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**FOR IMMEDIATE RELEASE**

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**ANNOUNCEMENT OF FINANCIAL RESULTS**

**PANASONIC REPORTS ANNUAL NET LOSS**

**- Sales declines and business restructuring expenses cause net loss -**

Osaka, Japan, May 15, 2009 -- Panasonic Corporation<sup>1</sup> (Panasonic [NYSE symbol: PC]) today reported its consolidated financial results for the year ended March 31, 2009 (fiscal 2009).

**Consolidated Results**

Consolidated group sales for fiscal 2009 decreased 14% to 7,765.5 billion yen, from 9,068.9 billion yen in the previous fiscal year. Of the consolidated group total, domestic sales amounted to 4,082.2 billion yen, down 10% from 4,544.8 billion yen a year ago. Overseas sales decreased 19% to 3,683.3 billion yen, from 4,524.1 billion yen in fiscal 2008, ended March 31, 2008.

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<sup>1</sup> As of October 1, 2008, the company changed its name from "Matsushita Electric Industrial Co., Ltd." to "Panasonic Corporation."

During the year under review, the current financial crisis, which originated in the United States, spread across the world and the company's outlook of the business environment was extremely uncertain. The company's business conditions worsened considerably from last October, due mainly to the sharp appreciation of the yen, rapidly shrinking demand worldwide and ever-intensified price competition. Under these severe circumstances, in an attempt to get out of this difficult situation and get growth back on its original track, Panasonic implemented initiatives for achieving further progress and strengthening management structure. In particular, the company accelerated the business restructuring initiatives on the basis of business selection and concentration such as integration and closure of manufacturing sites, from the view point of global optimal production, withdrawal from unprofitable businesses, and reassigning and downsizing of workforce.

Regarding earnings, operating profit<sup>2</sup> for this fiscal year was down 86%, to 72.9 billion yen, from 519.5 billion yen in the previous year. Although the company implemented thorough streamlining of material and fixed costs, this result was due mainly to the effect of a sharp sales decline, rising prices for crude oil and other raw materials, and ever-intensified global price competition. In other income (deductions), the company incurred 367.4 billion yen as business restructuring expenses and 92.0 billion yen as a write-down of investment securities. As a result of these and other factors, the company regrettably incurred a pre-tax loss of 382.6 billion yen. Accordingly, net income turned to a loss of 379.0 billion yen.

### **Consolidated Sales Breakdown by Product Category**

The company's annual consolidated sales by product category, as compared with prior year amounts, are summarized as follows:

#### **Digital AVC Networks<sup>3</sup>**

Digital AVC Networks sales decreased 13% to 3,492.0 billion yen, from 4,001.8 billion yen in the previous year. Sales of video and audio equipment decreased 6% from the previous year, due mainly to sluggish sales in digital AV products such as

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<sup>2</sup> For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 14.

<sup>3</sup> From fiscal 2009, the name of "AVC Networks" was changed to "Digital AVC Networks."

plasma TVs and digital cameras. In information and communications equipment, weak sales of automotive electronics led to a 19% decrease overall from a year ago.

#### Home Appliances

Sales of Home Appliances decreased 9% to 1,166.3 billion yen, compared with 1,283.0 billion yen in the previous year, due mainly to a sales decline of air conditioners and compressors.

#### PEW and PanaHome<sup>4</sup>

Sales of PEW and PanaHome decreased 9% to 1,581.2 billion yen, from 1,730.7 billion yen a year ago. At Panasonic Electric Works Co., Ltd. (PEW)<sup>5</sup> and its subsidiaries, sales decreased mainly in electronic materials, automation controls and health-enhancing products. At PanaHome Corporation and its subsidiaries, a rapid deterioration of housing market conditions after September 2008 led to a decrease in sales.

#### Components and Devices

Sales of Components and Devices were also down 21% to 907.6 billion yen, compared with 1,150.3 billion yen in the previous year, due mainly to a sales downturn of semiconductors and general electronic components.

#### Other

Sales of Other totaled 618.4 billion yen, down 14 % from 722.6 billion yen in the same period a year ago, due mainly to weak sales in factory automation equipment.

#### **Consolidated Financial Condition**

Net cash provided by operating activities in fiscal 2009 amounted to 116.6 billion yen. This was attributable primarily to depreciation and a decrease in trade receivables, despite a net loss and a decrease in trade payables. Net cash used in investing activities amounted to 469.4 billion yen. Despite having proceeds from

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<sup>4</sup> The name of "MEW and PanaHome" was changed to "PEW and PanaHome" as of October 1, 2008.

<sup>5</sup> The name of Matsushita Electric Works, Ltd. (MEW) was changed to Panasonic Electric Works Co., Ltd. (PEW) as of October 1, 2008.

disposition of investments and advances, this was due primarily to capital expenditures for tangible fixed assets of 521.6 billion yen, mainly consisting of manufacturing facilities for priority business areas such as plasma and liquid crystal display panels, and semiconductors. Net cash provided by financing activities was 148.7 billion yen, due mainly to an increase in long-term debt by issuing unsecured straight bonds, despite repurchase of the company's common stock and the payment of cash dividends. All these activities, as well as a net decrease in cash and cash equivalents of 36.8 billion yen associated with the effect of exchange rate fluctuations, resulted in cash and cash equivalents of 973.9 billion yen at the end of fiscal 2009, down 240.9 billion yen, compared with the end of the last fiscal year.

The company's consolidated total assets as of March 31, 2009 decreased 1,040.3 billion yen to 6,403.3 billion yen, compared with 7,443.6 billion yen at the end of the last fiscal year (March 31, 2008). This was due mainly to a decrease on trade receivables and a reduction of inventories affected by deteriorated market conditions, and a decrease in investments and advances affected by a decline of stock price. Stockholders' equity decreased 958.3 billion yen, compared with the end of the last fiscal year, to 2,784.0 billion yen as of March 31, 2009. This result was due primarily to decreases in retained earnings and accumulated other comprehensive income.

### **Year-end Dividend**

The company paid an interim dividend of ¥22.5 per share on November 28, 2008. However, the company regrettably plans to pay a year-end dividend of ¥7.5 per share, due mainly to the deterioration of consolidated financial results, making a total annual cash dividend of ¥30 per share.

### **Outlook for Fiscal 2010**

Regarding the business environment for fiscal 2010 ending March 31, 2010, the company currently expects to encounter severe conditions because two trends are developing simultaneously. One is the world recession and shrinking demand, and the other is the changes in market structure such as the expanding emerging markets and a demand shift to lower-priced products. Under these environments, the company will rebuild its management structure thoroughly, as well as make preparations for the next phase of development and growth simultaneously, aiming

to be in a strong position when the market recovers. Although the management environment of the final year of the GP3 plan will be different from the conditions that we previously expected, the company will not change the direction of the GP3 plan. The company currently expects fiscal 2010 sales on a consolidated basis to total 7,000 billion yen, a decrease of 10% from the previous fiscal year. Consolidated operating profit is forecast to increase by 3% to 75 billion yen. Consolidated loss before income taxes<sup>6</sup> is anticipated to be 95 billion yen, with net loss attributable to the company<sup>7</sup> expected to be 195 billion yen.

Panasonic Corporation is one of the world's leading manufacturers of electronic and electric products for consumer, business and industrial use. Panasonic's shares are listed on the Tokyo, Osaka, Nagoya and New York stock exchanges.

For more information, please visit the following web sites:

Panasonic home page URL: <http://panasonic.net/>

Panasonic IR web site URL: <http://panasonic.net/ir/>

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<sup>6</sup> Factors affecting the forecast for other income (deductions) of 170 billion yen (the difference between operating profit and income before income taxes) include business restructuring expenses of 88 billion yen.

<sup>7</sup> From fiscal 2010 onwards, in accordance with SFAS No.160, the term "net income (loss)" will change to "net income (loss) attributable to the company."

**Disclaimer Regarding Forward-Looking Statements**

*This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.*

*The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.*

(Financial Tables and Additional Information Attached)