period	1,214,816	1,236,639
Cash and cash equivalents at end of period	¥ 724,125	¥ 1,122,760

* See Notes to consolidated financial statements on pages 15-17.