

PANASONIC Corp
Form 6-K
June 04, 2010
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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act of 1934

For the Month of June 2010

Commission File Number: 1-6784

Panasonic Corporation

Kadoma, Osaka, Japan

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7):

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This Form 6-K consists of:

1. Notice of the 103rd ordinary general meeting of shareholders (English translation) issued by Panasonic Corporation (the registrant).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Panasonic Corporation

By: /s/ MASAHITO YAMAMURA
Masahito Yamamura, Attorney-in-Fact
General Manager of Investor Relations
Panasonic Corporation

Dated: June 4, 2010

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**NOTICE OF
THE 103RD ORDINARY GENERAL MEETING
OF SHAREHOLDERS
to be held in Osaka, Japan
on June 25, 2010**

This is a translation from the Japanese
of a notice circulated to shareholders
in Japan.

Panasonic Corporation

Kadoma, Osaka, Japan

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May 28, 2010

Dear Shareholders:

Notice of the 103rd Ordinary General Meeting of Shareholders

This is to inform you that the Company's 103rd Ordinary General Meeting of Shareholders will be held as described below. You are cordially invited to attend the meeting.

If it is inconvenient for you to attend the meeting, you are sincerely requested to examine carefully the reference materials contained herein and to exercise your voting rights by the Internet, telephone or mail, as soon as possible. If, voting by mail, please return the voting instruction card duly signed by you after marking for or against each bill.

* * * * *

- 1. **Date:** 10:00 a.m. Friday, June 25, 2010
- 2. **Place:** Osaka-Jo Hall
3-1 Osaka-jo, Chuo-ku, Osaka

3. **Purposes:**
Matters to be Reported:

- 1. The business report and statutory report on a consolidated and a parent-alone basis with respect to the 103rd fiscal period from April 1, 2009 to March 31, 2010
- 2. Report of Accounting Auditors and the Board of Corporate Auditors on the consolidated financial statements

Matters to be Acted Upon:

Bill No. 1: To elect 19 directors

Bill No. 2: To elect an auditor

Sincerely yours,

Fumio Ohtsubo
President and Director
Panasonic Corporation
1006 Oaza Kadoma, Kadoma-shi, Osaka, Japan

[Shareholders attending the meeting are requested to hand in the voting instruction card at the reception desk of the meeting venue. Persons other than shareholders, such as proxies and accompanying persons who are not shareholders, are not permitted to attend the meeting.]

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Editor's notes:

1. The financial statements and other information included in this Notice are prepared primarily on a consolidated basis in conformity with U.S. generally accepted accounting principles (U.S. GAAP). In some cases where required, however, financial information on a parent company alone basis, which is in conformity with Japanese regulations, is also provided herein. Parent-alone and consolidated financial information should not be confused with each other.
2. An English translation of explanations for the exercise of voting rights via the Internet is omitted herein. For foreign shareholders who maintain standing proxies in Japan, such explanations (in Japanese) are sent to, and available at, your standing proxies.
3. For supplemental information regarding the bills on pages 43 to 48, please visit the following Web site:
<http://panasonic.net/ir/shareholder>

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[Appendix to the Notice of General Meeting of Shareholders]

Business Report for the 103rd Fiscal Period

(Fiscal year from April 1, 2009 to March 31, 2010)

1. Brief Business Review of the Panasonic Group

(1) Progress and Results during the Period

In the fiscal year ended March 31, 2010 (fiscal 2010), the electronics industry in general was unable to overcome the impact of the global recession, despite a visible market recovery in some regions such as China and Asia. Amid this recessionary environment, the market structure underwent rapid change especially in terms of demand shift to emerging markets and lower-priced products, as well as the expansion of environment- and energy-related markets. Based on this business environment, in fiscal 2010, as the final year of its GP3 Plan, the Company simultaneously rebuilt its management structure, and took action for future growth.

Specifically, Panasonic drastically reformed its business structure to rebuild its management structure. In addition, the Company pursued penetration and internalization of Itakona, acceleration of procurement cost reductions, reinforcement of comprehensive cost reduction efforts, and capital investment and inventory reductions.

Meanwhile, to prepare for future growth, the Company developed its unique products with the following concepts as a cornerstone: super link, super energy saving and thorough universal design. Besides this, the Company globally developed its home appliances business, including launching refrigerators and drum-type washing machines in Europe; targeting emerging markets through local-oriented manufacturing; commercializing full high-definition (HD) 3D TVs that are expected to open a new era in television; and strengthening global systems and equipment businesses. These actions drove the Panasonic Group to new growth.

In other news, on December 21, 2009, the Company acquired a majority of the voting rights of SANYO Electric Co., Ltd. (SANYO). Having added SANYO and its subsidiaries to the Panasonic Group, the Company has been working to create and maximize synergies as early as possible, mainly in strengthening its competitive edge in the global market and energy-related businesses by combining technologies and manufacturing expertise which each company has cultivated over the years.

Despite these factors, consolidated group sales for fiscal 2010 declined 4% year on year from ¥7,765.5 billion to ¥7,418.0 billion, including sales for the period from January through March 2010 of SANYO and its consolidated subsidiaries. In terms of earnings, although sales declined, operating profit increased considerably from ¥72.9 billion in fiscal 2009 to ¥190.5 billion thanks to restructuring initiatives such as streamlining materials costs and reducing fixed costs. However, the Company recorded net non-operating expenses of ¥219.8 billion, including business restructuring expenses such as the implementation of early retirement programs. As a result, the Company recorded a loss before income taxes of ¥29.3 billion and a net loss attributable to Panasonic Corporation of ¥103.5 billion.

Business Segment Information

The Panasonic Group has six business segments: Digital AVC Networks, Home Appliances, PEW and PanaHome, Components and Devices, SANYO, and Other. For details of the main companies in each business segment, please refer to Note 4 of Sales by Business Segment on page 5. For details of main products and services, please refer to (8) Principal Business on page 10.

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Sales by business segment for fiscal 2010 were as follows:

Digital AVC Networks

Sales in this segment totaled ¥3,409.5 billion, down 9% from ¥3,749.0 billion in the previous fiscal year.

In fiscal 2010, sales of flat-panel TVs, and Blu-ray Disc and DVD recorders rose year on year. However, sales declined overall due to stagnating sales of notebook PCs, mobile phones and some other products.

Regarding flat-panel TVs, the VIERA series expanded its product line-ups and provided a detailed response to diversifying market needs amid globally increasing demand. As a result, strong sales were recorded in Japan, where the market was buoyed by the government's Eco-points program, and in Asia and emerging markets where high growth continued.

The DIGA series of Blu-ray Disc and DVD recorders showed sales growth amid ongoing expansion of the Blu-ray Disc recorder market. Consumers appreciated the basic functions of Panasonic products including long recording periods and high-definition recording, as well as networking, which allows various equipment to be linked.

Regarding digital cameras, although market conditions were tough, both high-end and standard models battled hard to generate sales almost on a par with the previous fiscal year. Impressively, sales of the world's smallest and lightest*digital interchangeable lens system cameras grew strongly on the back of widespread support from camera enthusiasts to novices.

Strada F Class car navigation systems saw strong debuts of new products on the back of a rebound in auto sales instigated by government initiatives in Japan to spur new car purchases. In particular, Strada F Class won high marks as the first car navigation system to deliver high-definition picture quality in combination with the world's first*in-car Blu-ray Disc player.

In notebook PCs, the Company's Let's note and TOUGHBOOK series posted lower sales year on year due to dwindling corporate demand both in Japan and overseas. However, the Company continued to develop and refine its products under the concept of integrating high-performance, lightness, extended battery life, and toughness, winning strong acclaim from the market.

In the Japanese mobile phone market, sales of Panasonic mobile phones dropped year on year in the face of persistently soft demand. Nevertheless, the Company worked to secure market share in various ways, including strengthening the functions of VIERA Keitai series handsets and developing improved handsets that focus on doing the basics well for the volume zone.

In the system network business, in China, Singapore and certain other countries, Panasonic stepped up development of its system solutions business overseas, winning and filling a steady stream of large orders for security cameras for railways, airports, road ways and other uses.

Moving forward, Panasonic will continue to fully utilize its proprietary technologies and collective strengths with the aim of driving business growth. One way will be by quickly launching 3D-related businesses.

(Notes) 1. For a digital interchangeable lens system camera incorporating an internal flash as of February 12, 2010. Panasonic estimate.

2. As of August 1, 2009; as an in-car device. Panasonic estimate.

Home Appliances

Sales in this segment totaled ¥1,142.3 billion, down 7% from ¥1,222.9 billion in the previous fiscal year.

The overall drop in sales in fiscal 2010 mainly reflected lower demand as well as the impact of sluggish sales of room air conditioners owing to unseasonable weather. On a brighter note though, products that save energy and boast other high levels of environmental performance and products tailored to local needs performed well. In the household appliances/refrigeration, air conditioning and heating business, the Company launched models in Japan of refrigerators, air conditioners, tilted-drum washers/dryers and other new products featuring ECO NAVI, which automatically saves electricity depending on the mode of use. These models drove sales as appliances with a high level of environmental performance. Sales were especially strong of large-capacity refrigerators, which benefited from the government's Eco-points program, which is

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designed to make government-designated environmentally-conscious appliances a more attractive purchasing option. Sales of washing machines also grew due to economic stimulus measures in China and other factors. In the lighting business, the Panasonic Group began selling low power consumption and long-life LED bulbs. Bulbs that can replace small incandescent bulbs were particularly popular. In the environmental systems business, air purifiers and nano-e generators to combat influenza performed well.

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Looking ahead, the Company will accelerate the development of region-oriented products as well as global business development. Moreover, in the environment and energy fields, Panasonic will push ahead with measures to create new businesses, in addition to fuel cells.

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PEW and PanaHome

Sales in this segment decreased 8% from ¥1,766.3 billion in the previous fiscal year to ¥1,632.1 billion.

PEW saw residential lighting, wiring devices and other products struggle in the electrical construction materials business amid lackluster private-sector capital expenditures and falling new housing starts. On the other hand, PEW posted higher sales of environmentally-conscious lighting products such as LED lighting on the back of rising demand for products that conserve energy. The home appliances business saw sales of beauty-enhancing products and new products grow steadily. These included the night steamer nanocare hair dryer, which provides UV care with nano-e particles, and a massage sofa which won strong acceptance in the market for interior design qualities. The building products business showed steady sales growth in the middle-grade series such as modular kitchens and unit baths, although it had to contend with deteriorating market conditions. In device businesses such as electronic materials and automation controls, sales staged a recovery on rising demand for in-vehicle devices, digital home appliances and mobile phones, fanned by economic stimulus programs in Japan and overseas.

PEW aims to globally develop new businesses to create synergies between comfort and eco-consciousness such as in LED lighting products.

As regards PanaHome, the housing market remained weak, leading to a decrease in sales.

Looking ahead, PanaHome will continue to build long-life homes, offering the quality and design to maintain high property values over the long term, and to enhance environmental performance using cutting-edge energy generation and conservation technologies.

Components and Devices

Sales in this segment were ¥1,005.3 billion, down 11% from ¥1,127.3 billion in the previous fiscal year.

In fiscal 2010, the Company worked to lower costs by strengthening its management structure, and also saw an upturn in sales from the middle of the fiscal year as demand picked up for key devices for digital AV and other products.

In general electronic components, the Company conducted vigorous sales activities targeting certain regions and industrial sectors such as smart phones and netbooks that showed strong growth even amid the economic recession. Furthermore, the Company worked to speed up management and enhance cost competitiveness. While concentrating business resources on growth fields such as devices for environmentally-conscious vehicles, the Company achieved new process innovations. For example, the Company achieved successful launches of new products by promoting localization in activities ranging from manufacturing to sales at overseas sites.

In the semiconductor business, sales improved, supported by strong sales of system LSIs for optical discs and image sensors for digital cameras. In addition, Panasonic developed a new UniPhier[®] system LSI for displaying high-resolution 3D images, providing network capability and enabling other functions. This new system LSI was incorporated in 3D plasma TVs and Blu-ray Disc recorders.

In the battery business, Panasonic started to produce large volumes of high-energy 3.1 Ah lithium-ion batteries in December 2009 ahead of other companies. Lithium-ion batteries are expected to see higher demand from the uptake of environmentally-conscious vehicles and other developments. Panasonic also developed a lithium-ion battery module that can be used as an accumulator battery system in combination with fuel cells and others, as well as for electric vehicles and other applications.

Panasonic will continue to strive to secure growth and enhance profitability by producing high-value-added devices that help make equipment safer, better performing, more compact and lighter, and more energy-efficient.

SANYO

Sales in this segment were ¥404.8 billion.

In the three-month period from January to March 2010, amid rising demand spurred by economic stimulus programs and environmental policies in various countries, sales of solar cells increased as SANYO strengthened competitiveness with high conversion efficiency and manufacturing cost reductions. Sales of digital cameras struggled due mainly to the declining market prices of products. However, sales of lithium-ion batteries and electronic components such as optical pickups registered favorable growth due to recovering demand in the PC market, especially for consumer products.

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Moving forward, SANYO will continue developing energy-related businesses, including rechargeable batteries and solar cells, where SANYO excels.

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Sales in this segment totaled ¥1,012.2 billion, down 6% from ¥1,071.7 billion in the previous fiscal year.

In the factory automation (FA) business, order conditions improved in emerging markets, although business conditions were difficult as customers worldwide continued to curb investment. Panasonic maintained a global leading market share in surface mounting and other fields by differentiating its products in terms of enhanced functions. One example was the full-scale launch of a dual-lane mounting system as a next-generation platform offering outstanding functionality and flexibility as well as future-proofing.

By strengthening products further, the Company will continue building environmentally-conscious mounting systems and breaking into emerging markets. At the same time, the Company will work to offer one-stop solutions incorporating everything including processes and materials.

Sales by Business Segment

Business Segment	Sales (billions of yen)	Percentage vs. previous year	Percentage of total sales
Digital AVC Networks	3,409.5	91	39
Home Appliances	1,142.3	93	13
PEW and PanaHome	1,632.1	92	19
Components and Devices	1,005.3	89	12
SANYO	404.8		5
Other	1,012.2	94	12
Subtotal	8,606.2	96	100
Eliminations	(1,188.2)		
Total	7,418.0	96	
Sales breakdown			
Domestic	3,994.4	98	54
Overseas	3,423.6	93	46

- (Notes) 1. Amounts less than one-tenth of a billion yen have been rounded to the nearest whole one-tenth of a billion yen. Percentages versus the previous year have been rounded to the nearest whole number.
2. SANYO sales are the total for the three-month period from January to March 2010 after SANYO and its consolidated subsidiaries became consolidated subsidiaries of Panasonic in December 2009.
3. Sales of business segments include intersegment sales. Intersegment sales have been eliminated under Eliminations.
4. The main companies in each business segment are as follows:

(As of March 31, 2010)

Business Segment	Main Business Domain and Group Companies
Digital AVC Networks	AVC Networks Company, System Networks Company, Panasonic Mobile Communications Co., Ltd., Automotive Systems 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

SANYO	SANYO Electric Co., Ltd.
Other	Panasonic Factory Solutions Co., Ltd., Panasonic Welding Systems Co., Ltd.

(2) Research and Development

Panasonic executed initiatives to accelerate R&D with a focus on key development themes and to bolster development of energy-saving and environmental technologies.

Key development themes during the fiscal year were as follows:

(1) Full HD 3D Plasma Display Panels (PDPs)

Panasonic developed high-speed 3D image display drive technology, including new panel materials and LSIs, that enables rapid illumination of pixels while maintaining brightness, as well as crosstalk reduction technology for minimizing double-image (ghosting) that occurs when left- and right-eye images are alternately displayed thanks to newly developed phosphors with short luminescence decay time and illumination control technology. Due to these developments, the Company nearly doubled luminous efficiency from the previous fiscal year and reduced the luminescence decay time to one-third*¹ of conventional phosphors.

As a result, Panasonic refined the world's first*² 103-inch full HD 3D PDP it developed in the previous fiscal year. The new panel can provide full HD images for the left and right eyes at twice the speed of conventional 2D displays (1/120 of a second), enabling the production of clear 3D images and making possible a true high-quality 3D movie-theatre experience in the home living room.

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(2) Newly Developed ECO NAVI-equipped Room Air Conditioner With Three Sensors for Control

Panasonic has achieved energy savings of up to approximately 70%*³ during heating due to automatic energy-conservation operation made possible by three types of sensors: a people sensor that detects people's location and movement in a room and also controls airflow according to body temperature; a room layout sensor that detects the position of furniture and controls the direction of airflow to reach people, as well as detects the position of walls to cap operation; and an insulation sensor which senses changes in the amount of sunlight in a room from windows due to changes in the weather and time of day and adjusts the room temperature accordingly.

(3) The Industry's First*⁴ 18650-type High-Capacity 3.1 Ah Lithium-ion Battery

Panasonic developed safe, high-capacity 3.1 Ah batteries thanks to proprietary safety technology it developed. Called Heat Resistance Layer (HRL) technology, this technology forms an insulating metal oxide layer between the nickel positive and negative electrodes, preventing batteries from overheating even if a short circuit occurs. Panasonic began mass producing these batteries in December 2009.

Moreover, the Company developed a 3.4 Ah high-capacity battery with greater density (mass production is scheduled to commence in fiscal 2011) using a proprietary nickel positive electrode for extended operating times in notebook PCs and electric vehicles (EVs) as well as a 4.0 Ah high-capacity battery that uses a silicon-based alloy for the negative electrode. Panasonic plans to begin mass production of the latter battery in fiscal 2012.

(4) World's First*⁵ Single Chip Gallium Nitride (GaN)-based Inverter IC

Panasonic has developed technology for fabricating GaN transistors on a cost-effective Si substrate with a large diameter. The GaN-based transistors function as high-speed switches between an on-state with low resistance and an off-state with a high breakdown voltage in order to efficiently and safely control large amounts of electricity.

In addition, the inverter conversion loss was decreased by approximate 42%*⁶ to achieve the inverter function that converts direct to alternating current by single-chip by the insulation technology that enabled an independent drive of six GaN transistors, and a highly effective motor drive was achieved.

R&D expenditure during fiscal 2010 totaled ¥476.9 billion.

- (Notes)
1. Compared with the same size of existing models (V1 series).
 2. As of September 24, 2008; Company estimate.
 3. For the X series. Calculated based on the Company's conditions and therefore the cumulative power consumption may differ from a calculation based on JIS. The figure is the maximum energy saving and will vary depending on the environment and conditions where the air conditioner is installed.
 4. As of December 18, 2009; Company estimate.
 5. As of December 7, 2009; Company estimate.
 6. Compared to a conventional Si-based IGBT (Insulated Gate Bipolar Transistor) at the output power of 20W.

(3) Capital Investment

During the fiscal year under review, Panasonic primarily implemented capital investment to increase production capacity in strategic business areas such as flat-panel TVs and batteries. Capital investment (excluding intangibles, on an accrual basis) totaled ¥385.5 billion.

Principal capital investments consisted of PDP manufacturing facilities for Plant No. 5 in Amagasaki, Hyogo Prefecture, Japan; LCD panel production facilities for the Himeji plant of IPS Alpha Technology, Ltd. in Hyogo Prefecture, Japan; and lithium-ion battery manufacturing facilities for the Suminoe plant in Osaka City, Japan.

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(4) Corporate Financing

Panasonic maintains a basic policy of financing all required funds from internal sources. It also practices efficient fund management through internal financing activities.

In addition to raising funds through borrowing as necessary, the Company established a commercial paper (CP) facility in Japan of ¥300.0 billion in fiscal 2010, and issued CP. There was no CP outstanding as of March 31, 2010. In July 2009, PEW issued the fourth series of unsecured straight bonds with a principal amount of ¥30.0 billion.

(5) Environmental Activities

In the midterm management plan, called GP3 Plan, which ran through the end of fiscal 2010, Panasonic pursued reduction of environmental impact in all business activities along with steady growth with profitability as key management themes. The Company boldly implemented an eco ideas Strategy, which focused on accelerating measures to combat global warming, with three key initiatives: eco ideas for Products, eco ideas for Manufacturing, and eco ideas for Everybody, Everywhere.

As for eco ideas for Products, the Company aimed to expand globally the number of products with industry-leading energy efficiency by stepping up the development of energy-efficient products. In fiscal 2010, Panasonic developed and sold 395 such models, far exceeding its target of 200 models. Furthermore, Panasonic was first in the world to begin selling a home-use fuel cell cogeneration system to ordinary households. This system has attracted attention because it simultaneously generates both electricity and heat in the home and creates energy in an efficient manner.

As for eco ideas for Manufacturing, Panasonic set a reduction target for CO₂ emissions from production activities against a base year of fiscal 2007 and promoted initiatives to achieve this target. In fiscal 2010, Panasonic continued implementing concerted energy-saving activities at all manufacturing bases worldwide. These activities included the METAGEJI (Meter and Gauge) initiative to install measuring equipment in manufacturing facilities to aid numeric visualization of energy consumption, and the group-wide know-how sharing of energy-saving success stories created by energy-conservation diagnoses. As a result of this hard work to make improvements, in fiscal 2010, the Company reduced CO₂ emissions by 840,000 tons compared with fiscal 2007.

As for eco ideas for Everybody, Everywhere, Panasonic worked globally to conduct wide-ranging environmental activities with stakeholders. In the Panasonic Eco Relay project, which the Company continued from the previous fiscal year, Panasonic conducted activities under 552 themes in 30 countries and regions around the world, including tree-planting, cleanup programs and environmental education for children.

Panasonic will accelerate environmental initiatives further as it plays a leading role in the world in helping to create a sustainable society.

(6) Challenges for Panasonic Group

The world has drastically shifted to a sustainable multipolarized society with serious environmental issues, resource depletion, and the growth of emerging countries. A worldwide recession started in the fall of 2008 accelerated this shift. Although the Company continues to anticipate uncertainties in the global economy in fiscal 2011, it expects a gradual recovery trend and greater demand from emerging markets. Panasonic also expects the greater presence of businesses, products, and services that are based on new values such as environmental awareness and conscientious consumption.

The Company has launched a new three-year mid-term management plan, Green Transformation 2012, or GT12, for the period from fiscal 2011 to fiscal 2013. To realize its vision of becoming the No. 1 Green Innovation Company in the Electronics Industry leading up to its 100th anniversary, the Company will contribute to the environment and business growth to build a new Panasonic with a Paradigm shift for growth and Lay a foundation to be a Green Innovation Company as key themes to establish a Panasonic Group with strong potential growth.

To engineer a paradigm shift for growth, the Company will shift its business: 1) from existing to new fields such as energy, 2) from Japan-centric to globally oriented, and 3) from individual products to solutions and systems. To lay the foundation to be a Green Innovation Company, the Company aims to: 1) increase profitability based on growth and 2) contribute to the environment, using indexes respectively.

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Panasonic has set the following Group management goals for GT12: 5% or more in operating profit ratio, ¥10 trillion in sales, a three-year accumulative total of over ¥800 billion in free cash flow, 10% in ROE, and a 50 million ton reduction in CO₂ emissions (compared with the fiscal year ended March 31, 2006).

The four main Group strategies to achieve these goals are as follows:

- 1) **Growth Driven by Six Key Businesses:** Panasonic has designated three businesses as core businesses that will drive Companywide sales and earnings: energy systems (annual average growth rate: 16%), heating/refrigeration/air conditioning (7.4%), and network AV (10%). In addition, the Company sees healthcare, security and LED as next-generation key businesses for building solid foundations for full-fledged growth. Panasonic will concentrate business resources on these six key businesses with the aim of increasing their sales by ¥1.2 trillion, which would account for more than 80% of the total sales growth target.
- 2) **Expanding Overseas Business Focusing on Emerging Markets:** Panasonic will focus on BRICs + Vietnam and MINTS + B (Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia and the Balkans) as it aims to increase consumer and systems product sales by ¥330 billion and thereby raise the Group's overseas sales ratio to 55%. To this end, Panasonic will strengthen customer-oriented manufacturing that directly targets the high-volume segments, globally expand the home appliance business based on core environmental technologies, and increase brand awareness through further investment in advertising and promotion overseas.
- 3) **Reinforcing Systems and Equipment Business:** Panasonic aims to generate ¥2.6 trillion in sales from its systems and equipment business. In particular, in order to achieve large growth in overseas sales, Panasonic will strengthen its sales network, recruit people for reinforcing engineering and localization efforts, and strengthen relationships with local system integration companies. Furthermore, it will establish a system for promoting businesses as a Group so as to increase the ability to make comprehensive proposals.
- 4) **Collaboration with SANYO:** Through collaboration with SANYO in business, Panasonic strives to increase operating profit by over ¥80 billion in fiscal 2013 by increasing sales, improving development efficiency and strengthening its management structure through centralized contracts and sharing infrastructure. On April 1, 2010, Panasonic set up the Strategic Working Committee for Group Collaboration to accelerate these efforts.

Panasonic will also promote management innovation for supporting these Group strategies. On April 1, 2010, the Company established the Group Management Innovation Division and the four subcommittees under it, which are implementing the following initiatives:

The Environment Innovation Subcommittee: Initiatives on environmental contribution and Itakona activities.

The V-Products Subcommittee: Promoting the manufacture of V-Products with outstanding features.

The New and Key Business Promotion Subcommittee: Strengthening the capability to generate new businesses and promoting key businesses.

The Management and IT Innovation Subcommittee: Promoting management and IT innovation

Besides the above actions, Panasonic is accelerating global human resources development and working on cash flow-oriented management. Regarding the latter, the Company will execute a clear-cut strategy that divides its business into four categories from the standpoint of growth potential and profitability. At the same time, in order to improve the cash flow generation capability at operating sites, Panasonic will implement its Midterm Enhanced Cash Flow Management Project. It will strengthen the monitoring of large-scale investments and develop the concept of theoretical inventories and apply this throughout all Group companies.

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Based on its basic management philosophy, Panasonic believes today's mission is to make all its business activities environment centered and take the lead to offer life innovation with decisive actions. Having added SANYO and its consolidated subsidiaries to the Panasonic Group, in the next three years of the new midterm management plan, Panasonic will take initiatives to change itself to fill Panasonic with innovation and growth potential to carry out its mission. In fiscal 2011, the Company will begin the first phase of innovation and targets a return to profitability and to parlay this into achievement of its GT12 goals.

Panasonic sincerely expresses its appreciation to all shareholders for their continued support.

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Consolidated business results and financial condition

	Fiscal Period	FY2007	FY2008	FY2009	FY2010
Net sales (billions of yen)		9,108.2	9,068.9	7,765.5	7,418.0
Income (loss) before income taxes (billions of yen)		439.1	435.0	(382.6)	(29.3)
Net income (loss) attributable to Panasonic Corporation (billions of yen)		217.2	281.9	(379.0)	(103.5)
Net income (loss) attributable to Panasonic Corporation common shareholders, basic per common share (yen)		99.50	132.90	(182.25)	(49.97)
Total assets (billions of yen)		7,897.0	7,443.6	6,403.3	8,358.1
Panasonic Corporation shareholders' equity (billions of yen)		3,916.7	3,742.3	2,784.0	2,792.5
Panasonic Corporation shareholders' equity per share (yen)		1,824.89	1,781.11	1,344.50	1,348.63

- (Notes) 1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Panasonic Corporation shareholders' equity and Panasonic Corporation shareholders' equity per share are shown in conformity with U.S. GAAP. The Company has made some changes in accordance with the adoption of FASB Accounting Standards Codification (ASC) No. 810, Consolidation, effective from fiscal 2010.
2. Amounts less than one-tenth of a billion yen are rounded to the nearest whole one-tenth of a billion yen.
3. Total assets increased by ¥2,046.1 billion in fiscal 2010 in accordance with SANYO and its subsidiaries becoming consolidated subsidiaries of the Company.

In fiscal 2007, the Company saw sales gains due mainly to an increase in sales of digital products both in Japan and abroad, particularly flat-panel TVs. Regarding earnings, negative factors, such as rising raw materials prices and ever-intensifying global price competition, were offset by cost rationalization efforts centered on reducing fixed and material costs. Gains on the sale of investments and the effects of a weaker yen also contributed to an increase in earnings.

In fiscal 2008, sales increased, mainly in digital AV products and white goods. Meanwhile, Victor Company of Japan, Ltd. and its consolidated subsidiaries became associated companies under the equity method in August 2007, and their sales for the period from then on are not included in Panasonic's consolidated net sales. As a result, overall sales were largely unchanged year on year. Regarding earnings, income before income taxes declined slightly due to the write-down of investment securities as well as impairment losses from fixed assets and other charges, in addition to the effects from rising prices for crude oil and other raw materials, and ever-intensified global price competition. This decrease came despite higher effective sales and progress with cost reduction efforts. Net income attributable to Panasonic Corporation rose as a result of a decrease in provision for income taxes and other factors.

In fiscal 2009, sales decreased, mainly due to a rapid downturn in global demand and a sharp appreciation of the yen. On the earnings front, Panasonic pushed forward with cost reduction efforts including materials costs and fixed costs, but still recorded a loss before income taxes and net loss attributable to Panasonic Corporation due mainly to the sharp sales declines, rising prices for crude oil and other raw materials, and ever-intensified global price competition, in addition to business restructuring expenses and a write-down of holding investment securities.

Details of operations for fiscal 2010 (the latest fiscal period) are as described in the preceding pages under (1) Progress and Results during the Period.

Parent-alone business results and financial condition

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Fiscal Period	FY2007	FY2008	FY2009	FY2010
Net sales (billions of yen)	4,746.9	4,862.2	4,249.2	3,926.6
Recurring profit (billions of yen)	141.6	211.1	117.1	46.7
Net income (loss) (billions of yen)	98.8	100.3	(56.3)	(124.9)
Net income (loss) per share (yen)	45.26	47.29	(27.11)	(60.34)
Total assets (billions of yen)	4,816.7	4,604.4	4,442.3	4,565.3
Net assets (billions of yen)	2,664.4	2,473.9	2,133.5	2,038.3
Net assets per share (yen)	1,241.41	1,177.42	1,030.38	984.40

(Note) Amounts less than one-tenth of a billion yen are rounded to the nearest one-tenth of a billion yen.

- In fiscal 2007, Panasonic recorded an increase in sales due mainly to higher sales of digital products. Despite various cost reduction efforts, a decrease in dividend income from affiliates led to lower recurring profit. Net income increased, due mainly to gains from the sale of securities of an affiliated company.

- In fiscal 2008, revenue increased due to strong sales, particularly of digital AV products. Despite a decline in prices, recurring profit also rose, due to an increase in dividend income. In addition, the Company posted such extraordinary losses as impairment losses and losses on the valuation of securities in affiliated companies, but net income still increased, mainly as a result of a decline in corporate tax.

- In fiscal 2009, Panasonic recorded a substantial decrease in sales due to softer worldwide consumption. In terms of profits, recurring profit decreased due to the lower sales, escalating price competition and other factors, even though dividend income increased. Net income was also down, as the result of extraordinary losses such as losses on the valuation of securities in affiliated companies and higher deferred income taxes.

- In fiscal 2010, Panasonic recorded lower sales, mainly in the Components and Devices segment. On the earnings front, Panasonic recorded higher operating profit due to reductions in fixed costs and other factors, despite the drop in net sales. However, the Company posted lower recurring profit because of a drop in dividend income and other factors. Furthermore, the Company posted a net loss due to the booking of non-recurring losses such as a loss on devaluation of stock in affiliates.

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The Company's main products and services by business segment are as follows:

(as of March 31, 2010)

Business Segment	Main products and services
Digital AVC Networks	Plasma and LCD TVs, Blu-ray Disc and DVD recorders, camcorders, digital cameras, personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, PCs, optical disc drives, multi-function printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.
Home Appliances	Refrigerators, room air conditioners, washing machines and clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, compressors, vending machines, etc.
PEW and PanaHome	Lighting fixtures, wiring devices, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.
Components and Devices	Semiconductors, general components (capacitors, tuners, circuit boards, power supplies, circuit components, electromechanical components, speakers, etc.), batteries, electric motors, etc.
SANYO	Solar cells, lithium-ion batteries, optical pickups, capacitors, semiconductors, digital cameras, LCD TVs, projectors, showcases, commercial air conditioners, medical information systems, refrigerators, washing machines, room air conditioners, car navigation systems, etc.
Other	Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.

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(9) Major Business Sites of the Panasonic Group

1) Major business sites of the Company (as of March 31, 2010)

	Name	Location in Japan
Corporate head office		Kadoma
Corporate branch office		
