

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

	<u>Yen (millions)</u>	
	<u>2011</u>	<u>2010</u>
<i><u>Cash flows from operating activities:</u></i>		
Net income (loss)	¥ (32,624)	¥ 47,738
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	85,981	89,249
Net gain on sale of investments	976	(3,733)
Cash effects of changes in, excluding acquisition:		
Trade receivables	(2,866)	6,143
Inventories	(87,652)	(90,092)
Trade payables	(2,762)	19,805
Retirement and severance benefits	(5,802)	(9,602)
Other	1,491	85,376
Net cash provided by (used in) operating activities	<u>(43,258)</u>	<u>144,884</u>
<i><u>Cash flows from investing activities:</u></i>		
Proceeds from disposition of investments and advances	12,241	54,464
Increase in investments and advances	(2,181)	(453)
Capital expenditures	(88,880)	(94,135)
Proceeds from disposals of property, plant and equipment	25,397	63,914
(Increase) decrease in time deposits	10,297	1,883
Other	(4,575)	(6,286)
Net cash provided by (used in) investing activities	<u>(47,701)</u>	<u>19,387</u>
<i><u>Cash flows from financing activities:</u></i>		
Increase (decrease) in short-term debt	2,736	42,668
Increase (decrease) in long-term debt	(17,481)	(35,617)
Dividends paid to Panasonic Corporation shareholders	(10,351)	(10,353)
Dividends paid to noncontrolling interests	(5,796)	(5,031)
(Increase) decrease in treasury stock	(13)	(366)
Other	(4,980)	(60,800)
Net cash used in financing activities	<u>(35,885)</u>	<u>(69,499)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(10,941)</u>	<u>(35,447)</u>
Net increase (decrease) in cash and cash equivalents	(137,785)	59,325
Cash and cash equivalents at beginning of period	974,826	1,109,912
Cash and cash equivalents at end of period	<u>¥ 837,041</u>	<u>¥ 1,169,237</u>

* See Notes to consolidated financial statements on pages 10-11.