

**Panasonic Corporation**  
**Consolidated Statement of Cash Flows \***  
**(Three months ended June 30)**

	<u>Yen (millions)</u>	
	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Net income (loss)	¥ (61,356)	¥ 77,180
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,895	90,706
Net (gain) loss on sale of investments	(241)	(5,802)
(Increase) decrease in trade receivables	(71,640)	8,605
(Increase) decrease in inventories	(21,235)	(102,132)
Increase (decrease) in trade payables	74,520	47,915
Increase (decrease) in retirement and severance benefits	(8,699)	(24,894)
Other	<u>92,772</u>	<u>31,179</u>
Net cash provided by operating activities	<u>70,016</u>	<u>122,757</u>
<u>Cash flows from investing activities:</u>		
Proceeds from disposition of investments and advances	31,809	40,384
Increase in investments and advances	(1,827)	(3,888)
Capital expenditures	(102,526)	(163,490)
Proceeds from sale of fixed assets	3,519	8,793
(Increase) decrease in time deposits	2,655	(56,314)
Other	<u>(16,917)</u>	<u>(10,376)</u>
Net cash used in investing activities	<u>(83,287)</u>	<u>(184,891)</u>
<u>Cash flows from financing activities:</u>		
Increase (decrease) in short-term debt	110,645	24,162
Increase (decrease) in long-term debt	(6,592)	28,561
Dividends paid to Panasonic Corporation common shareholders	(15,530)	(36,769)
Dividends paid to noncontrolling interests	(7,062)	(10,944)
(Increase) decrease in treasury stock	(14)	(40,735)
Other	<u>(23)</u>	<u>(44)</u>
Net cash provided by (used in) financing activities	<u>81,424</u>	<u>(35,769)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(894)</u>	<u>39,723</u>
Net increase (decrease) in cash and cash equivalents	67,259	(58,180)
Cash and cash equivalents at beginning of period	<u>973,867</u>	<u>1,214,816</u>
Cash and cash equivalents at end of period	<u>¥ 1,041,126</u>	<u>¥ 1,156,636</u>

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