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**FOR IMMEDIATE RELEASE**

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<b>ANNOUNCEMENT OF FINANCIAL RESULTS</b>
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**PANASONIC REPORTS SECOND-QUARTER AND SIX-MONTH RESULTS**

***- Company Begins Recovery by Strengthening the Management Structure;  
Revises Annual Earnings Forecast Upward -***

Osaka, Japan, October 30, 2009 -- Panasonic Corporation (Panasonic [NYSE symbol: PC]) today reported its consolidated financial results for the second quarter and six months ended September 30, 2009, of the current fiscal year ending March 31, 2010 (fiscal 2010).

**Consolidated Second-quarter Results**

Consolidated group sales for the second quarter decreased 21% to 1,737.8 billion yen, from 2,191.7 billion yen in the same three-month period a year ago. Of the consolidated group total, domestic sales amounted to 917.3 billion yen, down 14% from 1,065.4 billion yen a year ago. Overseas sales decreased 27% to 820.5 billion yen, from 1,126.3 billion yen in the second quarter of the previous year.

In the electronics industry during the second quarter under review, despite visible sign of market stabilization in some regions, severe business conditions continued as the global recession and shrinking demand coincided with changes in the market structure including a demand shift to emerging markets and lower-priced products. Responding to these business conditions, Panasonic simultaneously rebuilds its

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management structure while preparing and taking action for future growth in fiscal 2010 as the final year of the GP3 plan.

Specifically, Panasonic implements drastic business structural reforms to rebuild its management structure. In addition, the company pursues penetration and internalization of “Itakona,” acceleration of procurement cost reduction, reinforcement of comprehensive cost reduction efforts, and capital investment and inventory reductions. On the other hand, regarding preparations and actions for future growth, the company strengthens product competitiveness by creating products that are unique to Panasonic on the basis of “super link,” “super energy saving” and “thorough universal design.” Besides, the company continues to focus on the four major themes of the GP3 plan: double-digit growth in overseas sales, four strategic businesses, manufacturing innovation and the ‘eco ideas’ strategy.

Regarding earnings, operating profit<sup>1</sup> for the second quarter was 49.1 billion yen, down from 118.6 billion yen a year ago. However, it recovered from a loss in the first quarter. This result was due mainly to initiatives such as fixed cost reduction and streamlining of material cost in spite of the effect of a sharp sales decrease and price decline. As a result of these and other factors, the company recorded a pre-tax income of 25.3 billion yen, down from 84.0 billion yen in the previous year. Accordingly, net income attributable to Panasonic Corporation resulted in 6.1 billion yen, down from 55.5 billion yen a year ago.

### **Consolidated Six-month Results**

Consolidated group sales for the six months ended September 30, 2009 decreased 23% to 3,333.3 billion yen, compared with 4,343.7 billion yen in the same six-month period a year ago. Domestic sales amounted to 1,776.0 billion yen, down 16% from 2,110.6 billion yen in the previous year’s six months, while overseas sales decreased 30% to 1,557.3 billion yen from 2,233.1 billion yen a year ago.

For reasons similar to those given for the second quarter results, the company’s operating profit for the six months was 28.9 billion yen, compared with the previous

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<sup>1</sup> For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 15.

year's 228.2 billion yen. In other income (deductions), the company incurred 22.7 billion yen as expenses associated with the implementation of early retirement programs. These and other factors resulted in a pre-tax loss of 26.5 billion yen, down from a pre-tax income of 203.3 billion yen in the same period a year ago. Net income attributable to Panasonic Corporation turned to a loss of 46.9 billion yen, down from a net income of 128.5 billion yen in the six months of the previous year.

### **Consolidated Six-month Sales Breakdown by Product Category**

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

#### **Digital AVC Networks**

Digital AVC Networks sales decreased 23% to 1,510.6 billion yen, from 1,969.0 billion yen in the same period of the previous year. Sales of video and audio equipment decreased 21% from the previous year. Although domestic sales of flat-panel TVs and global sales of BD recorders were favorable, this result was due mainly to sluggish overseas sales of flat-panel TVs and global sales of digital cameras. In information and communications equipment, weak sales of notebook PCs and other products led to a 26% overall sales decrease from a year ago.

#### **Home Appliances**

Sales of Home Appliances decreased 18% to 538.2 billion yen, compared with 654.1 billion yen in the previous year, due mainly to a sales decline of air conditioners and compressors, despite favorable sales in refrigerators.

#### **PEW and PanaHome**

Sales of PEW and PanaHome decreased 18% to 688.3 billion yen, from 837.2 billion yen a year ago. Sluggish housing market conditions led to a decrease in sales in PEW and Pana Home.

#### **Components and Devices**

Sales of Components and Devices were down 27% to 397.0 billion yen, compared with 541.9 billion yen in the previous year, due mainly to a sales downturn of semiconductors and general electronic components.

### Other

Sales of Other totaled 199.2 billion yen, down 42% from 341.5 billion yen in the same period a year ago, due mainly to a significant sales decline in factory automation equipment.

### **Consolidated Financial Condition**

Net cash provided by operating activities in the fiscal 2010 six months ended September 30, 2009 amounted to 156.2 billion yen. This was attributable primarily to depreciation and an increase in trade payables, despite a net loss and an increase in trade receivables. Net cash used in investing activities amounted to 20.2 billion yen. Despite a decrease in time deposits, this result was due primarily to capital expenditures for tangible fixed assets mainly consisting of manufacturing facilities of the company's priority business areas, such as flat-panel TVs and batteries. Net cash provided by financing activities was 372.6 billion yen, due mainly to an increase in short-term debt by issuing short-term bonds. All these activities associated with the effect of exchange rate fluctuations, resulted in cash and cash equivalents of 1,459.5 billion yen as of September 30, 2009, an increase of 485.6 billion yen, compared with the end of the last fiscal year (March 31, 2009).

The company's consolidated total assets as of September 30, 2009 increased 405.2 billion yen to 6,808.6 billion yen, compared with the end of the last fiscal year. This was due mainly to increases in cash and cash equivalents by issuing short-term bonds, an increase in accounts receivables, and an increase in tangible fixed assets. Panasonic Corporation shareholders' equity decreased 82.8 billion yen, compared with the end of the last fiscal year, to 2,701.2 billion yen as of September 30, 2009. This result was due primarily to a decrease in retained earnings.

### **Interim and Year-end Dividend**

The Board of Directors of the company resolved today to distribute an interim (semiannual) cash dividend of 5.0 yen per common share to shareholders of record as of September 30, 2009, payable November 30, 2009. This is a decrease from last year's interim dividend of 22.5 yen. The company also plans to distribute a year-end cash dividend of 5.0 yen per common share (payable to shareholders of record as of March 31, 2010). If implemented, total dividends for fiscal 2010, including the

aforementioned interim dividend of 5.0 yen per common share, will be 10.0 yen per common share.

### **Outlook for Fiscal 2010**

The electronics industry from the third quarter onwards is not expected to make a rapid recovery, due to negative effects such as uncertain business economic trends mainly in Europe and the United States, a rapidly proceeding appreciation of the yen, weak consumer spendings and sluggish capital investment. Panasonic, however, revised its previous earnings forecast upward. This was taking account of the second quarter results, despite the completion of the favorable effects from economic stimulus measures for consumer electronics products in each country and ever-intensified global price competition. Regarding consolidated results forecast for fiscal 2010, its sales forecast of 7,000 billion yen remains unchanged. Operating profit is expected to be 120 billion yen, an improvement from the previous forecast of 75 billion yen. Loss before income taxes<sup>2</sup> is expected to improve from 95 billion yen to 40 billion yen. Net loss attributable to Panasonic Corporation is expected to improve from 195 billion yen to 140 billion yen. Net loss per share attributable to Panasonic Corporation common shareholders is expected to improve from 94.17 yen to 67.61 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>2</sup> Factors affecting the forecast for other income (deductions) of 160 billion yen (the difference between operating profit and loss before income taxes) include business restructuring expenses of 88 billion yen.

**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 and its other filings.*

*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 possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; 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, prevalence of infectious diseases throughout the world 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)

**Panasonic Corporation**  
**Consolidated Statement of Operations \***  
**(Three months ended September 30)**

	<u>Yen (millions)</u>		<u>Percentage</u>
	<u>2009</u>	<u>2008</u>	<u>2009/2008</u>
Net sales	¥ 1,737,838	¥ 2,191,714	79%
Cost of sales	(1,252,666)	(1,572,854)	
Selling, general and administrative expenses	(436,132)	(500,279)	
Interest income	3,131	7,547	
Dividend income	686	888	
Interest expense	(5,521)	(5,558)	
Expenses associated with the implementation of early retirement programs **	(1,108)	(368)	
Other income (deductions), net	<u>(20,916)</u>	<u>(37,049)</u>	
Income before income taxes	25,312	84,041	30%
Provision for income taxes	(15,022)	(23,765)	
Equity in earnings (losses) of associated companies	<u>(210)</u>	<u>3,140</u>	
Net income	10,080	63,416	16%
Less: Net income attributable to noncontrolling interests	<u>3,971</u>	<u>7,955</u>	
Net income attributable to Panasonic Corporation	<u>¥ 6,109</u>	<u>¥ 55,461</u>	11%
Net income attributable to Panasonic Corporation common shareholders, basic per common share	2.95 yen	26.72 yen	
per ADS	2.95 yen	26.72 yen	
Net income attributable to Panasonic Corporation common shareholders, diluted per common share ***	--	--	
per ADS ***	--	--	

(Parentheses indicate expenses, deductions or losses.)

\* \* \* \* \* See Notes to consolidated financial statements on pages 15-16.

**Supplementary Information**  
**(Three months ended September 30)**

	<u>Yen (millions)</u>	
	<u>2009</u>	<u>2008</u>
Depreciation (tangible assets)	¥ 56,509	¥ 84,868
Capital investment ****	¥ 89,551	¥ 137,175
R&D expenditures	¥ 122,434	¥ 134,068
Number of employees (September 30)	284,439	313,594

\*\*\*\* These figures are calculated on an accrual basis.

**Panasonic Corporation**  
**Consolidated Statement of Operations \***  
**(Six months ended September 30)**

	<u>Yen (millions)</u>		<u>Percentage</u>
	<u>2009</u>	<u>2008</u>	<u>2009/2008</u>
Net sales	¥ 3,333,296	¥ 4,343,711	77%
Cost of sales	(2,423,537)	(3,098,704)	
Selling, general and administrative expenses	(880,902)	(1,016,853)	
Interest income	6,044	14,745	
Dividend income	4,103	6,231	
Interest expense	(11,566)	(11,314)	
Expenses associated with the implementation of early retirement programs **	(22,694)	(593)	
Other income (deductions), net	<u>(31,197)</u>	<u>(33,927)</u>	
Income (loss) before income taxes	(26,453)	203,296	--
Provision for income taxes	(22,774)	(66,177)	
Equity in earnings (losses) of associated companies	<u>(2,049)</u>	<u>3,477</u>	
Net income (loss)	(51,276)	140,596	--
Less: Net income (loss) attributable to noncontrolling interests	<u>(4,408)</u>	<u>12,104</u>	
Net income (loss) attributable to Panasonic Corporation	¥ <u>(46,868)</u>	¥ <u>128,492</u>	--
Net income (loss) attributable to Panasonic Corporation common shareholders, basic per common share	(22.63) yen	61.58 yen	
per ADS	(22.63) yen	61.58 yen	
Net income (loss) attributable to Panasonic Corporation common shareholders, diluted per common share ***	--	61.58 yen	
per ADS ***	--	61.58 yen	

(Parentheses indicate expenses, deductions or losses.)

\* \*\* \*\*\* See Notes to consolidated financial statements on pages 15-16.

**Supplementary Information**  
**(Six months ended September 30)**

	<u>Yen (millions)</u>	
	<u>2009</u>	<u>2008</u>
Depreciation (tangible assets)	¥ 113,712	¥ 165,979
Capital investment ****	¥ 203,866	¥ 239,857
R&D expenditures	¥ 236,015	¥ 265,142
Number of employees (September 30)	284,439	313,594

\*\*\*\* These figures are calculated on an accrual basis.



**Panasonic Corporation**  
**Consolidated Balance Sheet \*\***  
**September 30, 2009**  
**With comparative figures for March 31, 2009**

	Yen (millions)	
<b><u>Assets</u></b>	<b><u>Sept. 30, 2009</u></b>	<b><u>March 31, 2009</u></b>
Current assets:		
Cash and cash equivalents	¥ 1,459,505	¥ 973,867
Time deposits	31,832	189,288
Short-term investments	22	1,998
Trade receivables:		
Notes	48,153	42,766
Accounts	813,997	743,498
Allowance for doubtful receivables	(20,397)	(21,131)
Inventories	783,184	771,137
Other current assets	442,874	493,271
Total current assets	<u>3,559,170</u>	<u>3,194,694</u>
Investments and advances	566,336	551,751
Property, plant and equipment, net of accumulated depreciation	1,626,785	1,574,830
Other assets	<u>1,056,261</u>	<u>1,082,041</u>
Total assets	<u>¥ 6,808,552</u>	<u>¥ 6,403,316</u>
<b><u>Liabilities and Equity</u></b>		
Current liabilities:		
Short-term debt	¥ 468,480	¥ 94,355
Trade payables:		
Notes	32,811	38,202
Accounts	770,054	641,166
Other current liabilities	1,195,618	1,226,705
Total current liabilities	<u>2,466,963</u>	<u>2,000,428</u>
Noncurrent liabilities:		
Long-term debt	681,747	651,310
Other long-term liabilities	553,736	538,997
Total noncurrent liabilities	<u>1,235,483</u>	<u>1,190,307</u>
Total liabilities	<u>3,702,446</u>	<u>3,190,735</u>
Panasonic Corporation shareholders' equity:		
Common stock	258,740	258,740
Capital surplus	1,209,642	1,217,764
Legal reserve	93,826	92,726
Retained earnings	2,415,918	2,479,416
Accumulated other comprehensive income (loss) *	(606,647)	(594,377)
Treasury stock	(670,310)	(670,289)
Total Panasonic Corporation shareholders' equity	<u>2,701,169</u>	<u>2,783,980</u>
Noncontrolling interests	<u>404,937</u>	<u>428,601</u>
Total equity	<u>3,106,106</u>	<u>3,212,581</u>
Total liabilities and equity	<u>¥ 6,808,552</u>	<u>¥ 6,403,316</u>

\* Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)	
	<b><u>Sept. 30, 2009</u></b>	<b><u>March 31, 2009</u></b>
Cumulative translation adjustments	¥ (391,053)	¥ (341,592)
Unrealized holding gains (losses) of available-for-sale securities	21,196	(10,563)
Unrealized gains (losses) of derivative instruments	2,092	(4,889)
Pension liability adjustments	(238,882)	(237,333)

\*\* See Notes to consolidated financial statements on pages 15-16.

**Panasonic Corporation**  
**Consolidated Sales Breakdown \***  
**(Three months ended September 30)**

	<u>Yen (billions)</u>		<u>Percentage</u>
	<u>2009</u>	<u>2008</u>	<u>2009/2008</u>
<u>Digital AVC Networks</u>			
Video and audio equipment	¥ 404.6	¥ 496.4	82%
Information and communications equipment	375.0	497.2	75%
Subtotal	779.6	993.6	78%
<u>Home Appliances</u>	259.2	311.3	83%
<u>PEW and PanaHome</u>	375.1	448.1	84%
<u>Components and Devices</u>	214.8	272.6	79%
<u>Other</u>	109.1	166.1	66%
<b>Total</b>	<b>¥ 1,737.8</b>	<b>¥ 2,191.7</b>	<b>79%</b>
Domestic sales	917.3	1,065.4	86%
Overseas sales	820.5	1,126.3	73%

**(Six months ended September 30)**

	<u>Yen (billions)</u>		<u>Percentage</u>
	<u>2009</u>	<u>2008</u>	<u>2009/2008</u>
<u>Digital AVC Networks</u>			
Video and audio equipment	¥ 763.7	¥ 962.7	79%
Information and communications equipment	746.9	1,006.3	74%
Subtotal	1,510.6	1,969.0	77%
<u>Home Appliances</u>	538.2	654.1	82%
<u>PEW and PanaHome</u>	688.3	837.2	82%
<u>Components and Devices</u>	397.0	541.9	73%
<u>Other</u>	199.2	341.5	58%
<b>Total</b>	<b>¥ 3,333.3</b>	<b>¥ 4,343.7</b>	<b>77%</b>
Domestic sales	1,776.0	2,110.6	84%
Overseas sales	1,557.3	2,233.1	70%

\* See Notes to consolidated financial statements on pages 15-16.

**Panasonic Corporation**  
**Consolidated Sales Breakdown \***  
**(Six months ended September 30)**

**[Overseas Sales by Region]**

	<u>Yen (billions)</u>		<u>Percentage</u>
	<u>2009</u>	<u>2008</u>	<u>2009/2008</u>
North and South America	¥ 424.6	¥ 584.6	73%
Europe	353.1	575.4	61%
Asia, China and others	<u>779.6</u>	<u>1,073.1</u>	73%
<b>Total</b>	<u>¥ 1,557.3</u>	<u>¥ 2,233.1</u>	70%

**[Domestic/Overseas Sales Breakdown]**

	<u>Domestic sales</u>		<u>Overseas sales</u>	
	<u>Yen (billions)</u>	<u>Percentage</u>	<u>Yen (billions)</u>	<u>Percentage</u>
	<u>2009</u>	<u>2009/2008</u>	<u>2009</u>	<u>2009/2008</u>
<u>Digital AVC Networks</u>				
Video and audio equipment	¥ 257.9	100%	¥ 505.8	72%
Information and communications equipment	<u>399.5</u>	83%	<u>347.4</u>	66%
Subtotal	<u>657.4</u>	89%	<u>853.2</u>	69%
<u>Home Appliances</u>	<u>309.3</u>	91%	<u>228.9</u>	73%
<u>PEW and PanaHome</u>	<u>565.8</u>	85%	<u>122.5</u>	70%
<u>Components and Devices</u>	<u>127.5</u>	70%	<u>269.5</u>	75%
<u>Other</u>	<u>116.0</u>	62%	<u>83.2</u>	54%
<b>Total</b>	<u>¥ 1,776.0</u>	84%	<u>¥ 1,557.3</u>	70%

\* See Notes to consolidated financial statements on pages 15-16.

**Panasonic Corporation**  
**Consolidated Information by Business Segment \***  
**(Six months ended September 30)**

**By Business Segment:**

	<u>Yen (billions)</u>		<u>Percentage</u> <u>2009/2008</u>
	<u>2009</u>	<u>2008</u>	
<b>[Sales]</b>			
Digital AVC Networks	¥ 1,604.1	¥ 2,102.9	76%
Home Appliances	567.1	685.5	83%
PEW and PanaHome	773.7	928.7	83%
Components and Devices	491.1	670.2	73%
Other	<u>446.1</u>	<u>598.6</u>	75%
Subtotal	3,882.1	4,985.9	78%
Eliminations	<u>(548.8)</u>	<u>(642.2)</u>	--
Consolidated total	<u>¥ 3,333.3</u>	<u>¥ 4,343.7</u>	77%

**[Segment Profit]\*\***

Digital AVC Networks	¥ 12.7	¥ 102.8	12%
Home Appliances	29.0	46.9	62%
PEW and PanaHome	4.2	35.8	12%
Components and Devices	1.3	49.0	3%
Other	<u>2.1</u>	<u>28.8</u>	7%
Subtotal	49.3	263.3	19%
Corporate and eliminations	<u>(20.4)</u>	<u>(35.1)</u>	--
Consolidated total	<u>¥ 28.9</u>	<u>¥ 228.2</u>	13%

\* \*\* See Notes to consolidated financial statements on pages 15-16.

**Panasonic Corporation**  
**Consolidated Information by Business Field \***  
**(Six months ended September 30)**

**By Business Field\*\*:**

<b>[Sales]</b>	<u>Yen (billions)</u>		<u>Percentage 2009/2008</u>
	<u>2009</u>	<u>2008</u>	
Digital AVC Networks Solution	¥ 1,604.1	¥ 2,102.9	76%
Solutions for the Environment and Comfortable Living	1,340.8	1,614.2	83%
Devices and Industry Solution	<u>937.2</u>	<u>1,268.8</u>	74%
Subtotal	3,882.1	4,985.9	78%
Eliminations	<u>(548.8)</u>	<u>(642.2)</u>	--
Consolidated total	<u>¥ 3,333.3</u>	<u>¥ 4,343.7</u>	77%

**[Business Field Profit]\*\*\***

Digital AVC Networks Solution	¥ 12.7	¥ 102.8	12%
Solutions for the Environment and Comfortable Living	33.1	82.7	40%
Devices and Industry Solution	<u>3.5</u>	<u>77.8</u>	4%
Subtotal	49.3	263.3	19%
Corporate and eliminations	<u>(20.4)</u>	<u>(35.1)</u>	--
Consolidated total	<u>¥ 28.9</u>	<u>¥ 228.2</u>	13%

\* \*\*\* See Notes to consolidated financial statements on pages 15-16.

\*\* For definition of business fields of the Group, see Note 10 of Notes to consolidated financial statements on page 16.

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

	Yen (millions)	
	2009	2008
<u>Cash flows from operating activities:</u>		
Net income (loss)	¥ (51,276)	¥ 140,596
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	131,316	185,160
Net gain on sale of investments	(407)	(5,836)
(Increase) decrease in trade receivables	(98,019)	25,203
(Increase) decrease in inventories	(22,586)	(135,804)
Increase (decrease) in trade payables	140,974	26,216
Increase (decrease) in retirement and severance benefits	(8,357)	(54,997)
Other	64,585	(44,274)
Net cash provided by operating activities	<u>156,230</u>	<u>136,264</u>
<u>Cash flows from investing activities:</u>		
Proceeds from disposition of investments and advances	34,837	83,944
Increase in investments and advances	(3,926)	(25,579)
Capital expenditures	(203,219)	(271,773)
Proceeds from sale of fixed assets	18,544	14,331
(Increase) decrease in time deposits	154,792	(47,548)
Other	(21,247)	(23,342)
Net cash used in investing activities	<u>(20,219)</u>	<u>(269,967)</u>
<u>Cash flows from financing activities:</u>		
Increase (decrease) in short-term debt	383,023	(8,479)
Increase (decrease) in long-term debt	23,960	13,029
Dividends paid to Panasonic Corporation common shareholders	(15,530)	(36,769)
Dividends paid to noncontrolling interests	(9,071)	(13,270)
(Increase) decrease in treasury stock	(27)	(71,473)
Other	(9,778)	(37)
Net cash provided by (used in) financing activities	<u>372,577</u>	<u>(116,999)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(22,950)</u>	<u>9,019</u>
Net increase (decrease) in cash and cash equivalents	485,638	(241,683)
Cash and cash equivalents at beginning of period	973,867	1,214,816
Cash and cash equivalents at end of period	<u>¥ 1,459,505</u>	<u>¥ 973,133</u>

\* See Notes to consolidated financial statements on pages 15-16.

**Notes to consolidated financial statements:**

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Please refer to the accompanying consolidated statement of operations and Note 3 for U.S. GAAP reconciliation.

3. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are included as part of operating profit (loss) in the statement of operations.

4. In June 2009, FASB issued the FASB Accounting Standards Codification (ASC) 105 "Generally Accepted Accounting principles". Accordingly, consolidated financial statements for the period ending after the effective date of ASC 105 should contain Codification citations in place of any corresponding references to legacy accounting pronouncements. The company adopted ASC 105 for the six months ended September 30, 2009. The Codification does not change or alter existing U.S. GAAP and, therefore, the adoption of ASC 105 did not have an effect on the company's consolidated financial statements.

5. The company adopted ASC 805, "Business Combinations" (formerly SFAS No. 141 (revised 2007), "Business Combinations") and ASC 810, "Consolidation" (formerly SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment to ARB No. 51") for fiscal 2010. ASC 805 and 810 require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at "full fair value" and require noncontrolling interests (referred to as minority interests until fiscal 2009) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Accordingly, "Noncontrolling interests," which was referred to as "Minority interests" and was classified between liabilities and stockholders' equity on the consolidated balance sheet as a separate component until fiscal 2009, are now included in equity. The presentations of the other financial statements were also changed. These presentation requirements have been adopted retrospectively and prior year amounts in the consolidated financial statements have been reclassified to conform to ASC 810.

6. Comprehensive income (loss) attributable to Panasonic Corporation was reported as a loss of 59,138 million yen for the six months ended September 30, 2009, and a gain of 122,745 million yen for the six months ended September 30, 2008. Comprehensive income (loss) attributable to Panasonic Corporation includes "net income (loss) attributable to Panasonic Corporation" and increases (decreases) in accumulated other comprehensive income (loss) attributable to Panasonic Corporation.

7. Diluted net income (loss) per share, attributable to Panasonic Corporation common shareholders, for the second quarter, six months ended September 30, 2009 and for the second quarter of fiscal 2009, has been omitted because the company did not have potential common shares that were outstanding for the period.

8. Regarding consolidated segment profit, expenses for basic research and administrative expenses at the corporate headquarters level are treated as unallocatable expenses for each business segment, and are included in Corporate and eliminations.

9. The company's business segments are classified according to a business domain-based management system, which focuses on global consolidated management by each business domain, in order to ensure consistency of its internal management structure and disclosure.

Principal internal divisional companies or units and subsidiaries operating in respective segments are as follows:

**Digital AVC Networks**

AVC Networks Company, Panasonic Communications Co., Ltd.,  
Panasonic Mobile Communications Co., Ltd., Automotive Systems Company,  
System Solutions Company, Panasonic Shikoku Electronics Co., Ltd.

**Home Appliances**

Home Appliances Company, Lighting Company,  
Panasonic Ecology Systems Co., Ltd.

**PEW and PanaHome**

Panasonic Electric Works Co., Ltd., PanaHome Corporation

**Components and Devices**

Semiconductor Company, Panasonic Electronic Devices Co., Ltd.,  
Energy Company, Motor Company

**Other**

Panasonic Factory Solutions Co., Ltd., Panasonic Welding Systems Co., Ltd.

10. In a phase of growth for global excellence, Panasonic discloses three business fields of the group which consist of five segments as shown below in order to further clarify its business fields for investors. Sales and profits by business fields are calculated as the simple total of business segments making up each business field.

**Digital AVC Networks Solution**

Digital AVC Networks

**Solutions for the Environment and Comfortable Living**

Home Appliances, PEW and PanaHome

**Devices and Industry Solution**

Components and Devices, Other

11. Number of consolidated companies: 533 (including parent company)

12. Number of associated companies under the equity method: 188



Supplemental Consolidated Financial Data for Fiscal 2010  
Second Quarter and Six Months ended September 30, 2009

**1. Sales breakdown**

yen (billions)

Fiscal 2010 Second Quarter	Total	10/09	Local currency basis 10/09	Domestic	10/09	Overseas	10/09	Local currency basis 10/09
Video and Audio Equipment	404.6	82%	91%	134.9	107%	269.7	73%	86%
Information and Communications Equipment	375.0	75%	82%	191.9	82%	183.1	69%	81%
Digital AVC Networks	779.6	78%	86%	326.8	91%	452.8	71%	84%
Home Appliances	259.2	83%	89%	149.3	89%	109.9	76%	89%
PEW and PanaHome	375.1	84%	86%	310.5	87%	64.6	72%	83%
Components and Devices	214.8	79%	87%	68.7	77%	146.1	80%	92%
Other	109.1	66%	68%	62.0	67%	47.1	64%	70%
Total	1,737.8	79%	85%	917.3	86%	820.5	73%	85%

yen (billions)

Fiscal 2010 Six Months ended September 30, 2009	Total	10/09	Local currency basis 10/09	Domestic	10/09	Overseas	10/09	Local currency basis 10/09
Video and Audio Equipment	763.7	79%	88%	257.9	100%	505.8	72%	84%
Information and Communications Equipment	746.9	74%	79%	399.5	83%	347.4	66%	76%
Digital AVC Networks	1,510.6	77%	84%	657.4	89%	853.2	69%	81%
Home Appliances	538.2	82%	87%	309.3	91%	228.9	73%	83%
PEW and PanaHome	688.3	82%	84%	565.8	85%	122.5	70%	80%
Components and Devices	397.0	73%	80%	127.5	70%	269.5	75%	85%
Other	199.2	58%	60%	116.0	62%	83.2	54%	58%
Total	3,333.3	77%	82%	1,776.0	84%	1,557.3	70%	80%

**2. Overseas Sales by Region**

yen (billions)

	Fiscal 2010 Second Quarter			Fiscal 2010 Six Months ended September 30, 2009		
		10/09	Local currency basis 10/09		10/09	Local currency basis 10/09
North and South America	221.0	74%	85%	424.6	73%	81%
Europe	185.9	66%	81%	353.1	61%	76%
Asia	211.2	77%	92%	403.4	75%	88%
China	202.4	74%	82%	376.2	71%	76%
Total	820.5	73%	85%	1,557.3	70%	80%

### 3. Sales by Products

yen (billions)

Product Category	Products	Fiscal 2010			
		Second Quarter		Six Months ended September 30	
		Sales	10/09	Sales	10/09
Digital AVC Networks	TVs	250.1	85%	465.8	82%
	Plasma TVs	135.3	80%	258.7	81%
	LCD TVs	97.0	94%	172.0	87%
	Digital Cameras	56.3	90%	104.1	82%
	BD / DVD recorders	31.2	96%	61.9	96%
	BD recorders / players	21.8	128%	44.6	150%
	VCRs / camcorders	16.0	65%	32.5	66%
	Audio equipment	18.2	69%	34.5	66%
	Information equipment	259.5	77%	481.5	73%
	Communications equipment	115.5	72%	265.4	77%
	Mobile communications equipment	54.7	73%	146.3	82%
Home Appliances	Air conditioners	52.3	83%	129.2	79%
	Refrigerators	32.6	101%	65.2	103%
Components and Devices	General components	81.4	79%	152.0	73%
	Semiconductors *	89.5	73%	165.7	68%
	Batteries	62.3	77%	116.5	76%
Other	FA equipment	23.3	51%	37.5	37%

\* Information for semiconductors is on a production basis.

### 4. Segment Information

yen (billions)

	Fiscal 2010 Second Quarter					Fiscal 2010 Six Months ended September 30				
	Sales	10/09	Segment Profit	% of sales	10/09	Sales	10/09	Segment Profit	% of sales	10/09
Digital AVC Networks	830.8	79%	26.3	3.2%	55%	1,604.1	76%	12.7	0.8%	12%
Home Appliances	273.2	82%	8.7	3.2%	56%	567.1	83%	29.0	5.1%	62%
PEW and PanaHome	416.0	84%	12.0	2.9%	47%	773.7	83%	4.2	0.5%	12%
Components and Devices	261.5	78%	12.8	4.9%	43%	491.1	73%	1.3	0.3%	3%
Other	241.4	78%	3.0	1.2%	20%	446.1	75%	2.1	0.5%	7%
Total	2,022.9	80%	62.8	3.1%	47%	3,882.1	78%	49.3	1.3%	19%
Corporate and eliminations	-285.1	-	-13.7	-	-	-548.8	-	-20.4	-	-
Consolidated total	1,737.8	79%	49.1	2.8%	41%	3,333.3	77%	28.9	0.9%	13%

### 5. Financial data for the primary domain companies

(Business domain company basis)

<Sales, Domain company profit (production division basis), and Capital Investment \* >

Fiscal 2010 Second Quarter

yen (billions)

	Sales		Domain company profit			Capital Investment	
		10/09		% of sales	10/09		10-09
AVC Networks Company	435.5	79%	1.7	0.4%	8%	42.1	-17.1
Panasonic Mobile Communications Co., Ltd.	63.9	71%	1.9	3.0%	30%	0.7	-0.8
Panasonic Electronic Devices Co., Ltd.	95.6	79%	2.9	3.0%	36%	4.4	-5.3
Factory Automation Business	24.3	47%	-1.9	-8.0%	-	1.3	+0.7

Fiscal 2010 Six Months ended September 30, 2009

yen (billions)

	Sales		Domain company profit			Capital Investment	
		10/09		% of sales	10/09		10-09
AVC Networks Company	802.3	74%	-32.9	-4.1%	-	110.1	+13.5
Panasonic Mobile Communications Co., Ltd.	165.9	79%	9.7	5.8%	46%	1.1	-0.9
Panasonic Electronic Devices Co., Ltd.	179.9	73%	-0.9	-0.5%	-	9.1	-9.9
Factory Automation Business	40.2	36%	-9.5	-23.6%	-	1.4	+0.4

\* These figures are calculated on an accrual basis.

## 6. Capital Investment by segments \*

yen (billions)

	Second Quarter		Six Months ended September 30, 2009	
		10-09		10-09
Digital AVC Networks	46.8	-25.9	116.8	-5.2
Home Appliances	9.9	-1.8	22.4	-3.1
PEW and PanaHome	6.1	-4.2	12.6	-7.3
Components and Devices **	24.1	-10.1	47.6	-10.8
Other	2.7	-5.6	4.5	-9.6
Total	89.6	-47.6	203.9	-36.0

<\*\* semiconductors only>

<3.6 > <-12.5 > < 9.1 > <-14.2 >

\* These figures are calculated on an accrual basis.

## 7. Foreign Currency Exchange Rates

<Export Rates>

	Fiscal 2009			Fiscal 2010	
	Second Quarter	Six Months ended September 30	Full Year	Second Quarter	Six Months ended September 30
U.S. Dollars	¥104	¥104	¥103	¥97	¥95
Euro	¥160	¥159	¥153	¥130	¥126

<Rates Used for Consolidation>

	Fiscal 2009			Fiscal 2010	
	Second Quarter	Six Months ended September 30	Full Year	Second Quarter	Six Months ended September 30
U.S. Dollars	¥108	¥106	¥101	¥94	¥96
Euro	¥162	¥163	¥143	¥134	¥133

<Foreign Currency Transaction> \*

(billions)

	Fiscal 2009			Fiscal 2010	
	Second Quarter	Six Months ended September 30	Full Year	Second Quarter	Six Months ended September 30
U.S. Dollars	US\$1.0	US\$1.5	US\$2.4	US\$0.5	US\$0.9
Euro	€ 0.4	€ 0.8	€ 1.4	€ 0.3	€ 0.6

\* These figures are based on the net foreign exchange exposure of the company.

## 8. Number of Employees

(persons)

	End of September 2008	End of March 2009	End of June 2009	End of September 2009
Domestic	134,481	132,144	130,066	127,888
Overseas	179,113	160,106	158,867	156,551
Total	313,594	292,250	288,933	284,439

## <Attachment 1> Reference

### Segment information for fiscal 2010

#### Sales Yen(billions)

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sep.)
Digital AVC Networks	773.3	830.8
Home Appliances	293.9	273.2
PEW and PanaHome	357.7	416.0
Components and Devices	229.6	261.5
Other	204.7	241.4
Subtotal	1,859.2	2,022.9
Eliminations	-263.7	-285.1
Total	1,595.5	1,737.8

#### Segment profit

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sep.)
Digital AVC Networks	-13.6	26.3
Home Appliances	20.3	8.7
PEW and PanaHome	-7.8	12.0
Components and Devices	-11.5	12.8
Other	-0.9	3.0
Subtotal	-13.5	62.8
Corporate and eliminations	-6.7	-13.7
Total	-20.2	49.1

## <Attachment 2> Reference

### Segment information for fiscal 2009

#### Sales

Yen(billions)

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sept.)	3rd Quarter (Oct. to Dec.)	4th Quarter (Jan. to Mar.)	Full year (Apr. to Mar.)
Digital AVC Networks	1,046.4	1,056.5	937.3	708.8	3,749.0
Home Appliances	352.1	333.4	292.1	245.3	1,222.9
PEW and PanaHome	432.8	495.9	432.7	404.9	1,766.3
Components and Devices	334.5	335.7	278.3	178.8	1,127.3
Other	289.4	309.2	222.4	250.7	1,071.7
Subtotal	2,455.2	2,530.7	2,162.8	1,788.5	8,937.2
Eliminations	-303.2	-339.0	-282.8	-246.7	-1,171.7
Total	2,152.0	2,191.7	1,880.0	1,541.8	7,765.5

#### Segment profit

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sept.)	3rd Quarter (Oct. to Dec.)	4th Quarter (Jan. to Mar.)	Full year (Apr. to Mar.)
Digital AVC Networks	55.0	47.8	-4.9	-94.7	3.2
Home Appliances	31.5	15.4	18.2	-16.1	49.0
PEW and PanaHome	10.5	25.3	10.3	-6.0	40.1
Components and Devices	19.5	29.5	5.0	-46.9	7.1
Other	13.9	14.9	0.1	-5.0	23.9
Subtotal	130.4	132.9	28.7	-168.7	123.3
Corporate and eliminations	-20.8	-14.3	-2.4	-12.9	-50.4
Total	109.6	118.6	26.3	-181.6	72.9

#### Notes:

1. JVC and its consolidated subsidiaries became associated companies under the equity method from August 2007
2. The company has changed the transaction between Global Procurement Service Company and other segments since April 1, 2008. Accordingly, segment information for Other and Corporate and eliminations of fiscal 2008 has been reclassified to conform to the presentation for fiscal 2009
3. The name of "AVC Networks" was changed to "Digital AVC Networks" in April 2008
4. The name of "MEW and PanaHome" was changed to "PEW and PanaHome" as of October 1, 2008.

## <Attachment 3> Reference

### Segment information for fiscal 2008

#### Sales

Yen(billions)

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sept.)	3rd Quarter (Oct. to Dec.)	4th Quarter (Jan. to Mar.)	Full year (Apr. to Mar.)
Digital AVC Networks	996.1	1,063.5	1,207.7	1,052.3	4,319.6
Home Appliances	349.4	317.6	339.2	310.2	1,316.4
PEW and PanaHome	431.9	505.3	472.5	500.6	1,910.3
Components and Devices	348.2	364.1	357.3	329.1	1,398.7
Other	260.4	281.9	249.8	292.1	1,084.2
JVC	138.0	45.1	--	--	183.1
Subtotal	2,524.0	2,577.5	2,626.5	2,484.3	10,212.3
Eliminations	-284.5	-291.7	-281.9	-285.3	-1,143.4
Total	2,239.5	2,285.8	2,344.6	2,199.0	9,068.9

#### Segment profit

	1st Quarter (Apr. to Jun.)	2nd Quarter (Jul. to Sept.)	3rd Quarter (Oct. to Dec.)	4th Quarter (Jan. to Mar.)	Full year (Apr. to Mar.)
Digital AVC Networks	38.9	71.2	84.3	57.9	252.3
Home Appliances	18.0	19.3	25.9	23.2	86.4
PEW and PanaHome	9.9	31.2	27.3	28.0	96.4
Components and Devices	18.4	31.1	27.8	27.7	105.0
Other	13.8	21.1	12.1	17.2	64.2
JVC	-6.7	-3.0	--	--	-9.7
Subtotal	92.3	170.9	177.4	154.0	594.6
Corporate and eliminations	-18.4	-24.8	-12.0	-19.9	-75.1
Total	73.9	146.1	165.4	134.1	519.5