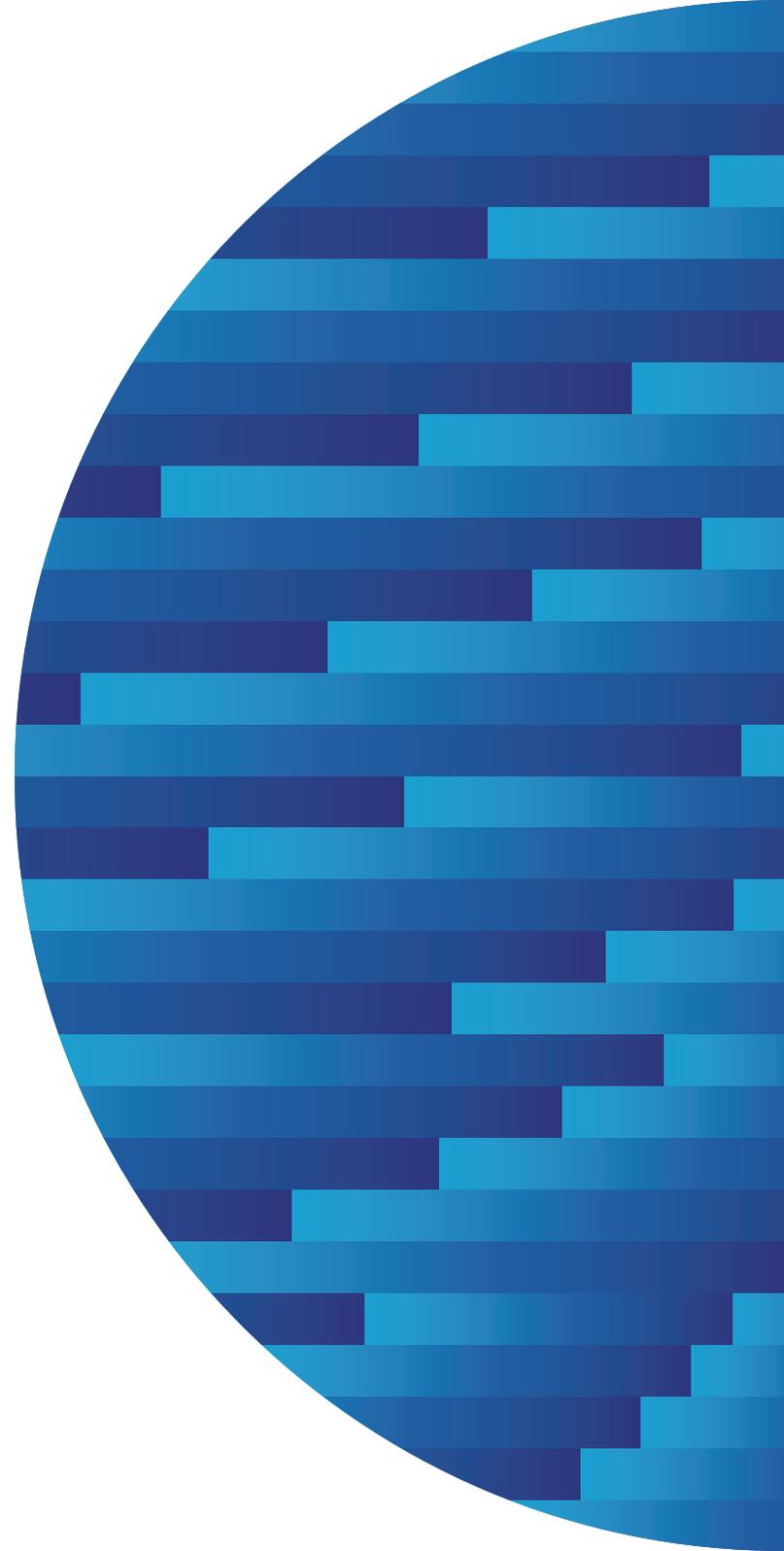


Annual Report | Panasonic Corporation

2015

on Financial and Non Financial Results  
for the year ended March 31, 2015

**Panasonic**



Highlights

About Panasonic

Special Feature

Message from  
the PresidentMessage  
from the CFOBusiness  
OverviewResearch and  
DevelopmentESG  
InformationFinancial and  
Corporate  
InformationPAGE  
**1**

# Contents

**2** | Editorial Policy

## Highlights

- 3** | Major Financial Indicators (Graphs)
- 4** | Major Non-Financial Indicators (Graphs) /  
Recognition from Outside the Company
- 5** | Major Financial Indicators (Tables)
- 6** | Major Non-Financial Indicators (Tables)

## About Panasonic

- 7** | Management Philosophy
- 8** | Brand Slogan
- 9** | To Our Stakeholders
- 10** | Business Environment

## Special Feature

- 11** | Contributing to the  
Prevention of Traffic  
Accidents through the  
Advanced Automotive  
Components and Devices 
- 12** | Conveying to the World  
a Concept of Life in the  
Future Ahead of the  
Tokyo 2020 Olympic  
and Paralympic Games 
- 13** | Promoting Products  
and Services Deeply  
Rooted in India,  
a Group-Wide  
Strategic Country 
- 14** | High-Quality,  
Comfortable  
Residences for the  
Middle Class in the  
ASEAN Region 

## Message from the President

**15** | Message from the President**Kazuhiro Tsuga**  
President

## Message from the CFO

**21** | Message from the CFO**Hideaki Kawai**  
Senior  
Managing Director  
in charge of  
Accounting and Finance

## Business Overview

- 23** | Business at a Glance
- 24** | Appliances Company
- 26** | Eco Solutions Company
- 28** | AVC Networks Company
- 30** | Automotive &  
Industrial Systems Company
- 32** | Overview of Business Divisions



## Research and Development

**34** | Research and Development

## ESG Information

**36** | Corporate Governance

Message from an Outside Director

**Hiroko Ota**  
Outside Director**39** | Directors, Audit & Supervisory Board  
Members and Executive Officers**41** | Risk Management**42** | Compliance**43** | CSR Management**44** | Environmental Responsibility**46** | Social ResponsibilityMessage from a Female  
Executive Officer**Michiko  
Ogawa**  
Executive Officer

## Financial and Corporate Information

**50** | Financial Review**53** | Consolidated Financial Statements**57** | Company Information /  
Stock Information

Note: Risk Factors

Please refer to the Company's  
[Annual Securities Report \(Yukashoken Hokokusho\)](#)  
 for details regarding business and other risks.

## Editorial Policy

This Annual Report contains wide-ranging information including details of Panasonic's business strategies and financial position as well as the Company's stance toward fulfilling its environmental, social and governance responsibilities. This information is provided to assist mainly investors in making investment decisions. In producing this Report, Panasonic has referred to the framework put forward by the International Integrated Reporting Council (IIRC) while placing the utmost emphasis on disclosing information that is considered beneficial to investors. Particular weight was given to the following points.

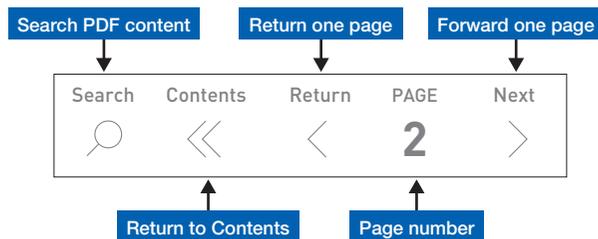
### (1) Brief introduction of the Company's stance from a medium- to long-term perspective as well as its operating environment

In the "About Panasonic" section of this report, we explain the Company's basic stance toward ensuring its sustainable growth and efforts to improve corporate value from a medium- to long-term perspective. At the same time, we outline details of our business environment from a long-term perspective. In the "Special Feature" section of the report, we provide details of specific measures that take into consideration the aforementioned stance and business environment.

### (2) In-depth ESG information

We have newly introduced a section on ESG information through which we outline details of the Company's stance, structure and systems as well as specific initiatives toward environmental and social concerns. As was the case in the previous report, we again provide a message from an outside director and an evaluation of the Company's corporate governance performance from an outside perspective.

## Using the Navigation Buttons



## Using Category Tabs



## Disclaimer Regarding Forward-Looking Statements

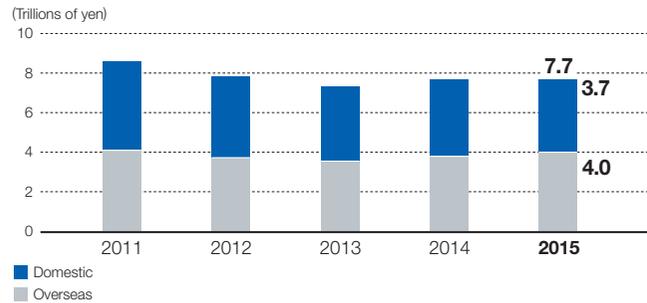
This Annual Report includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1993, as amended and Section 21E of the U.S. Securities Exchange Act of 1934), as amended about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report 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 Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

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 Americas, 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; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able 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 or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able 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; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic's systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain 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 the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

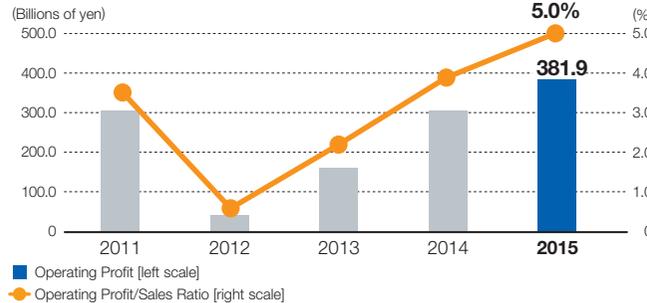
# Major Financial Indicators (Graphs)

Panasonic Corporation and Subsidiaries  
Years ended March 31

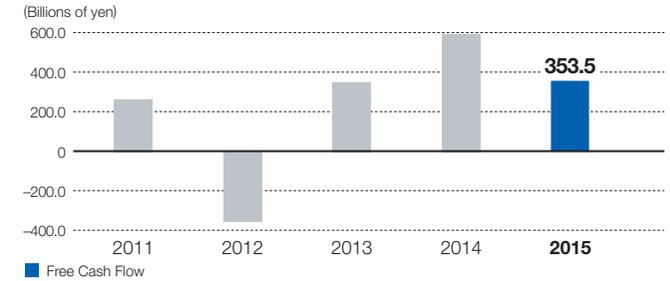
## Net Sales



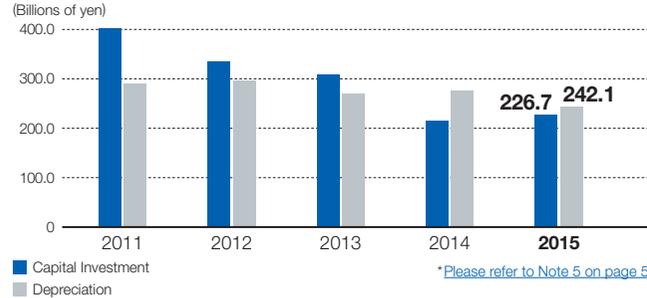
## Operating Profit and Ratio to Sales



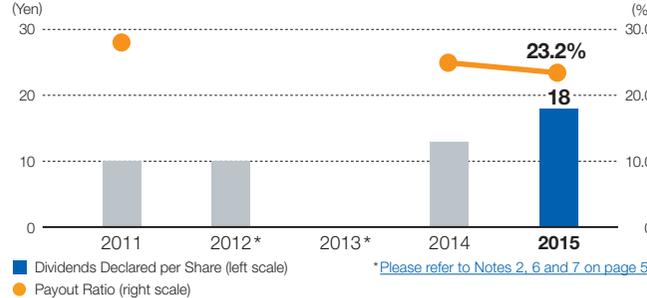
## Free Cash Flow



## Capital Investment and Depreciation (Tangible Assets)\*



## Dividends Declared per Share and Payout Ratio\*



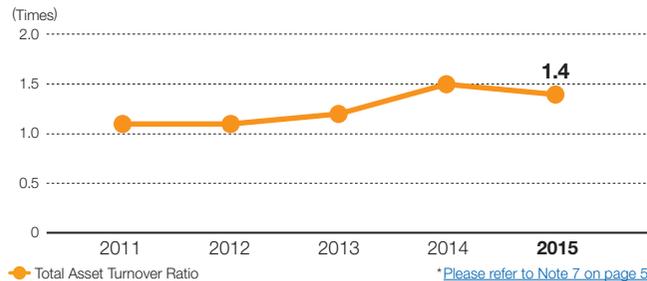
## Panasonic Corporation Shareholders' Equity and ROE\*



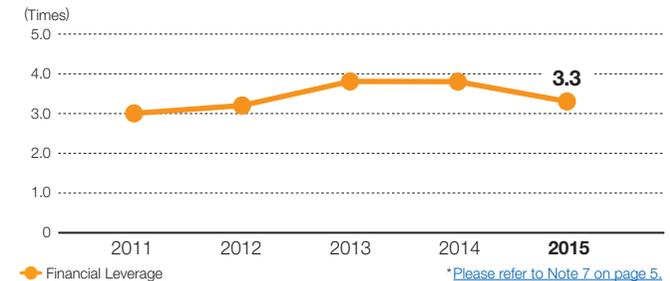
## Net Income Attributable to Panasonic Corporation and Ratio to Sales



## Total Asset Turnover Ratio\*



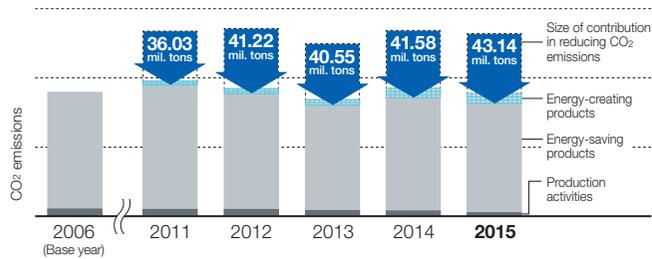
## Financial Leverage\*



# Major Non-Financial Indicators (Graphs) / Recognition from Outside the Company

Panasonic Corporation and Subsidiaries  
Years ended March 31

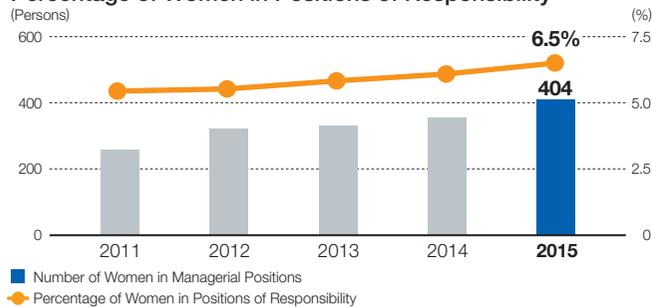
## Size of Contribution in Reducing CO<sub>2</sub> Emissions\*1



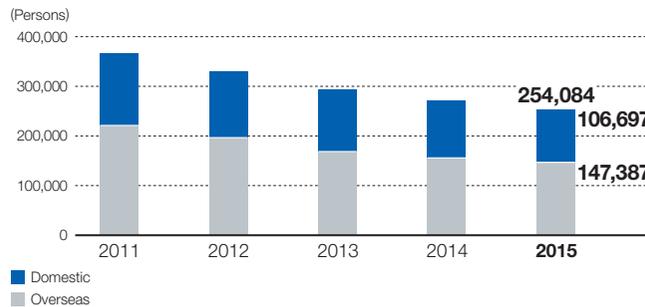
## Recycled Resource Utilization Ratio and Factory Waste Recycling Rate\*1



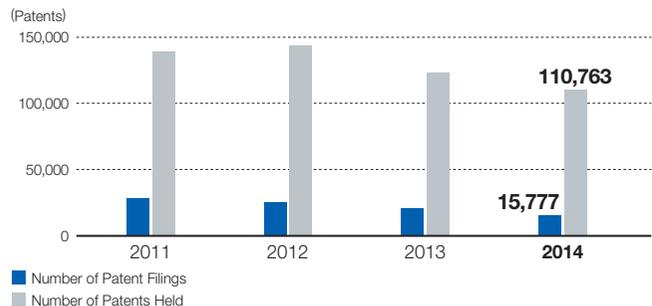
## Number of Women in Managerial Positions and Percentage of Women in Positions of Responsibility\*2



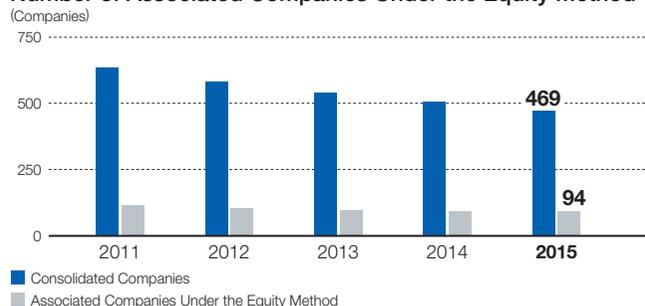
## Number of Employees



## Number of Patent Filings\*3 and Number of Patents Held\*4



## Number of Consolidated Companies\*5 and Number of Associated Companies Under the Equity Method



## Recognition from Outside the Company

(Year Ended March 31, 2015)

Panasonic has been selected as a component of the Dow Jones Sustainability World Indices (DJSI World) and FTSE4Good Index—both of which are global socially responsible investment indices. Selection in DJSI World is for the 10th consecutive year and the FTSE4Good Index is for the 15th consecutive year. Panasonic has also been selected for inclusion in CDP Japan 500's Climate Disclosure Leadership Index, which certifies companies that excel in disclosing climate change information.



FTSE4Good



\*1 Please refer to "Environmental Responsibility" on [pages 44 and 45](#).

\*2 Please refer to "Social Responsibility" on [page 47](#).

\*3 and \*4 Please refer to the note at the bottom left of [page 6](#).

\*5 Including parent company.

Highlights	About Panasonic	Special Feature	Message from the President	Message from the CFO	Business Overview	Research and Development	ESG Information	Financial and Corporate Information	Search	Contents	Return	PAGE	Next
												5	

> Major Financial Indicators (Graphs) > Major Non-Financial Indicators (Graphs) / Recognition from Outside the Company > **Major Financial Indicators (Tables)** > Major Non-Financial Indicators (Tables)

## Major Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries  
Years ended March 31

Download DATA BOOK  
(10-Year Summary)

	2011	2012	2013	2014	2015
<b>For the year</b> (Millions of yen)					
Net sales	8,692,672	7,846,216	7,303,045	7,736,541	<b>7,715,037</b>
Operating profit	305,254	43,725	160,936	305,114	<b>381,913</b>
Income before income taxes	178,807	(812,844)	(398,386)	206,225	<b>182,456</b>
Net income attributable to Panasonic Corporation	74,017	(772,172)	(754,250)	120,442	<b>179,485</b>
Capital investment*	403,778	333,695	310,866	217,033	<b>226,680</b>
Depreciation*	284,244	295,808	277,582	278,792	<b>242,149</b>
R&D expenditures	527,798	520,217	502,223	478,817	<b>457,250</b>
Free cash flow	266,250	(339,893)	355,156	594,078	<b>353,455</b>
*Excluding intangibles					
<b>At year-end</b> (Millions of yen)					
Long-term debt	1,162,287	941,768	663,091	557,374	<b>712,385</b>
Cash and cash equivalents	974,826	574,411	496,283	592,467	<b>1,280,408</b>
Total assets	7,822,870	6,601,055	5,397,812	5,212,994	<b>5,956,947</b>
Panasonic Corporation shareholders' equity	2,558,992	1,929,786	1,264,032	1,548,152	<b>1,823,293</b>
Total equity	2,946,335	1,977,566	1,304,273	1,586,438	<b>1,992,552</b>
Number of employees (Persons)	366,937	330,767	293,742	271,789	<b>254,084</b>
<b>Per share data</b> (Yen)					
Net income attributable to Panasonic Corporation per common share:					
Basic	35.75	(333.96)	(326.28)	52.10	<b>77.65</b>
Diluted	—	—	—	—	<b>77.64</b>
Dividends declared per share	10.00	10.00	0	13.00	<b>18.00</b>
Panasonic Corporation shareholders' equity per share	1,236.05	834.79	546.81	669.74	<b>788.87</b>

	2011	2012	2013	2014	2015
Operating profit/sales (%)	3.5	0.6	2.2	3.9	<b>5.0</b>
Income before income taxes/sales (%)	2.1	(10.4)	(5.5)	2.7	<b>2.4</b>
ROE (%)	2.8	(34.4)	(47.2)	8.6	<b>10.6</b>
Net income attributable to Panasonic Corporation/sales (%)	0.9	(9.8)	(10.3)	1.6	<b>2.3</b>
Total asset turnover ratio (Times)	1.1	1.1	1.2	1.5	<b>1.4</b>
Financial leverage (Times)	3.0	3.2	3.8	3.8	<b>3.3</b>
Panasonic Corporation shareholders' equity/total assets (%)	32.7	29.2	23.4	29.7	<b>30.6</b>
Payout ratio (%)	28.0	—	—	25.0	<b>23.2</b>

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

2. Dividends per share reflect those declared by the Company in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.

3. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, 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. See [the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income \(Loss\) on page 54.](#)

4. Diluted net income attributable to Panasonic Corporation per common share data from the year ended March 31, 2011 to the year ended March 31, 2014 has been omitted because the Company did not have potential common shares that were outstanding for the period.

5. Effective from the year ended March 31, 2013, the Company has decided to include investments in molds in capital investment and mold depreciation expenses in depreciation. Capital investment and Depreciation figures for the year ended March 31, 2012 have been restated as a result of this change.

6. Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

7. Formulas for financial ratios shown in this Annual Report are as follows:  
 ROE (Return on equity) = Net income (loss) attributable to Panasonic Corporation / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year  
 Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year  
 Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year  
 Panasonic Corporation shareholders' equity/total assets = Total Panasonic Corporation shareholders' equity / Total assets  
 Payout ratio = Dividends declared per share/Basic net income attributable to Panasonic Corporation common shareholders per share

## Major Non-Financial Indicators (Tables) Panasonic Corporation and Subsidiaries Years ended march 31

	2011	2012	2013	2014	2015
<b>Environment</b>					
Size of contribution in reducing CO <sub>2</sub> emissions*1 (Millions tons)	36.03	41.22	40.55	41.58	<b>43.14</b>
Recycled resource utilization ratio*1 (%)	13.6	14.7	15.7	17.2	<b>16.3</b>
Factory waste recycling rate*1 (%)	97.4	98.9	99.3	98.7	<b>98.8</b>
Amount of water consumption*1 (Million m <sup>3</sup> )	60	53	45	43	<b>32</b>
<b>Social</b>					
Number of women in managerial positions*2 (Persons)	258	323	331	354	<b>404</b>
Percentage of women in positions of responsibility*2 (%)	5.4	5.5	5.8	6.0	<b>6.5</b>
Number of Employees (Persons)	366,937	330,767	293,742	271,789	<b>254,084</b>
Domestic	145,512	133,605	125,067	115,320	<b>106,697</b>
Overseas	221,425	197,162	168,675	156,469	<b>147,387</b>
Corporate citizenship activities expenditure (Millions of yen)	4,052	3,659	2,937	3,142	<b>3,120</b>
Domestic	1,826	1,689	1,207	1,756	<b>1,637</b>
Overseas	2,226	1,970	1,730	1,386	<b>1,483</b>
<b>Others</b>					
Number of shares issued at year-end (Thousands)	2,453,053	2,453,053	2,453,053	2,453,053	<b>2,453,053</b>
Number of shareholders (Persons)	364,618	557,102	577,756	499,728	<b>469,295</b>
Number of consolidated companies (including parent company) (Companies)	634	579	538	505	<b>469</b>
Number of associated companies under the equity method (Companies)	114	103	95	92	<b>94</b>
Number of patent filings*3 (Patents)	28,708	25,660	20,514	15,777	—
Number of patents held*4 (Patents)	139,326	143,807	123,734	110,763	—

\*1 Please refer to "Environmental Responsibility" on [pages 44 and 45](#).

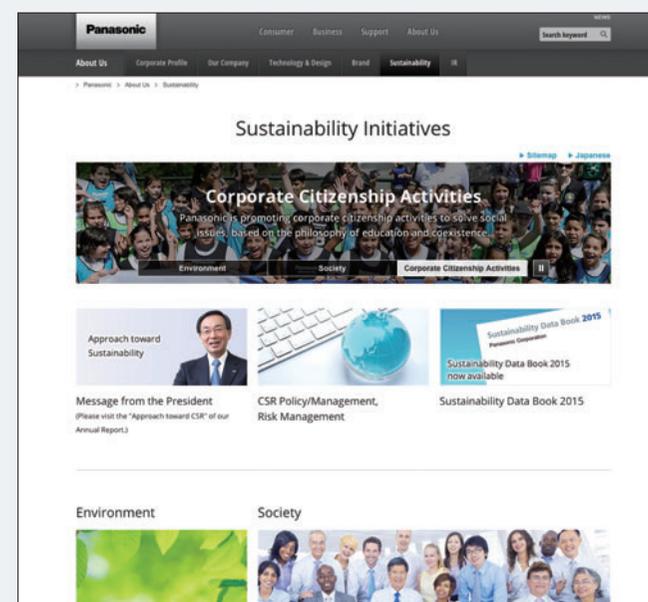
\*2 Please refer to "Social Responsibility" on [page 47](#).

\*3 Source: Panasonic. Total number of worldwide patent filings for Panasonic Corporation and its key consolidated subsidiaries (including SANYO Electric, Ltd.). Cumulative figures (January–December) for each year are shown. Data for 2015 is not provided since the relevant information had not been determined as of the date this report was edited.

\*4 Source: Panasonic. Total number of patents held worldwide for Panasonic Corporation and its key consolidated subsidiaries (including SANYO Electric, Ltd.). Figures are as of the end of December each year. Data for 2015 is not provided since the relevant information had not been determined as of the date this report was edited.

Please refer to the "Sustainability" section of the Company's website for more information regarding environment and social indicators.

<http://www.panasonic.com/global/corporate/sustainability.html>



### Principal Content

CSR Policy/Management, Risk Management

Environment — Our Activities that Contribute to Solving Environmental Challenges

Society — Raising Quality Levels and Ensuring Product Safety/

Customer Relations/  
Information Security and Protection of Personal Information/  
Responsible Publicity and Advertising/Fair Operating Practices/  
Respect for Human Rights/

Human Resources Development and Making Use of Employee Diversity/

Occupational Health and Safety/Supply Chain Responsible/  
Community Relation

Corporate Citizenship Activities

Sustainability Files

Sustainability Topics

## Management Philosophy

“We will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.”

The Basic Management Objective is Panasonic’s management philosophy that embodies our mission and devotion.

Since the Company’s founder, Konosuke Matsushita, first formulated this Basic Management Objective in 1929, its tenets have consistently formed the basis of the Company’s fundamental approach to business through to the present day.

網領  
 産業人タル本分ニ徹シ  
 社会生活ノ改善ト向上ヲ圖リ  
 世界文化ノ進展ニ  
 寄與センコトヲ期ス

“Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.”



Founder  
Konosuke Matsushita

## Brand Slogan

The brand slogan “A Better Life, A Better World” encapsulates what Panasonic is aiming for:

- Expanding and pursuing a better life for each individual customer with its various partners in various spaces and fields, such as the home, the community, in business, in travel, and in the car
- Realizing a better world globally beginning with contributions to the environment and other activities while carrying forward its DNA that it has fostered as a consumer electronics manufacturer, with a close affinity with people’s lives

Brand Slogan

# A Better Life, A Better World





## To Our Stakeholders

Panasonic's management philosophy, which places the utmost importance on improving the well-being and quality of life of people around the world, is the driving force behind every facet of the Company's business activities. Today, as we carry forward the close affinity with people's lives that we have nurtured through our Consumer Electronics business, we are working in concert with a wide range of business partners to serve our customers in increasingly broad space and other domains to bring about a better life and a better world.

Panasonic has adopted a 5 x 3 matrix growth strategy which identifies the Company's operations as a mix of five businesses: Consumer Electronics; Housing; Automotive; BtoB Solutions; and Devices, and three regions: Japan; Europe/Americas; and strategic regions encompassing Asia, China, the Middle East, and Africa. Combining the strengths of this matrix with those of business partners, we are working diligently to generate Cross-Value Innovation. In the lead-up to our 100th anniversary, we are targeting sales of 10 trillion yen in fiscal 2019 and are taking concrete steps toward securing growth. Moving ahead, we will continue to build on our activities in an effort to ensure sustainable growth and do our utmost to increase our corporate value over the medium to long term. We welcome your expectations and look forward to your ongoing support and understanding.

August 2015

Shusaku Nagae  
Chairman (Left)

Kazuhiro Tsuga  
President (Right)



## Business Environment

# It is projected that emerging countries will grow to be the drivers of the global economy, and that the housing and automotive markets will also continue to expand.

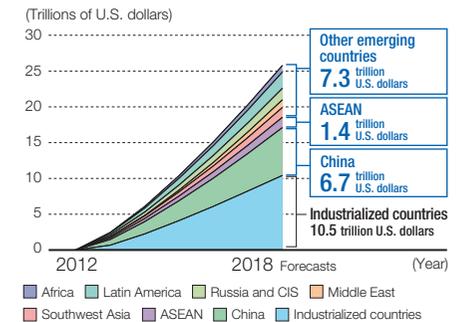
In the emerging countries that drive global economic growth, it is expected that there will be a significant increase in the number of middle-class and rich people who possess high purchasing power.

It is also being projected that the global housing and automotive markets will continue to expand. At the same time, with regard to the environmental issues of deepening concern, such as global warming, there is growing interest in the setting of greenhouse gas reduction target at the national and regional level.

Under these circumstances, Panasonic is aiming to realize “better life” for its customers by promoting a growth strategy with a “5 x 3 matrix” across five business areas—Consumer Electronics, Housing, Automotive, BtoB Solutions and Devices—and three regions, namely Japan, Europe / Americas, and strategic regions.

## Projected Increases in GDP (Nominal) by Region

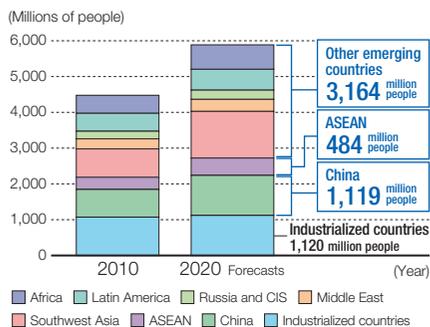
It is expected that global GDP (in nominal terms) will increase by 25.9 trillion U.S. dollars between 2012 and 2018, and projected that approximately 60% of the increased amount will have been generated in emerging countries.



Source: White Paper on International Economy and Trade 2013 (Outline), Japan Ministry of Economy, Trade and Industry, June 2013

## Projected World Population of Middle-Class and Rich People\*

It is projected that emerging countries will account for more than 80% (approx. 4.77 billion people) of the world's population of middle-class and rich people in 2020.



Source: White Paper on International Economy and Trade 2013 (Outline), Japan Ministry of Economy, Trade and Industry, June 2013

\* Households with annual disposable income of more than 5,000 U.S. dollars

## Projections of Amount of Global Investment in Residential Construction (Nominal)

With regard to the amounts invested in residential construction (in nominal terms), these are projected to have increased to 5.3 trillion U.S. dollars in 2020.

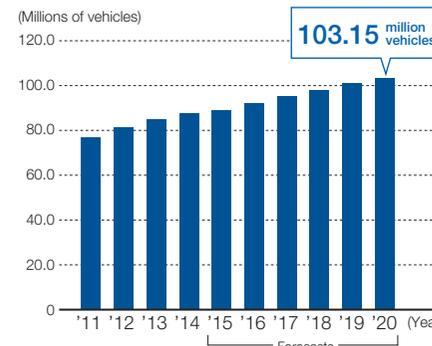


Source: IHS (as of April 2015)

The views, opinions and findings expressed in this document are those of Panasonic Corporation and are not those of IHS.

## Projected Global Automobile Unit Production

It is projected that more than 100 million vehicles with a gross weight of less than 6t will be produced in 2019.



Source: IHS Automotive (as of June 2015)

The views, opinions and findings expressed in this document are those of Panasonic Corporation and are not those of IHS.

## National and Regional Goals for Reduction of Greenhouse Gases

To counter climate change that has the potential to threaten life and industry, national and regional targets to reduce greenhouse gas (GHG) emissions have been set.

Japan	Reduction of <b>26%</b> (compared with 2013) by 2030
EU	Reduction of more than <b>40%</b> (compared with 1990) by 2030
United States	Reduction of <b>26–28%</b> (compared with 2005) in 2025
China	Reduction of <b>60–65%</b> in CO <sub>2</sub> emissions per unit of GDP (compared with 2005) due to the positioning of CO <sub>2</sub> emissions circa 2030 as the peak

Source: Website of the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat, and various media releases (as of July 2015)

## Special Feature

A Better Life,  
A Better World

# 01

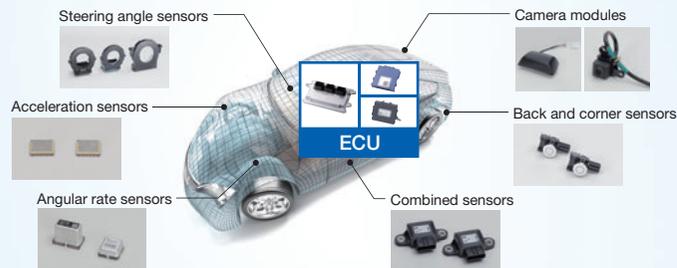


### Contributing to the Prevention of Traffic Accidents through the Advanced Automotive Components and Devices

Advanced Driver Assistance Systems (ADAS) help prevent traffic accidents. In countries such as Japan, Europe and the U.S., many new vehicle models have begun to feature automatic braking and other safety technologies.

Due to these growing needs, Panasonic has stepped up its systems that interact with an automobile's electronic control unit (ECU) to enhance driver awareness and decision-making. These systems harness our image-processing and communications technologies, and are integrated with our advanced components and devices, including camera modules, where we have a top global market share, back and corner sensors, which detect obstacles, and angular rate sensors, which detect vehicle incline.

In April 2014, we established the ADAS Development Center to further advance these technologies. The center is accelerating R&D by coalescing expertise across the entire Group, including components, devices and image-related technologies. We have already developed and won orders for "backward approaching object detection systems" and "emergency braking systems." Panasonic aims to expand business in the ADAS field while solving social issues through the joint development of new technologies with automobile makers.

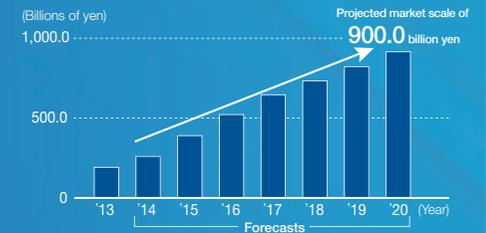


#### Sensors and ECUs to support Safety

By integrating camera modules and sensors with ECUs, accident and collision-avoidance systems can be created that automatically detect dangerous driving and obstacles.

#### Market for key devices and components for ADAS

The world market for ADAS key devices and components are expected to have grown by more than 40% in 2014. In Europe, ADAS has already been added as a safety evaluation metric, and such addition is being considered in Japan and the U.S. The ADAS market is projected to expand by 25% annually and reach 900.0 billion yen by 2020.



Source: Yano Research Institute Ltd.'s ADAS (Advanced Driving Assistant System) Device/Components Market 2014

## Conveying to the World a Concept of Life in the Future Ahead of the Tokyo 2020 Olympic and Paralympic Games

### Economic Effect of the Tokyo 2020 Olympic and Paralympic Games (2013–2020)

The Tokyo 2020 Olympic and Paralympic Games is projected to boost Japan's economy by approximately 1.2 trillion yen due to the increase in direct demand for the construction and development of venues, facilities, and the athletes' village. In addition to operating expenditures, benefits to accrue include an anticipated substantial upswing in related consumption. The resulting ripple effects are also estimated to add another 3 trillion yen to the economy. In hosting the Olympic Games, Japan is expected to enjoy further advances in transportation as well as accelerated development of the Tokyo Bay area and an improvement in the mindsets of corporations and consumers.

Boost to demand .....	About <b>1,220.0</b> billion yen
Economic ripple effects ...	About <b>2,960.0</b> billion yen
Value added induced .....	About <b>1,420.0</b> billion yen
Boost to employee income ...	About <b>750.0</b> billion yen

National statistics for 2013-2020  
 Source: Materials disclosed by the Tokyo Metropolitan Government



Products supplied for use at the Sochi Winter Olympic Games (1): Panasonic supplied business-use camera recorders and other broadcasting equipment to the host broadcaster.



Products supplied for use at the Sochi Winter Olympic Games (2): Panasonic's security cameras helped support the security at the event. The Company installed more than 6,900 security cameras, more than at any previous Olympic Winter Games.



Products supplied for use at the Sochi Winter Olympic Games (3): Panasonic also supplied 207 projectors. The projectors conveyed the excitement in vivid images.

Tokyo will host the Olympic Games again in 2020. Panasonic's Basic Management Objectives are to devote itself to the progress and development of society and the well-being of people and to enhance the quality of life throughout the world, and this agrees with the spirit of the Olympic Movement. Panasonic has supported major events like the Olympic Games for more than a quarter century through its various technology and products. At the Sochi 2014 Olympic Winter Games, Panasonic provided an extensive range of AV equipment solutions, including various broadcasting equipment and security cameras. The Company shared the passion of the Olympic Games with viewers around the world while helping support the safety of the hosting city.

In 2014, Panasonic signed a long-term partnership agreement with the International Olympic Committee that lasts until 2024. The Company has also become a partner with the International Paralympic Committee. With anticipation growing for the Tokyo 2020 Olympic and Paralympic Games, Panasonic is developing new technologies and services that will contribute to the success of this major event, and hopes to convey its concept of life in the future to the people visiting Japan from all around the world.



Special Feature  
 A Better Life,  
 A Better World

# 02

## Promoting Products and Services Deeply Rooted in India, a Group-Wide Strategic Country

Panasonic has identified India as a strategic region and key to future growth. By giving India delegation authority, the Company is taking the initiative of creating new business models by setting up an India business development center. We are also expanding the lineup of products that meet regional requirements and are suited to Indian lifestyles. At the same time, Panasonic is accelerating the pace of BtoB business growth, especially in the area of energy storage, as well as in security and surveillance.

In 2014, in response to the emerging LTE trends and the rapid growth in smartphone use, the Company introduced ELUGA-brand products in the BtoC category. However, in the BtoB category, Panasonic is utilizing the network of its local subsidiary, Anchor Electrical Pvt. Ltd., an electrical accessories manufacturer, to focus on the lighting business while entering the business of non-residential offices, stores and other lighting-related facilities. The Company is also strengthening LED lighting, energy-efficient equipment and systems solutions proposals to meet the tightening demand for power needed for economic expansion. Furthermore, in collaboration with local industries, Panasonic is working to deliver new security services that employ its surveillance cameras and cloud computing. In these ways, Panasonic is creating various business models in collaboration with local partners.



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A Better World

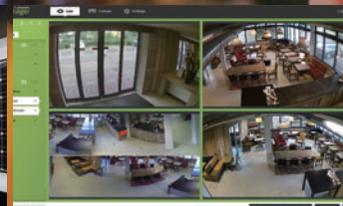
03



Panasonic's ELUGA S series is defined by its high-quality design, functionality, and user interface as well as its robust qualities.



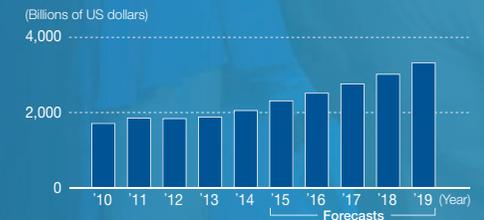
Located in Bangalore, in the south of India, Panasonic opened the LED Lighting Experience Center. This center provides the opportunity to experience various equipment and systems.



Panasonic is promoting cloud computing services that allow users to confirm surveillance camera images using PCs and other mobile terminals.

### GDP Growth in India (Nominal)

India continues to enjoy high rates of GDP growth. India's GDP is projected to grow by 10.0% or more annually over the five years from 2014 to 2019. Moreover, India is seeing an upswing in its upper and middle class, which continues to seek a more comfortable lifestyle. Expectation remains high that BtoC and BtoB demand will expand.



Source: International Monetary Fund, World Economic Outlook Database, April 2015

## High-Quality, Comfortable Residences for the Middle Class in the ASEAN Region



Working to create entire towns, including homes, condominiums, and related facilities, in the ASEAN region. (Computer-generated image)



A local prototype with a newly developed wall precast concrete (W-PC)\* construction technique offering excellent insulation and ventilation, and water resistance.

\* A construction method that entails the onsite assembly of concrete panels manufactured at the factory

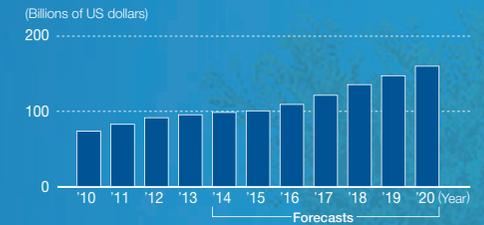


Efficiently assembling large panels manufactured in plants within the R&D area.

### Housing construction investment in six major ASEAN countries (Nominal)\*

Housing construction investment continues to grow each year in the ASEAN region due to economic growth and increasing populations. In six major ASEAN countries\*, annual housing construction investment is projected to expand to around US\$160 billion by 2020.

\*Indonesia, Singapore, Thailand, the Philippines, Malaysia and Vietnam  
 (The views, opinions and findings expressed in this document are those of Panasonic Corporation and are not those of IHS.)



Source: IHS, April 2015

PanaHome Corporation (PanaHome) has been expanding business in the ASEAN region since 2012. Local subsidiary PanaHome Malaysia Sdn Bhd was established to construct housing in Malaysia, where familiarity with the Panasonic brand and an affinity with Japan is quite high, while working on smart condominiums and cities. Since 2014, PanaHome has targeted sales to the middle class, which accounts for 70% of the market, in addition to affluent home buyers. Harnessing the technologies the company has accumulated in Japan, PanaHome has commenced development of Link House\*, a housing product that offers improved living comfort even in hot, humid climates at the same price as the standard local home.

PanaHome Asia Pacific Pte. Ltd. was established in Singapore in April 2015 as a regional ASEAN headquarters. Active in each ASEAN country, the company will collaborate with local developers and promote a locally-driven order taking and building construction system. PanaHome aims to be the leading lifestyle company in the region that creates value for smart living. PanaHome targets overseas net sales of 50.0 billion yen for fiscal 2019, including 25.0 billion yen in the ASEAN marketplace.

\* Link House: A housing product that has 10 or so two-story housing units connected together



Special Feature  
 A Better Life,  
 A Better World

04



# Message from the President

In fiscal 2015, Panasonic promoted Business Division-based Management and successfully achieved all of the numerical targets outlined in its “Cross-Value Innovation 2015 (CV2015)” mid-term management plan ahead of schedule.

In fiscal 2016, the Company will take significant strides toward generating profit by expanding sales while accelerating the pace of measures aimed at ensuring sustainable growth.

- Fiscal 2015 Financial Results → p16
- Future Business Strategies → p17
- Other Non-Financial Initiatives → p20

**Kazuhiro Tsuga**  
President



> Message from the President Fiscal 2015 Financial Results / Future Business Strategies / Other Non-Financial Initiatives

## Fiscal 2015 (The Year Ended March 31, 2015) Financial Results

### Targets Outlined under the Mid-Term Management Plan Achieved One Year Ahead of Schedule

During the fiscal year under review, the global economy experienced a modest recovery. Despite a slowdown in the rates of economic growth in China and certain ASEAN countries as well as Europe generally, this modest global recovery reflected firm trends in employment and consumer spending in the U.S. and a gradual positive turnaround in Japan following a period of temporary decline.

Under such business circumstances, Panasonic promoted its Business Division-based Management as an initiative in fiscal 2015, the second year of its [“Cross-Value Innovation 2015 \(CV2015\)” mid-term management plan](#). Panasonic also promoted initiatives to consolidate its

foundation in a bid to achieve CV2015 and focused on measures aimed at setting a growth strategy to ensure a new Panasonic in fiscal 2019.

Consolidated Group sales for fiscal 2015 were 7,715.0 billion yen, on a par with fiscal 2014. In Japan, although sales in the housing and home appliances businesses decreased, due mainly to weakening demand after the consumption tax rate hike, sales of residential solar photovoltaic systems were strong. Overseas sales increased primarily as a result of strong automotive-related business sales and robust demand as well as the positive effect from the yen's depreciation.

Operating profit increased by 25% year on year to 381.9 billion yen. This substantial upswing in profit was largely attributable to improvements made in challenging businesses as a result of successful efforts to restructure business, the reduction of fixed costs and the streamlining of expenditure on materials. Accounting for each of these factors, the Company achieved its CV2015 financial targets for operating profit, operating profit to sales ratio and cumulative free cash

flow one year ahead of schedule.

Income before income taxes decreased by 12% from fiscal 2014 to 182.5 billion yen. Turning to other income (deductions), the major components were gains from business transfers and proceeds from the sale of fixed assets as well as business restructuring expenses including impairment losses on fixed assets, expenses related to litigation and the prevention of further accidents relating to residential water heating systems.

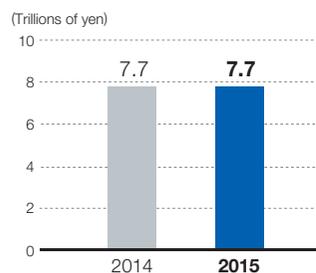
Net income attributable to Panasonic Corporation came to 179.5 billion yen, an increase of 49% from the previous fiscal year. This significant surge in profit was mainly due to a decrease in the provision for income taxes as a result of the reposting of deferred tax assets (DTAs) in the consolidated financial statements of Panasonic Corporation. Return on Equity (ROE) in fiscal 2015 was 10.6%, a 2.0 percentage point improvement from the previous fiscal year.



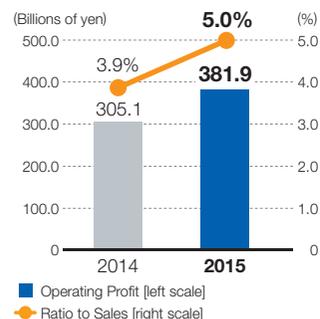
### Achieved the Targets Outlined in the CV2015 Mid-Term Management Plan Ahead of Schedule

	Fiscal 2015 results	CV2015 targets
Operating profit	381.9 billion yen	350.0 billion yen or more
Operating profit/sales ratio	5%	5% or more
Cumulative free cash flow	947.6 billion yen (two year cumulative total)	600.0 billion yen or more (three year cumulative total)

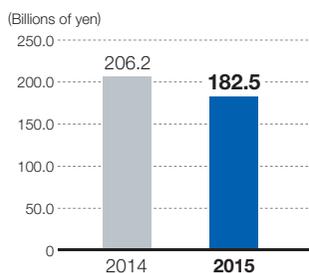
#### Sales



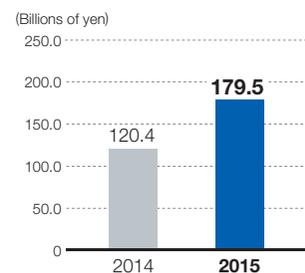
#### Operating Profit and Ratio to Sales



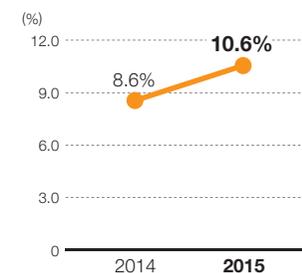
#### Income Before Income Taxes



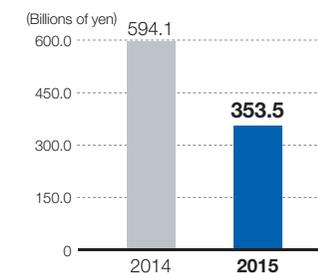
#### Net Income Attributable to Panasonic Corporation



#### ROE (Return on Equity)



#### Free Cash Flow



(Years ended March 31)

> Message from the President Fiscal 2015 Financial Results / Future Business Strategies / Other Non-Financial Initiatives

## Completion of Business Restructuring

We have concluded steps to set the direction of our business restructuring with respect to the seven operating fields of TV sets/panels, semiconductors, circuit boards, mobile phones, optical devices, air-conditioners and digital cameras positioned as challenging businesses. We have also completed all necessary business restructuring measures identified under the CV2015 plan.

While some businesses continued to incur losses in fiscal 2015, steps have been completed to lay a path toward profitability. In this sense, we are confident that our business restructuring have been brought to a successful conclusion.

## Policy regarding the Return of Profits and Results

Since its establishment and in the conduct of its business activities, Panasonic has continued to prioritize the return of profits to shareholders. In its efforts to provide a return on the capital investment of shareholders, Panasonic, in principle, distributes profits after taking into consideration its business performance by providing stable and continuous growth in dividends while targeting a dividend payout ratio of between 30% and 40% with respect to the consolidated net income attributable to Panasonic Corporation.

Taking into consideration this basic policy and the Company's financial position, Panasonic paid a dividend of 18.0 yen per share for fiscal 2015. This annual dividend comprised an interim dividend of 8.0 yen per share and a year-end dividend of 10.0 yen per share.

## Future Business Strategies

Please refer to the following for details:

[FY2016 Business Policy presentation materials.](#)

### Generating Profit by Expanding Sales

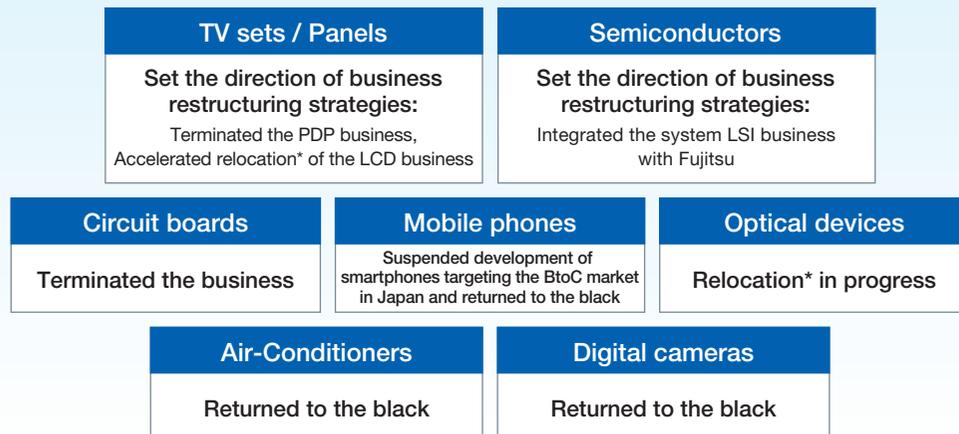
In fiscal 2016, the global economy as a whole is expected to experience moderate growth. Despite uncertainties due to such factors as fluctuations in resource prices, geopolitical risks, trends in U.S. monetary policy and anxieties surrounding a slowdown in the rate of economic growth in China, this positive outlook reflects forecasts of a strong U.S. economy as well as an anticipated gradual recovery in Japanese consumption.

Under these circumstances, fiscal 2016 is positioned as a year in which to make a major change toward generating profit by expanding sales growth. Panasonic will therefore accelerate its initiatives to achieve sustainable growth.

### Fiscal 2016 Policies and Targets Focusing on Improving Performance in Large Scale Business Divisions

In fiscal 2016, Panasonic will shift from an earnings structure that is underpinned by the effects of business restructuring and efforts to reduce fixed costs to a structure under which increased sales drives earnings growth. In specific terms, the Company will focus on improving sales and profitability in the six large-scale business divisions that generate sales of more than 300.0 billion

## Completed Business Restructuring



\* Initiatives aimed at changing the position of the business including the shift into new business areas

## Expand Sales and Improve Profitability in Large Scale Business Divisions

FY15: Large Scale Business Divisions with Operating Profit Ratios below 5%

Air-Conditioners*1	Lighting	Housing Systems
Automotive Infotainment Systems	Rechargeable Batteries*2	PanaHome

**Amount of Sales Improvement** (FY15→FY16) ➔ **+139.4** billion yen

**Amount of Operating Profit Improvement** (FY15→FY16) ➔ **+41.8** billion yen

\*1 Air-Conditioner Company + its sales division (production & sales consolidated)

\*2 Rechargeable Battery BD + Tesla BU

> Message from the President Fiscal 2015 Financial Results / Future Business Strategies / Other Non-Financial Initiatives



yen and operating profit ratios of less than 5%: Air-Conditioners, Lighting, Housing Systems, Automotive Infotainment Systems, Rechargeable Battery and PanaHome.

Total sales in these six business divisions are expected to increase by 139.4 billion yen while operating profit is projected to climb by 41.8 billion yen.

Taking into consideration these initiatives, we are targeting sales of 8.0 trillion yen in fiscal 2016, an increase of 4% from the period under review. This sales forecast excludes the effects of foreign exchange rate fluctuations. Operating profit is anticipated to increase by 13% to 430.0 billion yen and the operating profit to sales ratio to improve by 0.4% to 5.4%.

#### Fiscal 2016 Financial Targets

	Fiscal 2015	Fiscal 2016 Targets	YoY
(Billions of yen)			
Sales	7,715.0	8,000.0	+285.0
Operating profit (%)	381.9 (5.0%)	430.0 (5.4%)	+48.1

## Strategies for Achieving Sales of 10 Trillion Yen in Fiscal 2019

Toward its sustainable growth, Panasonic has set the sales targets of 8.4 trillion yen and 9.1 trillion yen in fiscal 2017 and fiscal 2018, respectively, to indicate a path to achieve its sales target for fiscal 2019.

This clarification of progressive targets reflects the importance that the Company places on reaching benchmarks set for each fiscal year in order to achieve sales of 10.0 trillion yen. Looking ahead, Panasonic will accelerate initiatives aimed at growth based on the understanding that each year is crucial.

### Consumer Electronics Business: Accelerate Growth by Creating Locally Self-Sustaining Management that Consolidates the Development, Manufacturing and Sales Functions

In the Consumer Electronics Business, Panasonic will accelerate efforts aimed at introducing products and services that meet local needs in strategic regions including Asia, China, the Middle East and Africa.

The Company established Panasonic Appliances Asia Pacific (AP Asia) in Kuala Lumpur, Malaysia, and Panasonic Appliances Company of China (AP China) in Shanghai, China, in April 2015 as an organizational structure through which to concentrate the development, manufacturing and sales functions. Management responsibility for these companies has been largely ceded from Japan. Engaging in locally self-sustaining business management, AP Asia and AP China will develop products that instill a strong sense of “yearning” that is deeply rooted in the local market while accelerating business expansion.

Through AP Asia, Panasonic will establish prestigious brand “Japan Premium” products especially in Vietnam, Indonesia and the Philippines. Through AP China, we will concentrate our resources on marketing for premium products to the wealthy class in an effort to differentiate ourselves from local manufacturers by offering high-value added products and secure a top niche position within the premium zone.

### Housing Business: Focus on the Age-Free, Remodeling and Overseas Fields

In the Housing Business, Panasonic will take advantage of the combined strengths of its consumer electronics, housing equipment and housing businesses to provide “new lifestyle value” to customers.

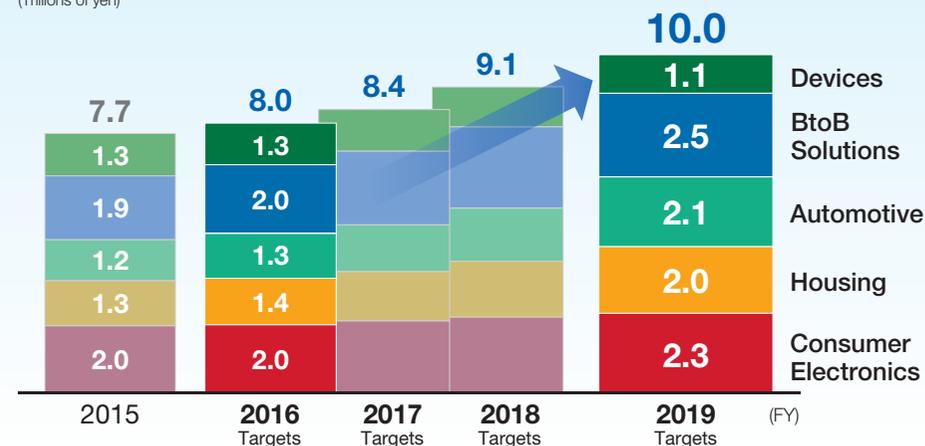
In the housing equipment and services business in Japan, the Company will expand

its product sales business and further accelerate strategic development of the “Age-free” (elderly care) business, which provides nursing care and other services. In the Housing Business in Japan, which is mainly driven by PanaHome Corporation, Panasonic will strive to become No. 1 in the remodeling business industry.

Meanwhile, the Company will fully develop its Housing Business in Taiwan and the ASEAN region. In Taiwan, we will promote business by collaborating with local developers. In the ASEAN region, we will target the high-volume market and expand the Smart City Business by introducing designated housing units deeply rooted in the region using new building methods.

## Toward Sales of 10 Trillion Yen in Fiscal 2019

(Trillions of yen)



> Message from the President Fiscal 2015 Financial Results / Future Business Strategies / Other Non-Financial Initiatives

### Automotive Business: Secure Orders in an effort to Achieve Established Targets for Fiscal 2019

Signs are beginning to emerge that aggressive efforts to secure orders in the Automotive Business during fiscal 2015 are bearing fruit. In specific terms, Panasonic has confirmed receiving approximately 70% of the orders required to achieve the 2.1 trillion yen sales target in fiscal 2019. In fiscal 2016, the Company will further promote activities aimed at securing orders by developing and launching new products and expanding sales channels in each of the comfort, safety and environment fields. At the same time, Panasonic will aim to achieve 2.1 trillion yen sales in fiscal 2019 through various measures that spur non-continuous growth such as M&As.

R&D expenses are expected to increase in the short term in line with proactive measures to secure orders. We are confident that through these endeavors the Automotive Business will become a driver of Group-wide sales and profit growth in fiscal 2019 and beyond.

### BtoB Solutions Business: Build the Next Mainstay Business Pillar in the Factory and Food Distribution Fields

In the BtoB Solutions Business, Panasonic will focus on next pillar activities in the factories and food distribution fields to follow its airline industry business.

In addition, the Company will take full advantage of its wide-ranging technologies and knowledge while collaborating with various business partners to realize business

opportunities related to the 2020 Tokyo Olympic and Paralympic Games.

### Devices Business: Promote the Development of Core Devices that will Enhance the Competitiveness of Each Business

In the Devices Business, Panasonic will create core devices that will enhance the competitiveness of the Consumer Electronics, Housing, Automotive and BtoB Solutions businesses.

Moreover, every effort will be made to respond effectively to changes in the market and to expand Group-wide profitability on a continuous basis.

### Concentrating Management Resources in Six Key Areas

Taking into consideration its understanding of the business environment in which the Company operates, Panasonic will concentrate its management resources into six key areas where substantial growth is expected. This is out of the 15 areas in its 5 x 3 matrix, which details a breakdown of the Company's operations into five businesses and three regions. The six key areas are "consumer electronics x strategic regions," "housing x Japan," "automotive x Japan," "automotive x Europe/Americas," "BtoB solutions x Japan" and "BtoB solutions x Europe/Americas."

Turning specifically to the key "BtoB solutions x Europe/Americas" area, Panasonic decided that the president of the AVC Networks Company, the divisional company that is mainly in charge of the BtoB Solutions Business, works based in the U.S. from fiscal 2016. Having the president of the AVC

Networks Company in the U.S., the largest market in the world and a country where many corporations globally expand their business, we will be better placed to expand business in a timely manner breaking from Japan-centric approaches.

### Strategic Investment Totaling One Trillion Yen

Panasonic plans to strategically spend approximately 1 trillion yen towards its 10 trillion yen sales target, adding to its ordinary capital expenditure. This additional strategic capital expenditure will be directed toward various activities including M&A investment. A portion will also be channeled toward part of R&D and advertising expenditure. The Company intends to spend around 200.0 billion yen for strategic investment in fiscal 2016.

While we have continued to adopt an aggressive stance toward investment, our past performance clearly indicates the need to reflect on the substantial amount of investment that resulted in impairment loss. Looking ahead, we will closely manage the status of assets that have increased on the back of growth investments and undertake business activities that do not leave a negative legacy in the future. In doing so, we will then take positive steps toward realizing growth.

### Breakdown of the Company's Fiscal 2019 10 Trillion Yen Sales Target

(Trillions of yen)	Japan	Europe/Americas	Strategic regions	Total
Consumer Electronics	1.0	0.4	0.9	2.3
Housing	1.6	0.1	0.3	2.0
Automotive	0.7	1.1	0.3	2.1
BtoB Solutions	1.2	0.8	0.5	2.5
Devices	0.2	0.2	0.7	1.1

Note: The figures presented in red are the amounts of increase from sales in fiscal 2015. In addition, the figures highlighted in yellow correspond to the six key areas.

> Message from the President Fiscal 2015 Financial Results / Future Business Strategies / Other Non-Financial Initiatives

## Other Non-Financial Initiatives

### Brand Strategy

Panasonic will roll out a new brand strategy in a bid to ensure business growth through to fiscal 2019 and to enhance its brand value in key business fields. As a part of this rollout, the Company put in place a new brand architecture in April 2015.

Activities in the Consumer Electronics and Devices businesses will continue to be undertaken under the Panasonic brand. For the Housing and Living Spaces, Automotive

and BtoB Solutions businesses, where there is a need to quickly establish a presence, steps will be taken to adopt “Panasonic Homes & Living,” “Panasonic Automotive” and “Panasonic Business” as part of the overall branding strategy for each business. Going forward, under the initiative of each Divisional Company, Panasonic will clarify fields of business by customer. By delivering a unique value of the Panasonic brand, we will establish lasting links with customers and foster brands that will be a source of long-term profit.

Taking into consideration the attributes of each region and business as well as the non-continuous growth provided through M&As, we will also introduce Panasonic-endorsed business brands, which

yield synergy effects by indicating their relationship with the Panasonic brand and individual business brands, which represent individual values without indicating a specific relationship with the Panasonic brand.

Looking ahead, we will periodically assess the value of these brands and maximize our corporate value by further enhancing each brand.

### Approach toward CSR

Guided by our management philosophy and expressly the understanding that “we will devote ourselves to the progress and development of society and the well-being of people through our business activities,

thereby enhancing the quality of life throughout the world,” we recognize that all the management resources of a company including its people, capital and commodities all come from society. With this in mind, and cognizant that we engage in business activities using the resources entrusted to us by society, we make every effort to ensure that our endeavors are transparent, fair and honest.

In recent years, environmental issues such as climate change and resource depletion are posing increasingly grave concerns. At the same time, the corporate sector is coming under increased scrutiny with respect to human rights violations and compliance with acceptable labor practices. Against this backdrop, the Company put in place the [Panasonic Code of Conduct](#) and a [sustainability policy](#). After clarifying its corporate social responsibility, and taking into consideration global standards, Panasonic engages in activities that incorporate a wide range of concerns including the environment, human rights, labor practices, safety, health and hygiene, ethics and supply chain management. To address important issues, the Company has also adopted key performance indicators and is steadfastly monitoring progress under its various other action plans including the [environmental action plan](#), [Green Plan 2018](#).

Moving forward, Panasonic will continue to fulfill its role as a public entity of society and work toward sustainable growth while collaborating with stakeholders.

We kindly request your ongoing support and understanding.

New Brand Architecture							
Corporate Brand							
Brand Slogan	A Better Life, A Better World						
Business Brand	<table border="1"> <tr> <th>&lt;Panasonic Business Brand&gt;</th> <th>&lt;Panasonic-endorsed Business Brands&gt;</th> <th>&lt;Individual Business Brands&gt;</th> </tr> <tr> <td>                     (Consumer electronics) (Devices)  <b>Panasonic</b> <b>Panasonic</b>                      (Housing and living spaces)  <b>Panasonic</b>                      Homes &amp; Living                      (Automotive) (BtoB solutions)  <b>Panasonic</b> <b>Panasonic</b>                      AUTOMOTIVE BUSINESS                 </td> <td>                               A member of the Panasonic Group                        A member of the Panasonic Group                 </td> <td>                       SINCE 1909 JAPAN  <b>Technics</b>                      etc.                 </td> </tr> </table>	<Panasonic Business Brand>	<Panasonic-endorsed Business Brands>	<Individual Business Brands>	(Consumer electronics) (Devices) <b>Panasonic</b> <b>Panasonic</b> (Housing and living spaces) <b>Panasonic</b> Homes & Living (Automotive) (BtoB solutions) <b>Panasonic</b> <b>Panasonic</b> AUTOMOTIVE BUSINESS	     A member of the Panasonic Group  A member of the Panasonic Group	 SINCE 1909 JAPAN <b>Technics</b> etc.
<Panasonic Business Brand>	<Panasonic-endorsed Business Brands>	<Individual Business Brands>					
(Consumer electronics) (Devices) <b>Panasonic</b> <b>Panasonic</b> (Housing and living spaces) <b>Panasonic</b> Homes & Living (Automotive) (BtoB solutions) <b>Panasonic</b> <b>Panasonic</b> AUTOMOTIVE BUSINESS	     A member of the Panasonic Group  A member of the Panasonic Group	 SINCE 1909 JAPAN <b>Technics</b> etc.					
Names	<table border="1"> <tr> <td>Category Name (A Name used to promote or distinguish multiple products as a single line)</td> <td></td> </tr> <tr> <td>Product Name (A Name used to identify a product itself)</td> <td></td> </tr> <tr> <td>Technology Name (A Name used to describe product functions and features or the technologies and devices used in a product)</td> <td></td> </tr> </table>	Category Name (A Name used to promote or distinguish multiple products as a single line)		Product Name (A Name used to identify a product itself)		Technology Name (A Name used to describe product functions and features or the technologies and devices used in a product)	
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Technology Name (A Name used to describe product functions and features or the technologies and devices used in a product)							

Note: Wording indicating business fields is used only for advertising and sales promotion communications

> Message from the CFO

# Message from the CFO

## Supporting the Implementation of our Growth Strategy with a Robust Financial Position



**Hideaki Kawai**

Senior Managing Director  
In charge of Accounting  
and Finance

### Achieved Mid-Term Financial Targets One Year ahead of Schedule

Accounting and finance play an important role in supporting the business activities of the Company as a whole. While focusing on cash flow management, we work to build and maintain the robust financial position necessary to ensure sustainable growth.

In fiscal 2014, Panasonic has established several goals in its bid to improve its financial position by fiscal 2016. As a part of efforts to strengthen its financial stability, the Company has been working to generate a three-year cumulative free cash flow of 600.0 billion yen or more (net cash of less than negative 220.0 billion yen) while securing a shareholders' equity ratio of 25% or more. From the perspective of improving capital efficiency, we will look to achieve an ROE of 10% or more.

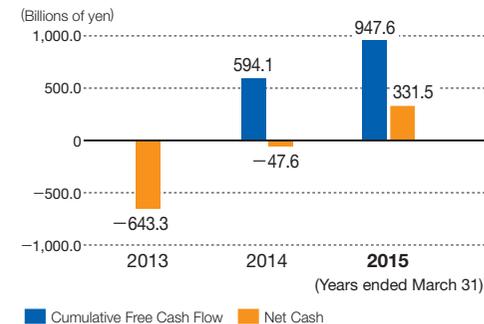
In fiscal 2015, the Company continued to

work on the cash flow management implementation project to achieve its goals. We worked diligently to further accelerate the cash conversion cycle by reducing trade receivables and inventories, downsizing the balance sheet and creating cash.

As a result, free cash flow came to 353.5 billion yen for fiscal 2015 and a cumulative total of 947.6 billion yen from fiscal 2014. Net cash improved substantially to 331.5 billion yen while the shareholders' equity ratio also increased to 30.6%. Buoyed by such factors as successful efforts to turn around unprofitable businesses, which contributed to an upswing in net income, ROE came to 10.6%.

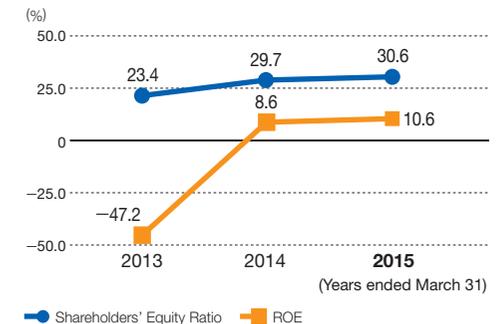
The mid-term financial targets that were supposed to be achieved by fiscal 2016 were all achieved one year ahead of schedule. The Company's credit rating was also raised in fiscal 2015 thanks to its improved financial position and profitability.

#### Cumulative Free Cash Flow\* / Net Cash



\* Cumulative total from fiscal 2014

#### Shareholders' Equity Ratio / ROE



> Message from the CFO

## Firmly Supporting Financially Sustainable Business Growth

Panasonic will work in earnest to achieve sustainable growth throughout fiscal 2016 in its bid to increase earnings by attaining net sales of 10 trillion yen in fiscal 2019. The Company raised 400.0 billion yen through the issue of unsecured straight bonds in March 2015. Utilizing these proceeds together with current cash reserves and the funds that we will continuously generate from this point forward, we will strategically invest in priority areas, especially in the automotive and housing businesses, while striking a balance with the return of profits to shareholders.

Working to further enhance the efficiency of its capital and to build a robust financial position, Panasonic will carry out the following measures in order to maximize its corporate value.

## Seeking a return on invested capital commensurate with the characteristics of each business and region

At Panasonic, we have further developed CCM\*, an internal management control index that incorporates the expected rate of return from capital markets. From fiscal 2016, we have switched from a uniform Group-wide CCM rate to a new “CCM by business division” rate that accurately reflects business and regional characteristics. In doing so, we will focus on securing a return that exceeds capital costs in accordance with business and regional characteristics at business divisions.

CCM by business division is used in investment decision-making. With respect to the preliminary investment consideration stage, we will thoroughly examine from multiple perspectives the potential return on investment while verifying risk scenarios. After investment, we will rigorously conduct intensive monitoring in order to more reliably gain a return on investment.

## Introducing a performance evaluation system to push forward business growth

A comprehensive review of the business division performance evaluation system was undertaken from fiscal 2016. Shifting from an evaluation system that is based on uniform Group-wide indicators, major changes are being made to first clarify in advance business expectations and to then introduce an evaluation system that takes into account the characteristics of each business division. This initiative is designed to encourage and challenge each business division and to push forward business growth.

Furthermore, CCM has been positioned as an important KPI with respect to the evaluation of business division performance. Looking ahead, energies will be directed toward increasing the effectiveness of efforts aimed at improving business capital efficiency.

## Promoting cash flow management

Panasonic will continue to strengthen its financial position in fiscal 2016. In addition to pursuing return on invested capital, the Company will at the same time support business management and operations which accompany active investments from a financial perspective by building a robust financial position. We will not relax efforts regarding the activities of the Group to generate cash and streamline assets to maintain and build up a positive net cash position. Moving to further shorten the cash conversion cycle, we will maximize the funds generated from business activities.

In carrying out these endeavors, we will firmly support financially the raising of corporate value through sustainable growth.

\* CCM: The acronym for Capital Cost Management. The management control index established by Panasonic, which incorporates capital efficiency. CCM is derived by deducting capital costs from the earnings generated by businesses. If the earnings generated by a business exceeds the capital cost that business will have fulfilled its minimum earnings requirement expected by the capital market.

Capital cost is calculated by multiplying invested capital by the CCM by business division rate (expected rate of return by investors).

### Credit Ratings as of July 31, 2015

Ratings agency	Long-term (outlook)		Short-term
Rating and Investment Information	<b>A</b>	(stable)	<b>a-1</b>
Standard & Poor's	<b>BBB +</b>	(positive)	<b>A-2</b>
Moody's	<b>Baa1</b>	(positive)	—

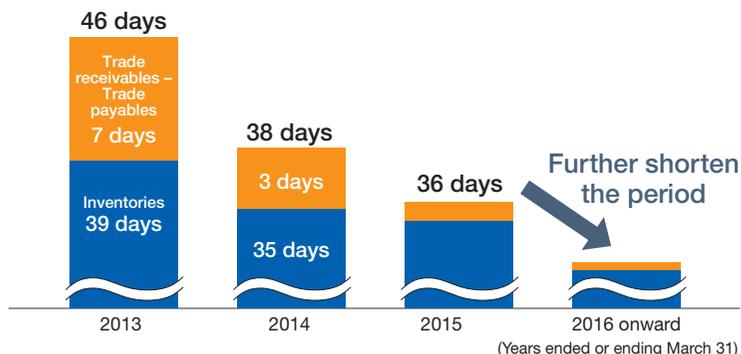
1. Revised from “A-” to “A” on October 20, 2014

2. Revised from “BBB” to “BBB+” on July 17, 2014

Revised from “stable” to “positive” on November 14, 2014

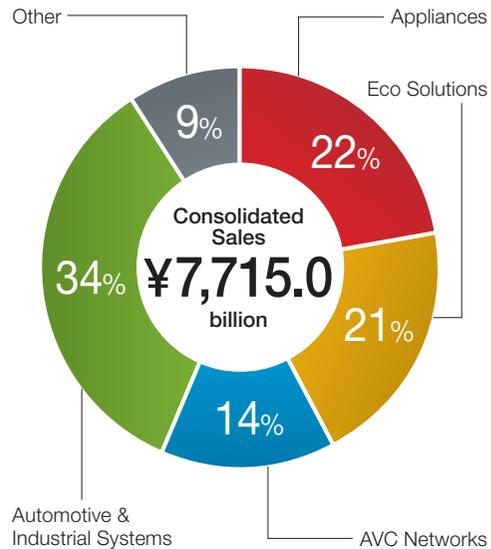
3. Revised from “Baa2” to “Baa1” on February 19, 2015

### Cash Conversion Cycle



## Business at a Glance

### Percentage of Fiscal 2015 Sales



Notes:

- Sales composition for each segment includes intersegment transactions.
- Some businesses were transferred among segments on April 1, 2014 and July 1, 2014. Accordingly, segment information figures for the year ended March 31, 2014 have been reclassified to conform to the presentation on July 1, 2014.

### Segments/Main Products and Services (As of March 31, 2015)

#### Appliances

Flat panel TVs, air-conditioners, refrigerators, washing machines, personal-care products, microwave ovens, home audio equipment, video equipment, vacuum cleaners, rice cookers, bicycles, electric motors, compressors, showcases, large-sized air-conditioners, fuel cells, etc.

#### Eco Solutions

Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, ventilation and air-conditioning equipment, air purifiers, nursing-care-related products, etc.

#### AVC Networks

Aircraft in-flight entertainment systems, PCs, projectors, digital cameras, mobile phones, surveillance cameras, fixed-phones and faxes, social infrastructure systems equipment, etc.

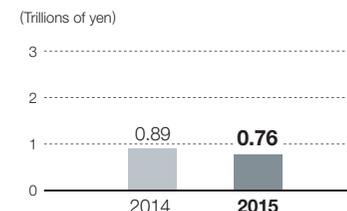
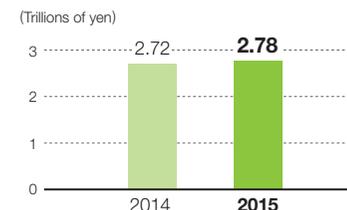
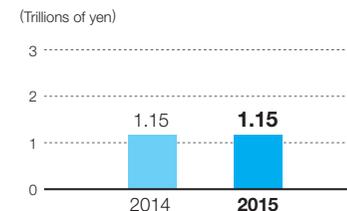
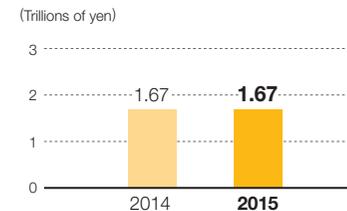
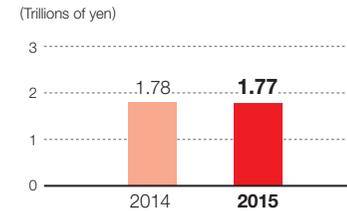
#### Automotive & Industrial Systems

Car-use-multimedia-related equipment, electrical components, lithium-ion batteries, storage batteries, dry batteries, electronic components, electronic materials, automation controls, semiconductors, LCD panels, optical devices, electronic-components-mounting machines, welding equipment, etc.

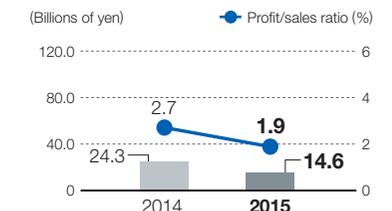
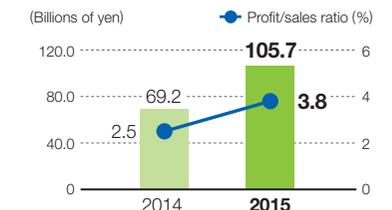
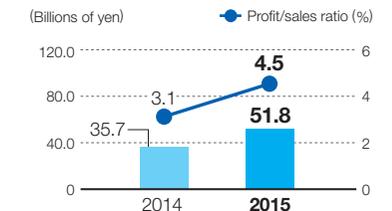
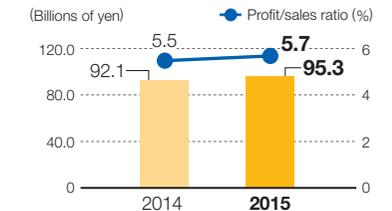
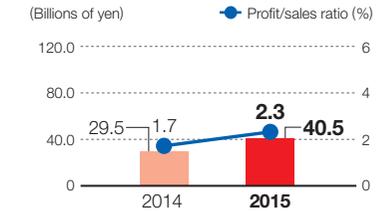
#### Other

Detached housing, rental apartment housing, land and buildings for sale, home remodeling, imported materials and components, etc.

### Sales (Years ended March 31)



### Segment Profit (Years ended March 31)





# Appliances

Appliances Company (AP Company)

In addition to the Appliances Company's performance in fiscal 2015, and business strategies going forward, we provide details of our growth strategies and the role of the Consumer Electronics business as a driver of growth through to fiscal 2019.

Please refer to the following for details:  
[Panasonic IR Day 2015 Appliances Company presentation materials.](#)

**Tetsuro Homma**  
President

## Performance in FY2015, the Year Ended March 31, 2015

Sales\*1 in the AP Company came to 2,308.6 billion yen, down 1% compared with the previous fiscal year. Despite a sales increase mainly in air-conditioners, this downturn in net sales was largely attributable to the negative impact following Japan's consumption tax rate hike and a sales decrease in TVs.

From a profit perspective, the negative impact of the yen's depreciation was offset by improved air-conditioner profitability. As a result, operating profit\*1 increased by 14.1 billion yen to 55.2 billion yen. The ratio of operating profit to sales\*1 was 2.4%. Free cash flow\*2 declined substantially compared with the previous fiscal year totaling 1.9 billion yen. This largely reflected the effects of customer-support activity costs for heat-pump water heater systems.

In addition, energies were channeled toward setting up the new companies of Panasonic Appliances Asia Pacific (AP Asia) and Panasonic Appliances Company of China (AP China), which are expected to play a leading role in

driving future sales growth. Preparatory steps were also taken to integrate the Consumer Marketing Sector in Japan. Working to increase profits, the AP Company pursued various structural reform initiatives. This included the integration and closure of manufacturing bases in the TV business in North America and China as well as the integration of bases in the vending machine business.

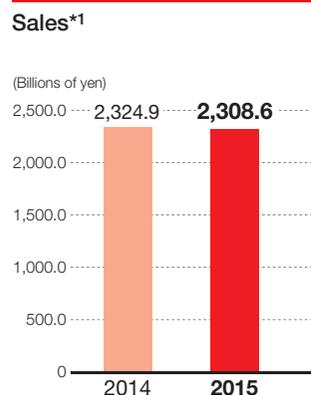
\*1 Under the previous structure on a consolidated production and sales basis.

\*2 Under the previous structure on a consolidated company basis.

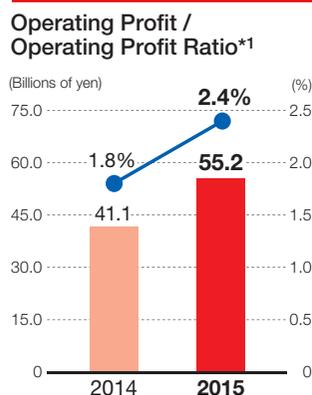
Note: Effective April 1, 2015, the Motor Business Division transferred from the AP Company to the Automotive & Industrial Systems Company. Japanese and Chinese sales divisions that were included in eliminations and adjustments were transferred to the AP Company.

## Future Business Strategies

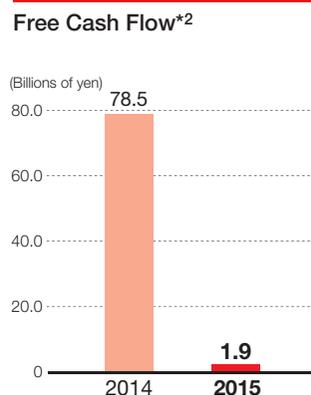
The AP Company's business portfolio is divided into three broad areas. Steadily growing businesses, which mainly consist of white goods, account for around 70% of sales. High growth businesses, which include cold



\*1 Under the previous structure on a consolidated production and sales basis.  
 \*2 Under the previous structure on a consolidated company basis.



■ Operating Profit (left scale)  
 ● Operating Profit Ratio (right scale)



(Years ended March 31)

## Completed Structural Reforms Aimed at Expanding Sales and Profit

Strategic moves for sales growth	Strategic moves aimed at securing profitability
Established AP China and AP Asia	Integrated and closed manufacturing bases of the TV business in North America and China
Integrated the Consumer Marketing Sector for the Japan region	Transferred the SANYO TV business (North America)
Established Panasonic Commercial Equipment Systems Co., Ltd.	Consolidated vending machine manufacturing at a site in Gunma, Japan

## FY2016 Management Targets

(Billions of yen)

	FY2015	FY2016 Target [YoY/Difference]
Sales*1	2,552.5	2,590.0 [+2%]
Operating Profit*1 (Ratio)	50.8 (2.0%)	73.6 [+22.8] (2.8%)
Free Cash Flow*2	0.7	13.0

\*1 Under the new structure on a consolidated production and sales basis.  
 \*2 Under the new structure on a consolidated company basis.

chains and other BtoB products such as commercial air-conditioners and fuel cells, make up 10% of sales. The remaining 20% of sales is generated by businesses where an improvement in earnings is underway. These businesses include such AV products as TVs. Moving forward, we will target an increase in both revenue and earnings by expanding steadily growing and high growth businesses while taking care to properly control the risks associated with businesses where an improvement in earnings is underway.

The AP Company aims to increase sales\*1 in fiscal 2016, to 2,590.0 billion yen, an increase of 2% compared with fiscal 2015. This increase is attributed to forecast growth in white goods in strategic overseas regions, offsetting the decline in sales of TVs. From a profit perspective, the yen's depreciation is anticipated to place downward pressure on earnings. Buoyed by structural reforms in its TV operations and increased profitability in white goods, however, operating profit\*2 is estimated to rise 22.8 billion yen year on year to 73.6 billion yen.

On this basis, the operating profit to sales ratio\*1 will come in at 2.8%.

Taking into consideration the substantial decline in customer-support activity costs for heat-pump water heater systems and positive contributions from increased earnings, free cash flow\*2 is projected to reach 13.0 billion yen.

\*1 Under the new structure on a consolidated production and sales basis.

\*2 Under the new structure on a consolidated company basis.

### Large Scale Business Division\*1 Initiatives

Sales and profitability declined significantly in the air-conditioner business\*2 in fiscal 2014. In contrast, business results in China, a major factor for this decline, recovered in fiscal 2015 resulting in an operating profit to sales ratio of 3.5%. In order to transition to a growth trajectory, steps have been taken to put in place a business structure that is capable of countering specialized competitors in fiscal 2016. By increasing sales of room and commercial air-conditioners and streamlining operations, sales are projected to reach 513.3

billion yen, up 11% compared with the fiscal year under review. Operating profit is forecast to increase by 3.9 billion yen year on year to 19.8 billion yen for an operating profit to sales ratio of 3.8%.

\*1 Please refer to [fiscal 2016 policies and targets—focusing on improving performance in large scale business divisions in the President's Message on pages 17 and 18.](#)

\*2 Air-Conditioner Company and sales divisions on a consolidated production and sales basis.

### Consumer Electronics Business Growth Strategies

The Consumer Electronics business is targeting Group-wide sales of 2.3 trillion yen in fiscal 2019.

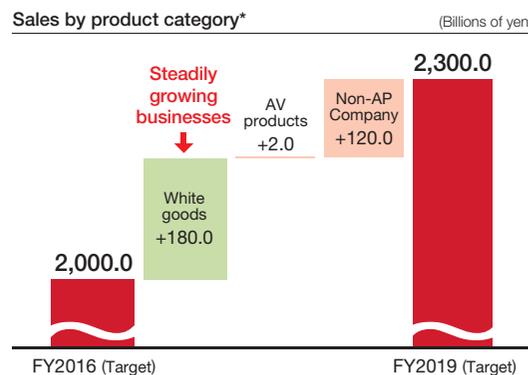
Of this total, the AP Company will work to achieve sales by securing sales growth in steadily growing businesses, which are mainly comprised of white goods. Focusing in particular on new companies established in China

and Asia, steps will be taken to realize growth by actively introducing premier products. The goal is to stimulate further aspiration within the affluent and middle class zones, which are exhibiting a dramatic rise in purchasing power due to the doubling of disposable incomes. Moving ahead, the AP Company will concentrate proprietary resources into the development and marketing of premium zone products. Meanwhile, the AP Company will make full use of ODM for high volume segments in order to realize growth in the Consumer Electronics business.

#### Appliances Company Business Portfolio

<p><b>Steadily growing businesses</b></p> <p>Composition ratio <b>70%</b> Market CAGR* 3.6%</p>	White goods	Accelerate the pace of growth in China and Asia while targeting stable profit expansion
<p><b>High growth businesses</b></p> <p>Composition ratio <b>10%</b> Market CAGR* 5.1%</p>	BtoB products	Target high global growth through proactive investment
<p><b>Businesses where an improvement in earnings is underway</b></p> <p>Composition ratio <b>20%</b> Market CAGR* -6.1%</p>	AV products	Minimize risks and secure profitability

#### Toward Consumer Electronics Sales of 2.3 Trillion Yen



\*Under the new structure on a consolidated production and sales basis.

### Release of High-end Home Appliances in Southeast Asia for Wealthy and Middle-Class Consumers

In Southeast Asia, demand for home appliances among the wealthy and middle-class consumers now exceeds 1 trillion yen\*1 and is expected to continue growing. In fiscal 2015, Panasonic released high-end "Made in Japan" home appliances for these consumers in Vietnam, Indonesia and the Philippines. Among these luxury products, the NR-F510GT refrigerator features frameless full-flat doors for an elegant styling that is also very easy to clean. The refrigerator also features ECO NAVI\*2 technology that helps reduce electricity usage by eliminating wasteful cooling. The luxurious appearance and full range of features in this refrigerator are sure to win the admiration of consumers.

\*1 Source: Estimate based on data from the Company and Euromonitor International

\*2 ECO NAVI is a proprietary technology created by Panasonic to automatically detect and cut wasteful electricity use in home appliances.



NR-F510GT



\* Average annual rate of growth for the period from 2015 to 2018 (company estimate)



# Eco Solutions

Eco Solutions Company  
(ES Company)

In addition the Eco Solutions Company's performance in fiscal 2015, and business strategies going forward, we provide details of our growth strategies and the role of the Housing business as a driver of growth through to fiscal 2019.

Please refer to the following for details:

[Panasonic IR Day 2015 Eco Solutions Company presentation materials.](#)

**Tamio Yoshioka**  
President

## Performance in FY2015, the Year Ended March 31, 2015

Sales in the ES Company were 1,666.0 billion yen, a decrease of 1% compared with the previous fiscal year. Despite growth in sales of solar panels for residential use and LED lighting in Japan as well as overseas business expansion due mainly to the newly-consolidated VIKO Elektrik, a Turkish company, this decrease was largely attributable to the downturn in spending following Japan's consumption tax rate hike.

On the earnings front, the ES Company was successful in offsetting the drop in sales and prices with cost reductions. As a result, operating profit increased by 3.2 billion yen year on year to 95.3 billion yen, the operating profit to sales ratio came in at 5.7%.

Free cash flow was 68.8 billion yen.

## Future Business Strategies

In fiscal 2016, the ES Company aims to increase sales of LED lighting in Japan. Turning to operations overseas, emphasis will also be placed on increasing sales of wiring devices and LED lighting mainly in the ASEAN region. Through these endeavors, the ES Company is targeting sales of 1,726.0 billion yen, an increase of 4% compared with fiscal 2015. From a profit perspective, steps will be taken to offset the negative impact of movements in foreign currency exchange rates by bolstering sales in and outside Japan, and streamlining operations. Based on these initiatives, operating profit is expected to reach 104.5 billion yen, up 9.2 billion yen year on year. Based on sales and operating profit forecasts, the operating profit to sales ratio is anticipated to reach 6.1%.

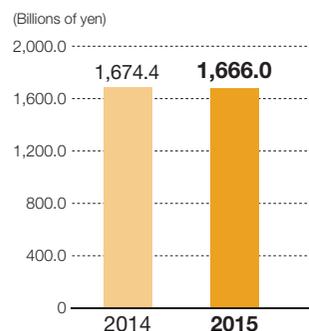
Free cash flow is estimated to reach 55.0 billion yen. This largely reflects capital expenditure aimed at growth.

## Large Scale Business Divisions\* Initiatives

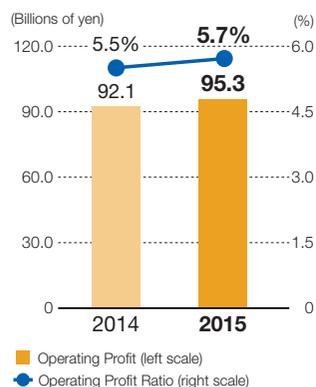
In the Lighting Business Division, one of several large scale business divisions in the ES Company, efforts will be directed toward continuously strengthening competitiveness and improving profitability in LED lighting, where the marginal profit ratio is rising each year. At the same time, emphasis will be placed on increasing sales in Japan and strategic regions. Through these measures, the goals are to reach sales of 342.3 billion yen, up 8%, operating profit of 21.0 billion yen, an increase of 6.1 billion yen and an operating profit to sales ratio of 6.1% in fiscal 2016.

In the Housing Systems Business Division, another large scale business division, profitability is exhibiting a definitive improvement

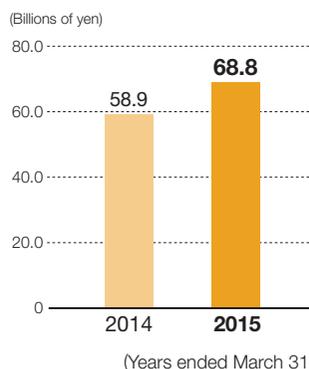
### Sales



### Operating Profit / Operating Profit Ratio



### Free Cash Flow



### FY2016 Management Targets

	FY2015	FY2016 Target [YoY/Difference]
Sales	1,666.0	1,726.0 [+4%]
Operating Profit (Ratio)	95.3 (5.7%)	104.5 [+9.2] (6.1%)
Free Cash Flow	68.8	55.0

(Billions of yen)

after the drop in revenue and earnings attributable to the negative impact on spending following Japan’s consumption tax rate hike. The Housing Systems Business Division is targeting an increase in sales of 2% to 374.6 billion yen, an upswing in operating profit of 7.4 billion yen to 18.6 billion yen, and an operating profit to sales ratio of 5.0% by reaping the benefits of structural reforms and improving marginal profit ratios in fiscal 2016.

\* Please refer to [fiscal 2016 policies and targets—focusing on improving performance in large scale business divisions in the President’s Message on pages 17 and 18.](#)

### Housing Business Growth Strategies

Panasonic is targeting Group-wide sales of 2 trillion yen in the Housing Business in fiscal 2019. Excluding projected contributions from PanaHome of 500.0 billion yen, the ES Company is working to achieve sales of 1.5 trillion yen.

In the remodeling business, the goal is to expand sales from the current level of 264.0

billion yen to 380.0 billion yen. To achieve this goal, work will be undertaken to strengthen the competitiveness of products, and to further reinforce cooperation between stores responsible for various activities including complete remodeling, small-lot maintenance and remodeling suitable for elderly care. Moreover, the number of nationwide showrooms will be increased by nine to 70 by fiscal 2019 as a part of efforts to bolster customer contact and service capabilities.

In the home energy management business, the ES Company is looking to increase sales from the current level of 168.0 billion yen to 230.0 billion yen. Drawing on the steady growth in the ES Company’s market share in Japan through its HIT® photovoltaic battery modules, capacity will be increased to 1 gigawatt or more. In addition, services will be introduced enabling customers who have installed solar photovoltaic systems to sell any surplus electricity. Building on this initiative, moves will be made to promote the service business, which consolidates the

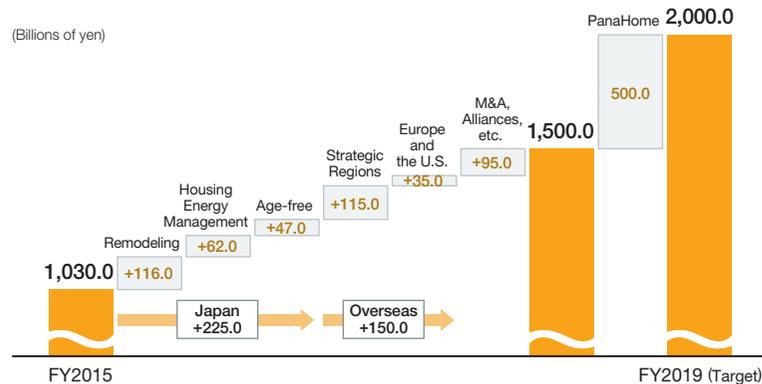
electricity purchased for large-scale sale.

Sales in the “Age-free” (elderly care) business will be increased from 28.0 billion yen to 75.0 billion yen. To this end, the number of elderly care service sites will be increased from 107 to 255, and the number of elderly housing with supportive service sites boosted from nine to 150 on a contract basis. Plans are also in place to expand the number of remodeling projects for elderly care from the current level of 30,000 per year to 60,000 per year.

In the overseas business for housing equipment, the target has been set to double sales from the current level of 160.0 billion yen to around 310.0 billion yen focusing mainly on the three core wiring devices, LED lighting and indoor-air-quality businesses. Utilizing the sales channels of Anchor in India and VIKO Elektrik in Turkey, efforts will be made to expand business

in new markets including Africa, the Middle East and CIS.

### Breakdown of the Housing Business Sales Target



### Expand the Overseas Housing Equipment Business

(Billions of yen)

	FY2015	FY2019 Target
Sales	160.0	310.0

<b>China</b>	Accelerate the pace of growth through LED lighting and air purifier operations
<b>North America</b>	Expand the business platform through ventilation fan operations
<b>India, Turkey, the ASEAN Region</b>	Develop business with the wiring device business in the lead

### New Product: HIT Photovoltaic Battery Modules for Homes Offers the Industry’s Leading\* Power Generation

In fiscal 2015, domestic sales increased for HIT photovoltaic battery modules for homes due to their high efficiency and performance, contributing considerably to earnings. In June 2014, Panasonic released the new 244α and 250α models of HIT, which offer the industry’s leading power generation thanks to their proprietary cell structure and improved low-reflection glass. The 250α model is our flagship model. This model delivers even better output than the 244α model by reducing resistive loss within the solar cells.

\* Source: Panasonic survey of solar photovoltaic systems for homes in Japan, as of May 2014.



Installation image



HIT® 244α



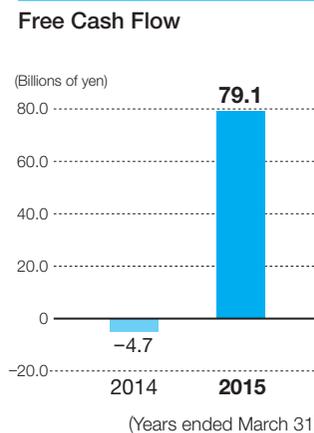
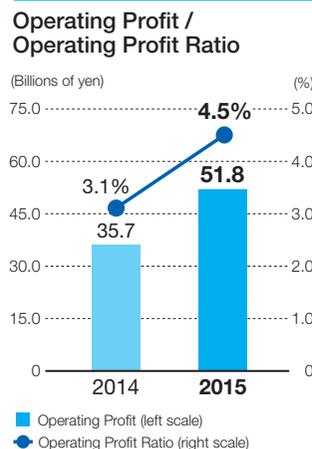
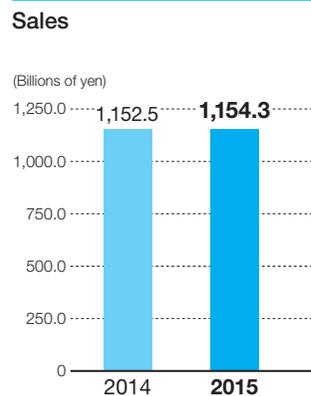
# AVC Networks

AVC Networks Company (AVC Company)

In addition to the AVC Networks Company's performance in fiscal 2015 and business strategies going forward, we provide details of our growth strategies and the role of the BtoB Solution business as a driver of growth through to fiscal 2019.

Please refer to the following for details:  
[Panasonic IR Day 2015 AVC Networks Company presentation materials.](#)

**Yasuji Enokido**  
President



## Performance in FY2015, the Year Ended March 31, 2015

The AVC Company provides solutions to companies based on its four core businesses: Visual & Imaging, Mobility, Communication, and Vertical Solution. Successfully completing restructuring and commencing growth strategies in the previous fiscal year, the AVC Company engaged in aggressive strategic investment activities including M&As.

Sales in the AVC Company amounted to 1,154.3 billion yen, on a par with the previous fiscal year, owing to higher sales in all core businesses offsetting revenue decreases caused by restructuring. Taking into account the aforementioned factors as well as impact of exchange rate movements, operating profit increased 16.1 billion yen year on year to 51.8 billion yen and operating profit ratio came at 4.5%.

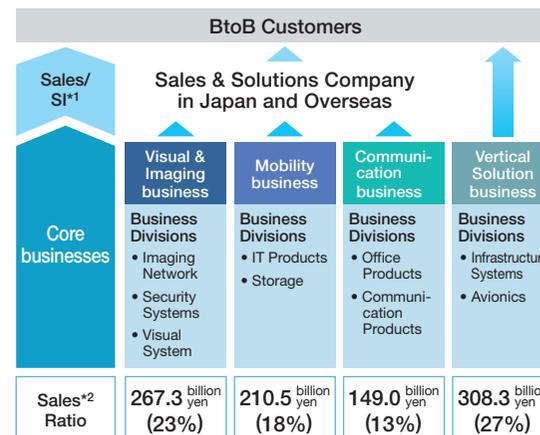
Free cash flow was 79.1 billion yen, significantly up due to such special factors as business transfers and land sales.

## Future Business Strategies

In fiscal 2016, the AVC Company aims to achieve net sales of 1,236.0 billion yen, up 7% year on year, operating profit of 67.5 billion, up 15.7 billion yen year on year and operating profit ratio of 5.5% by marketing new product lines launched in fiscal 2015 in each core business.

Taking into account various considerations as well as special factors from the previous fiscal year, the AVC Company is assuming zero free cash flow.

## Four Core Businesses



## FY2016 Management Targets

(Billions of yen)

	FY2015	FY2016 Target [YoY/Difference]
Sales	1,154.3	1,236.0 [+7%]
Operating Profit (Ratio)	51.8 (4.5%)	67.5 [+15.7] (5.5%)
Free Cash Flow	79.1	0

\*1 System Integration \*2 FY2015 results

## BtoB Solution Business Growth Strategies

Panasonic aims for sales of 2.5 trillion yen in the BtoB solution business in fiscal 2019—of which the AVC Company accounts for 1.5 trillion yen of this goal—based on promoting growth strategies in each core business.

The Visual & Imaging business engages in the development of products by integrating high picture quality, image processing and analysis, and optics. We are also focusing on solution proposals centered on 4K products. The Mobility business is working to increase sales of its augmented lineup of tablet PCs and mobile POS terminals, which are robust and lightweight.

The Communication business will focus mainly on IP telephones and the Home Network System given that no growth is

expected for FAX machines and fixed-phones, which had previously been its main pillar.

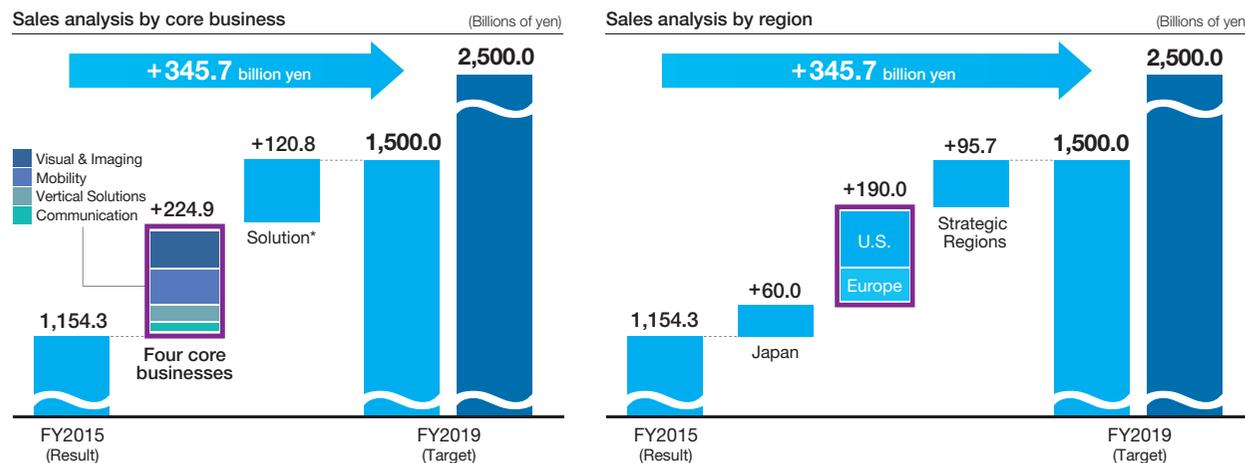
The Vertical Solution business continues to focus on Avionics. In addition, this business focuses on in-flight entertainment systems, in-flight communications and provides related maintenance/repair services. With regard to the Infrastructure System business, we aim to grow in road/vehicle traffic systems and wireless fire prevention systems given the increasing needs in these areas both in Japan and overseas.

In addition, the AVC Company is accelerating initiatives in other solutions fields not included in these four core businesses. For example, we already have a strong track record in North America for stadium solutions that combine wide cameras, security systems and other technologies based on large-size outdoor display systems. Looking

ahead, we plan to accelerate system proposals regarding these solutions for the Tokyo Olympic and Paralympic Games as well as in Central/South America and Asia.

As part of its global expansion, Panasonic established the AVC Networks North America division in June 2015 in North America as its largest market in order to serve the numerous customers who live there. We will formulate growth strategies by investigating opportunities for M&A and alliances focusing from the viewpoint of North America.

### Aiming for BtoB Solutions Business Sales of 2.5 Trillion Yen



### Offering new business solutions with 4K-compatible products

4K is a high-resolution technology for displaying images at four times the resolution of full high-definition (HD) displays. Displays with 4K technology can reproduce realistic-looking objects with a greater sense of depth than conventional high-definition displays. From early on, Panasonic has focused on developing 4K-compatible products, and was the first in the world to introduce digital cameras and professional cameras able to handle 4K resolutions. Panasonic has continued to introduce new 4K-compatible products, including a 20-inch tablet and 98/84-inch LCD displays for commercial use. We aim to provide innovative business solutions for a variety of fields in addition to the imaging industry, such as advertising, art and medicine.



Commercial-use 98/84-inch 4K LCD display

\* System integration, construction, maintenance, service operations not included in the four core businesses



# Automotive & Industrial Systems

Automotive & Industrial Systems Company (AIS Company)

In addition to the Automotive & Industrial Systems Company's performance in fiscal 2015, and business strategies going forward, we provide details of our growth strategies and the role of the Automotive business as a driver of growth through to fiscal 2019.

Please refer to the following for details:

[Panasonic IR Day 2015 Automotive & Industrial Systems Company presentation materials.](#)

**Yoshio Ito**  
President

## Performance in FY2015, the Year Ended March 31, 2015

Sales in the AIS Company increased 2% compared with the previous fiscal year to 2,782.5 billion yen. Despite steps to divest unprofitable businesses in the ICT field, this increase was largely attributable to robust sales in the automotive business that carried through from fiscal 2014 and favorable trends in the foreign currency exchange market. Operating profit surged 36.5 billion yen year on year to 105.7 billion yen on the back of successful efforts to reap the benefits of business restructuring. As a result, the operating profit to sales ratio came in at 3.8%.

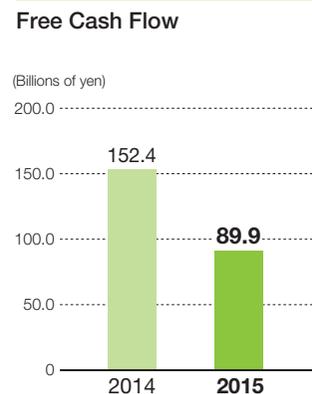
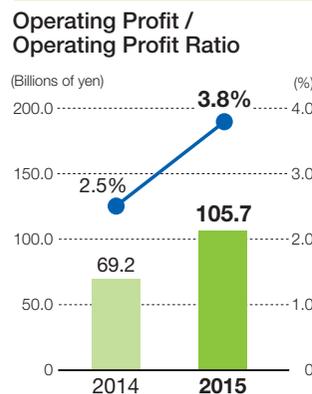
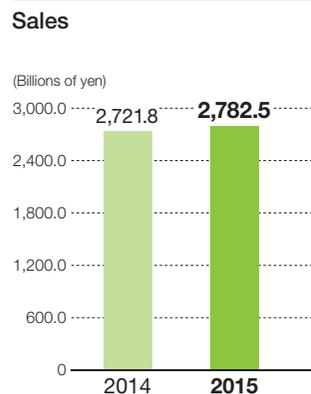
In fiscal 2015, major investment decisions were made in a bid to secure growth. One such decision entailed the company's participation in the manufacturing plant known as the Gigafactory, which is earmarked for construction in North America by Tesla Motors, a manufacturer of electric vehicles. Moreover, the AIS Company agreed to enter into a capital and business alliance with Ficosa International, an

automotive component manufacturer based in Spain. Steps have already commenced to jointly develop electronic mirrors under this alliance.

## Future Business Strategies

The AIS Company has set a sales target of 2,835.0 billion yen in fiscal 2016. This represents a 1% increase compared with the fiscal year under review. While sales in the ICT field are expected to continue their decline, this forecast increase is mainly due to projected sales growth in automotive and industrial fields encompassing a wide range of products including automotive batteries, automotive electronics and FA equipment as well as power storage systems.

On the earnings front, growth-oriented R&D investments will be made in both the automotive and industrial fields. At the same time, depreciation is projected to increase on the back of additional capital investment. Despite this anticipatory expenditure, the AIS Company is targeting operating profit of 142.5 billion yen, a year-on-year increase of 26.1 billion yen and operating profit ratio of 5.0%. This increase



## Strategic Moves for Growth

Worked toward a positive turnaround in order to go on the offensive in the global automotive and industrial business markets

Investment decisions in the automotive business	Capturing a share of the global market
<ul style="list-style-type: none"> <li>Established a new lithium-ion battery company in North America</li> <li>Close collaboration with Tesla Motors (October 2014)</li> </ul>	<ul style="list-style-type: none"> <li>Europe/Automotive</li> <li>Integrated four sales companies in Europe (October 2014)</li> <li>Providing customer solutions through cooperation between sales and SE</li> </ul>
<ul style="list-style-type: none"> <li>Agreed to enter into a capital and business alliance with Ficosa</li> <li>Joint development and commercialization of electronic mirrors (September 2014)</li> </ul>	<ul style="list-style-type: none"> <li>China/Industrial</li> <li>Established a China headquarters (April 2014)</li> <li>Driving and expanding the BtoB business</li> </ul>

## FY2016 Management Targets

(Billions of yen)

	FY2015	FY2016 Target [YoY/Difference]
Sales	2,796.8	2,835.0 [+1%]
Operating Profit (Ratio)	116.4 (4.2%)	142.5 [+26.1] (5.0%)
Free Cash Flow*	98.7	23.0

Note: After reflecting changes in the Company's organizational structure that took effect on April 1, 2015.

\* Includes a portion of strategic investments.

reflects a variety of factors, including the forecast upswing in automotive and industrial revenue and earnings as well as anticipated improvements in the product mix due to withdrawal from unprofitable businesses.

Plans are in place for capital investments in fiscal 2016 to total 165 billion yen\*, exceeding the level undertaken during fiscal 2015 by a factor of 1.5. This includes investments in the construction of a lithium-ion battery plant in Tesla's Gigafactory in North America. Approximately 60% of total investments will be directed toward the automotive field in order to accelerate the pace of growth.

\* Includes strategic investments

### Large Scale Business\* Initiatives

In the automotive infotainment systems business, energies will be directed toward improving the efficiency of R&D activities. This will include standardizing and horizontally rolling out the development platforms while leveraging the R&D assets of the AVC Networks Company. The Automotive Infotainment

Systems Business Division will target sales of 540.0 billion yen in fiscal 2016, a year-on-year increase of 2% and operating profit of 25.3 billion yen, up 4.8 billion yen. This translates to an operating profit to sales ratio of 4.7%.

In the rechargeable battery business, the focus will be placed on the automotive and industrial businesses. In addition to the robust cell business, every effort will be made to reinforce module and system proposal capabilities. In this manner, the rechargeable battery business will work toward sales of 406.0 billion yen in fiscal 2016, up 7% compared with the fiscal year under review and operating profit of 22.7 billion yen, up 15.3 billion yen year on year for an operating profit to sales ratio of 5.6%.

\* Please refer to [fiscal 2016 policies and targets—focusing on improving performance in large scale businesses in the Message from the President on pages 17 and 18.](#)

### Automotive Business Growth Strategies

Panasonic is working toward Group-wide sales of 2.1 trillion yen\* in the automotive business

generated entirely by the Automotive & Industrial Systems Company in fiscal 2019. This translates to an annual growth rate of 17%. The Company's Human Machine Interface (HMI), mobile communication, automotive battery and other technologies have been highly evaluated by automobile manufacturers. Building on this high acclaim, Panasonic has already secured orders of around 70% of its targeted sales in fiscal 2019.

In the comfort area, a sales target of 930.0 billion yen, up 330.0 billion yen from fiscal 2016 has been set. To achieve this target, steps will be taken to utilize consumer electronics, AV and mobile technologies, all an integral part of the Company, and to strengthen the cockpit business, which boasts high investment efficiency.

In the safety area, efforts will be made to expand the ADAS business by utilizing inherent strengths such as sensing and image processing technologies. Based on these efforts, sales

are targeted at 470.0 billion yen, up 160.0 billion yen from fiscal 2016.

In the environment area, energies will be channeled toward leveraging the strengths of a portfolio that contains all types of battery and power supply device technologies. Working to secure further dramatic growth in the automotive battery and power supply system businesses, sales will be targeted at 700.0 billion yen, an increase of 280.0 billion yen from fiscal 2016.

\* Sales include those of other divisional company products, which are sold through AIS Company (cross-sales).

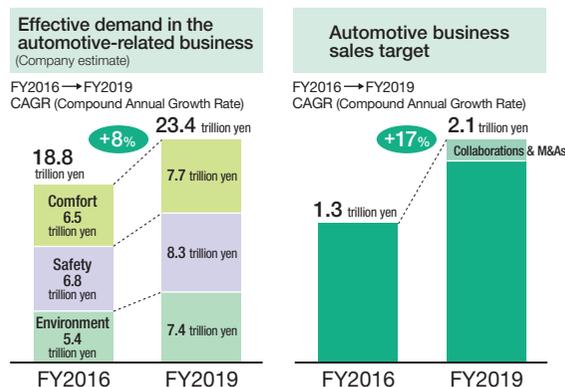
### Establishment of a new company in the U.S. to manufacture automotive lithium-ion batteries

On October 1, 2014, Panasonic established Panasonic Energy Corporation of North America in Nevada, U.S.A. As part of a tie-up between Panasonic and Tesla, the new company will be in charge of manufacturing lithium-ion batteries at the Tesla Gigafactory large-scale battery plant. We plan to increase production capacity, share in automobile production plans with Tesla Motors and wisely engage in phase-by-phase investment. While collaborating with Tesla Motors to cut costs, we aim to reduce the total cost of battery modules by increasing efficiency through mass and integrated production, as well as lowering logistics costs.

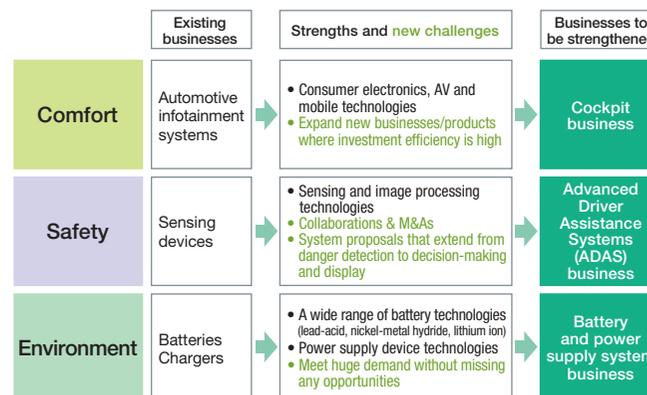


Rendering of the completed Gigafactory (provided by Tesla Motors)

### Effective Demand and Sales Target for Automotive Electronics Equipment



### Overall Image toward Automotive Sales of 2.1 Trillion Yen



## Overview of Business Divisions (As of April 1, 2015)

### Appliances Company



Air-conditioners

TVs

#### **Air-Conditioner Company / Air-Conditioner Business Division**

Development, manufacture and sale of air-conditioners for home, office and store use, multi-unit air-conditioners for buildings, gas heat pump air conditioners, absorption chillers, CO<sub>2</sub> hot water supply systems, etc.

#### **Refrigeration and Air-Conditioning Devices Business Division**

Development, manufacture and sale of air-conditioner compressors, Refrigeration compressors, vacuum insulation materials, etc.

#### **Refrigerator Business Division**

Development, manufacture and sale of refrigerators, freezers, etc.

#### **Cold Chain Business Division**

Development, manufacture and sale of showcases, commercial-use refrigerators and freezers, ice-making machines, drink vending machines, etc.

#### **Laundry Systems and Vacuum Cleaner Business Division**

Development, manufacture and sale of washer/dryers, clothes dryers, vacuum cleaners, etc.

#### **Kitchen Appliances Business Division**

Development, manufacture and sale of induction heating (IH) cooking equipment, microwave ovens, rice cookers, built-in cooking appliances, dishwasher dryers, etc.

#### **Beauty and Living Business Division**

Development, manufacture and sale of beauty appliances (shavers, hair dryers, oral care products, etc.), health enhancing products (blood pressure monitors, body composition meters, massage chairs, etc.), cooking appliances (home bakeries, coffee makers, juicers, etc.) and electric irons

#### **Home Entertainment Business Division**

Development, manufacture and sale of Blu-ray and DVD recorders, audio equipment, etc.

#### **TV Business Division**

Development, manufacture and sale of TVs, portable TVs, etc.

#### **Panasonic Cycle Technology Co., Ltd.**

Development, manufacture and sale of electric power-assisted bicycles, bicycles, electric power-assisted units, bicycle products, etc.

#### **Smart Energy System Business Division**

Development, manufacture and sale of smart gas meter-use devices, fuel cells, etc.

### Eco Solutions Company



Modular kitchen systems

Solar photovoltaic systems

#### **Lighting Business Division**

Development, manufacture and sale of residential, facility, store and outdoor lighting fixtures, lamps, devices, etc.; marketing of lighting design proposals for exterior and interior spaces using lighting software technologies

#### **Energy Systems Business Division**

Development, manufacture and sale of wiring devices, distribution panel boards, solar photovoltaic systems, energy management-related equipment, condominium intercom systems, building systems, etc.

#### **Housing Systems Business Division**

Development, manufacture and sale of water-related products including modular kitchen systems and modular baths, interior furnishing materials including floor, door, storage unit materials, and exterior finishing materials including drainpipe and roofing materials, residential building frames, and home elevators, etc.

#### **Panasonic Ecology Systems Co., Ltd.**

Development, manufacture and sale of air purifiers, electric fans, ventilating fans, blowers for factory and facility use, etc.

### AVC Networks Company



Digital single lens mirrorless camera

4K cameras/video recorders for digital cinema

#### **Imaging Network Business Division**

Development, manufacture and sale of digital cameras (compact/interchangeable lens), video cameras and business-use broadcasting equipment

#### **Storage Business Division**

Development, manufacture and sale of recording media, SD memory cards and data archive system

#### **Visual Systems Business Division**

Development, manufacture and sale of projectors and business-use displays

#### **Avionics Business Division**

Development, manufacture and sale of in-flight entertainment systems, in-flight communications services, etc.

(Continued on the next page)

### IT Products Business Division

Development, manufacture and sale of notebook PCs and tablet PCs

### Security Systems Business Division

Development, manufacture and sale of surveillance and security cameras, surveillance image recorders, sound systems, HD visual communication systems, etc.

### Communication Products Business Division

Development, manufacture and sale of cordless and business telephones, TV door intercom systems, etc.

### Office Products Business Division

Development, manufacture and sale of PBX\*1, SIP\*2 terminals, business FAX machines, compact multi-function printers, etc.

### Infrastructure Systems Business Division

Development, manufacture and sale of digital wireless systems, ITS transport systems, etc.

### System Solutions Company (Japan)

Development of system solutions (integrated security, public infrastructure terminal systems, cloud, etc.); systems integration, sales and management

#### Notes:

1. The acronym for Private Branch eXchange. An in-house telephone switching system that interconnects multiple telephone extensions to each other as well as to outside telephone networks.
2. The acronym for Session Initiation Protocol. A network communications protocol for establishing sessions between two or more telecommunications devices over the Internet.

## Automotive & Industrial Systems Company



Lithium-ion batteries



Audio with display

### Automotive Infotainment Systems Business Division

Development, manufacture and sale of car AV systems, car navigation systems, car audio systems, car speakers, etc.

### Automotive Electronics Systems Business Division

Development, manufacture and sale of vehicle control units, automotive sensor modules, switches, ITS terminals, smart keyless systems, thermal and energy management equipment, etc.

### Rechargeable Battery Business Division

Development, manufacture and sale of lithium-ion batteries, rechargeable batteries for eco-cars, battery modules for power storage, Ni-Cd batteries, chargers, etc.

### Energy Device Business Division

Development, manufacture and sale of dry batteries, micro batteries, nickel-metal hydride rechargeable batteries, etc.

### Panasonic Storage Battery Co., Ltd.

Development, manufacture and sale of lead-acid storage batteries for automotive use, valve-regulated lead-acid batteries, etc.

### Electromechanical Control Business Division

Development, manufacture and sale of relays, connectors, touch panels, automotive power supply, automotive switches, light touch switches, etc.

### Panasonic Semiconductor Solutions Co., Ltd.

Development, manufacture and sale of power semiconductors, LSIs, image sensors, optical semiconductors, etc.

### Device Solutions Business Division

Development, manufacture and sale of conductive polymer capacitors, various capacitors (aluminum electrolytic/film), anti-heat sheets, resistors, inductors, in-car and industrial-use sensors, industrial inkjet print heads, optical disk drives, etc.

### Electronic Materials Business Division

Development, manufacture and sale of circuit board materials, semiconductor encapsulation materials, plastic molding compounds, advanced films, etc.

### Panasonic Liquid Crystal Display Co., Ltd.

Development, manufacture and sale of IPS liquid crystal display (LCD) panels

### Smart Factory Solutions Business Division

Development, manufacture and sale of placement machines, screen printers, FPD bonders, electronic component insertion machines, welding systems, laser oscillators, various motors, etc.

## Other



Housing



Urban development

### PanaHome Corporation

Construction of detached housing, apartment housing for leasing, etc.; remodeling contract work and construction; sale of land, properties and condominiums; real estate brokerage, leasing and management; manufacture and sale of system materials for industrial housing

> Research and Development

## Research and Development

Panasonic aims to promote growth in the five business fields of consumer electronics, housing, automotive, BtoB solutions and devices. In order to achieve growth, Panasonic's respective Divisional Companies in line with their growth strategy focused on developing new technologies and new products that will support the future, aiming to further strengthen the businesses

where they have strengths. In addition, the newly established Advanced Research Division has taken on the role of innovative mid- to long-term research in new fields.

R&D expenditures for fiscal 2015, the year ended March 31, 2015, amounted to 457.3 billion yen.

The main activities and achievements are as follows.

### Housing

#### Achievement of world's highest energy conversion efficiency with silicon-based solar cells of 25.6%\*1 at the research level

Panasonic has broken the world record for energy conversion efficiency with silicon-based solar cells for the first time in 15 years, using an HIT® solar cell of a practical size (cell area\*2: 143.7 cm<sup>2</sup>). This achievement was made possible by the further development of high-output technology accumulated over many years as the core technology in Panasonic's HIT solar cell modules, in which the light-receiving surface is stabilized by forming layers of amorphous silicon on the surface of the monocrystalline silicon substrate. Furthermore, the adoption of a new electrode structure that more efficiently

utilizes sunlight also contributed to this achievement.

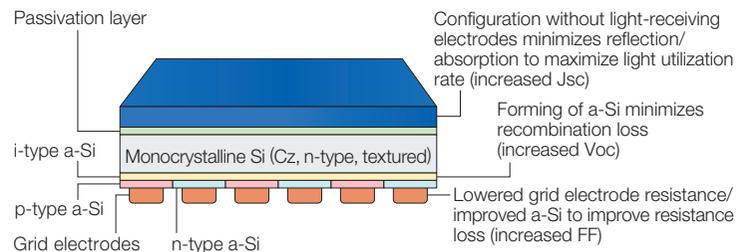
Panasonic will continue this development in order to create new applications for solar photovoltaic systems and new markets in the residential field, in view of the fact that increasing the energy conversion efficiency of solar cells makes possible the installation of panels in places where there are limits on installation area, without impeding the design.

\*1 Within non-accumulating silicon-type solar cells. According to research by Panasonic as of April 10, 2014.  
 \*2 The cell area is the area opened by the masks.



HIT® Crystalline Silicon-based Solar Cells

#### Outline of the Core Technologies



For more details, please refer to the press release [Panasonic HIT® Solar Cell Achieves World's Highest Energy Conversion Efficiency of 25.6% at Research Level.](#)

### Appliances

#### Development of high sound quality improvement technology for Technics audio amplifiers for high resolution audio sources

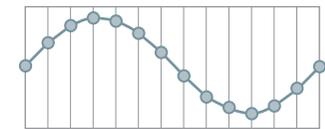
By using a full digital configuration that is not affected by noise, distortion, or jitter issues, Panasonic has developed a digital circuit technology for generating a clock signal that is highly stable across a wide range of frequencies from low to high, as well as high precision signal conversion technology that converts a high resolution audio source to a pulse width modulated wave without losing its dynamic range. This has realized sound quality that is equal to that of a traditional A-grade analog amplifier.

This development has achieved an audio amplifier that draws out the characteristics of a high resolution audio source with that is closer to the original sound than a CD audio source, to the maximum extent possible, enabling the Technics brand to deliver surprising and emotionally-engaging sound like never before.

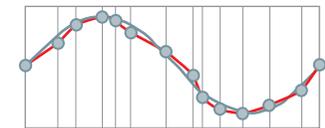


Technics Reference Class R1 Series

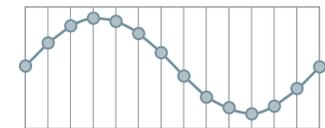
For more details, please refer to [the SE-R1 Stereo Power Amp on the Technics website.](#)



Original Data



Sound quality degradation due to jitter common to conventional digital amplifiers



Optimally reducing jitter through R1 JENO ENGINE output



## Corporate Governance

Please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#) submitted in June 2015. The following information is also published in the Annual Securities Report.

- [II-3-\(2\) Policy on Control of Panasonic Corporation](#)
- [IV-6-\(1\)-3\) Basic Policy on Internal Control Systems and Status of the Development of the System](#)
- [IV-6-\(1\)-4\) The statue of the Company's internal system concerning timely disclosure of corporate information](#)

### Basic Policy of Corporate Governance

Under its basic philosophy that “A company is a public entity of society,” the Company has long been committed to corporate governance. The Company’s corporate governance system is based on the Board of Directors, which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and Audit & Supervisory Board Members (A&SBMs) and the Audit & Supervisory Board (A&SB), which are independent from the Board of Directors and responsible for auditing the performance of duties by Directors.

Each of thirty-seven (37) business divisions acts as a basic management unit, autonomously manages R&D, production and sales as well as its cash and profit on a global basis. The Company introduced a divisional company system in order to support the business divisions. In addition, four (4) Divisional Companies (Appliances, Eco Solutions, AVC Networks and Automotive & Industrial Systems) support the business divisions’ evolution and change in each responsible area and take a leading role for growth strategy. Also the Company established the Corporate Strategy Head Office, which is responsible for enhancement of corporate value by formulating mid- and long-term group-wide strategy. In addition, the Company incorporated the Professional Business Support Sector, which specializes in group-wide management control functions with high expertise and management perspective, such as legal, internal control and compliance. Also the Company has established the Technology & Design Sector, which

supervises group-wide cutting-edge technology, manufacturing technology and design in order to increase added value on businesses.

The Company has established the following corporate governance system suitable for the Company’s business structure based on its four (4) Divisional Companies and thirty-seven (37) business divisions.

### Corporate Governance Structure The Board of Directors and Executive Officer System

The Company’s Board of Directors is composed of seventeen (17) Directors including three (3) Outside Directors. In accordance with the Companies Act of Japan and related laws and ordinances (collectively, the “Companies Act”), the Board of Directors has ultimate responsibility for administration of the Company’s affairs and monitoring of the execution of business by Directors.

The Company has an optimum management and governance structure tailored to four (4) Divisional Company-based management structures. Under this structure, the Company has empowered each of four (4) Divisional Companies and business divisions through delegation of authority. At the same time, the Company employs an Executive Officer system to provide for the execution of business at its various domestic and overseas Group companies. This system facilitates the development of optimum corporate strategies that integrate the Group’s comprehensive strengths. The Company has twenty-five (25) Executive Officers (excluding those who concurrently serve as Directors),

which include senior managements of each of four (4) Divisional Companies, senior officers responsible for certain foreign regions and officers responsible for corporate functions.

In addition, in order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the four (4) Divisional Companies. Taking into consideration the diversified scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors. Moreover, to clarify the responsibilities of Directors and create a more dynamic organization of the Board of Directors, the Company has limited the term of each Director to one year.

### Audit & Supervisory Board Members (A&SBMs) and Audit & Supervisory Board (A&SB)

Pursuant to the Companies Act, the Company has elected A&SBMs and established the A&SB, made up of A&SBMs. The A&SBMs and A&SB monitor the status of corporate governance and audit the day-to-day activities of management, including the performance of duties by Directors. The Company has five (5) A&SBMs, including three (3) Outside A&SBMs. Additionally, the Company elected A&SBMs who have substantial finance and accounting knowledge. A&SBMs participate in the general meetings of shareholders and the Board of Directors, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority granted to A&SBMs under the law. Full-time Senior A&SBMs also attend important meetings and conduct visiting audits to business offices in order to ensure effective

audits. In order to augment the internal auditing functions in the Group, the Company assigns ten (10) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SBMs of the Company, to the four (4) Divisional Companies, etc. The Company also inaugurated the regular Panasonic Divisional Companies Audit & Supervisory Officers’ Meeting (comprising a total of twelve (12) members, of which two (2) are Senior A&SBMs of the Company and ten (10) are A&SOs of the Divisional Companies) chaired by the Senior A&SBM of the Company and the Panasonic Group Audit & Supervisory Board Members’ Meeting (comprising a total of thirty-three (33) members, of whom two (2) are Senior A&SBMs of the Company, ten (10) are A&SOs of Divisional Companies and twenty-one (21) are A&SBMs of Group Companies) to enhance coordination among the Company’s A&SBMs, A&SOs of the Divisional Companies and audit & supervisory board members of Group companies, for effective functioning of the entire group corporate governance structure. In addition, in the course of the performance of their duties, A&SBMs maintain close contacts with the Internal Audit Department and other departments, which perform business audits and internal control audits, to ensure the efficiency of audits. A&SBMs regularly receive from the Internal Audit Department and other sections regular reports regarding the status involving the internal control system and results of audits. A&SBMs may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Also, in order to enhance the effectiveness of the audits conducted by A&SBMs and to ensure the smooth implementation of audits, the Company has established a A&SBM’s Office with seven (7) full-time staff under the direct control of the A&SB.

Mr. Hirofumi Yasuhara, a Senior A&SBM of

the Company, has substantial finance and accounting knowledge, having held the position of Representative Director and Senior Managing Executive Officer, in charge of Control Group, at PanaHome Corporation which is a subsidiary of the Company. Mr. Toshio Kinoshita, Outside A&SBM of the Company, has substantial finance and accounting knowledge, having held the career experiences with a corporate accounting in global companies in Japan and overseas for long periods as a certified public accountant.

All of the Outside Directors and Outside A&SBMs have been reported to the Japanese stock exchanges as “independent directors/audit & supervisory board members” defined in Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and are unlikely to have any conflict of interests with Panasonic’s shareholders.

### Group Strategy Meeting

In July 2012, the Company established the Group Strategy Meeting to discuss and set a direction of the Company’s mid-term and long-term strategies and certain important

issues. The meeting is generally held twice a month. The attendees consist of approximately ten (10) people in managerial positions called the Group Management Team and include the President and the presidents of four (4) Divisional Companies. The officers of related businesses and functions also join the meeting, depending on the matter to be discussed. For further swift and efficient decision making, the Company integrated the Group Executive Committee for Deliberating Important Matters, which had a role to complement and strengthen Group Strategy Meeting, with the Group Strategy Meeting in August 2014.

### Amount of Compensation for Directors and Audit & Supervisory Board Members (A&SBMs)

Remuneration for Directors and A&SBMs of Panasonic are determined within the framework of the maximum total amounts of remuneration for Directors and A&SBMs which has been determined respectively by resolution of a general meeting of shareholders. The executive remuneration system comprises “basic remuneration,”

which is a fixed remuneration, “performance-based remuneration,” which is a short-term incentive, and “stock-type compensation stock options,” which are a long-term incentive.

The objective of “performance-based remuneration” is to provide an incentive to boost business performance, and it shall be determined based on performance evaluation of Panasonic as a whole and the specific businesses a Director is in charge of, using performance indicators, such as net sales, operating income, free cash flow, and CCM (Capital Cost Management)\*.

The objective for the allotment of “stock-type compensation stock options” is for Directors to share the same profit awareness with shareholders, and to engage in efforts to boost corporate value from a long-term perspective. Only “basic remuneration,” which is fixed remuneration, is paid to Outside Directors and A&SBMs.

(Note) CCM (Capital Cost Management) is a management control index developed by the Company to evaluate return on capital.

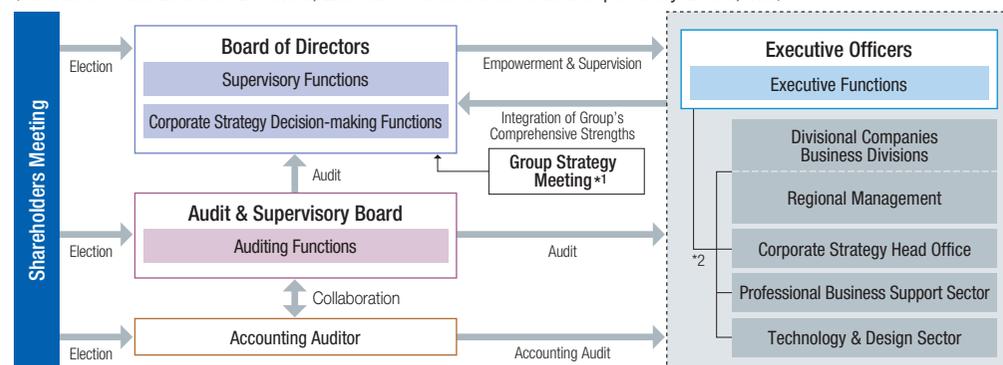
### Outside Directors and Outside Audit & Supervisory Board Members (A&SBMs)

The Company elects three (3) Outside Directors and three (3) Outside A&SBMs.

Mr. Yoshinobu Tsutsui, an Outside Director of the Company, is president of Nippon Life Insurance Company. Although Nippon Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Tsutsui does not have any other noteworthy relationships with the Company. Mr. Masayuki Oku, an Outside Director of the Company, is Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. Sumitomo Mitsui Banking Corporation which is a subsidiary of Sumitomo Mitsui Financial Group, Inc. is one of the major shareholders of Panasonic, but does not have any other noteworthy relationships with the Company. Mr. Yoshio Sato, an Outside A&SBM of the Company, is Chairman and Representative Director of Sumitomo Life Insurance Company. Although Sumitomo Life Insurance Company is one of

### Corporate Governance Structure

(Functions of the Board of Directors, Executive Officers and Audit & Supervisory Board, etc.)



\*1 Complementing decision-making in the Board of Directors \*2 Including affiliated companies (Japan and overseas), etc.

### Amount of Remuneration for Directors and A&SBMs

Classification	Number of persons	Amounts (million yen)			
		Basic remuneration	Performance based remuneration	Stock-type compensation stock option	
Directors (other than Outside Directors)	17	960	640	144	176
A&SBMs (other than Outside A&SBMs)	2	68	68	—	—
Outside Directors	3	49	49	—	—
Outside A&SBMs	4	37	37	—	—

Note: Three Directors and one Audit & Supervisory Board Member who retired at the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 26, 2014 are included in the above figures for Number of persons.

### Directors which Received Remuneration over 100 million yen

Name	Classification		Amounts (million yen)		
			Basic remuneration	Performance based remuneration	Stock-type compensation stock option
Shusaku Nagae	Director	106	70	—	36
Kazuhiro Tsuga	Director	114	65	25	24

the Major Shareholders of Panasonic, Mr. Sato does not have any other noteworthy relationships with the Company.

For the three (3) Outside Directors, the Company makes its decisions concerning the independence of Outside Directors based on the policy to the effect that the Outside Directors do not have any conflict of interest in light of relationships between the Company and the Outside Directors or other entities or organizations to which the Outside Directors belong to so as to maintain independence that will enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors regarding the execution of business by Directors from an objective and neutral standpoint. For the three (3) Outside A&SBMs, the Company makes its decisions concerning the independence of the Outside A&SBMs based on the policy to the effect that the Outside A&SBMs do not have any conflict of interest in light of relationships between the Company and the Outside A&SBMs or other entities or organizations to which the Outside A&SBMs belong to so as to maintain independence and enhance and strengthen the effectiveness of the audits performed by A&SBMs regarding the execution that will business by Directors, from an objective and neutral standpoint.

Outside Directors directly or indirectly cooperate with internal audits, audits by A&SBMs and accounting audits, receive reports from the Internal Control Department and conduct effective monitoring through reports on financial results at the Board of Directors and through reviews of the basic policy regarding the development of the internal control systems and other methods. Outside A&SBMs directly or indirectly cooperate with internal audits, audits by A&SBMs and accounting audits, receive reports from the Internal Control Department and conduct effective monitoring through

reports on financial results at the Board of Directors, through reviews of the basic policy regarding the development of internal control systems, exchanges of opinions and information at A&SB and other methods.

Note: Major Shareholders: Shareholders listed in IV-1-(7) Major Shareholders in the Company's

[Annual Securities Report \(Yukashoken Hokokusho\)](#)

#### The record of attendance of outside directors at the Board of Directors (FY 2015)

Ikuo Uno: attended 11 out of 12 meetings of the Board of Directors

Masayuki Oku: attended 11 out of 12 meetings of the Board of Directors

Hiroko Ota: attended 11 out of 12 meetings of the Board of Directors

#### Internal Control over Financial Reporting

The Company has documented the actual status of its internal control system, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and business divisions, etc. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Basing on the audits, the Internal Control Promotion Office supervises groupwide internal control audits in order to confirm the effectiveness of each group company's financial reporting. With the aim of further enhancing the Group's internal control system, in fiscal 2015 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

## Message from an Outside Director



### Transitioning from a Period of Structural Reform to a New Growth Phase Further Expansion of Business Opportunities That Draw on External Perspectives

#### Hiroko Ota

Apr. 2001: Professor at the National Graduate Institute for Policy Studies (GRIPS)

Sep. 2006: The minister of Japan's Economic and Fiscal Policy

Aug. 2008: Returned to take up a position as a professor at GRIPS (incumbent)

Jun. 2013: Director of Panasonic Corporation (incumbent)

Panasonic has a longstanding culture that considers outside opinions sincerely and places considerable value in the exchange of information and opinions. For example, the Company undertook the appointment of outside directors from an early stage. Recently, deliberations at the Board of Directors' meeting are becoming increasingly vigorous. In moving away from a period of structural reform to a new growth phase, the Board of Directors is addressing a growing number of agenda items that call for decisions regarding investment projects and whether or not to enter new business fields.

Investment projects are a key component of the Company's growth strategy. As a result, I make it a point to ensure that my comments are heard. In addition to posing any number of questions with respect to such factors as the validity of the investment amount, cost-effectiveness, recovery period, and inherent risks, I take steps to call for periodic follow-up reports after an investment decision has been made. In the event of business termination or withdrawal, I also focus on clarifying whether or not there were delays in

the decision-making process as well as any lessons to be learned from the investment.

By expressing my opinion and providing my thoughts, I would hope that the Company remains constantly aware of the need to incorporate an external perspective when considering an investment or decision to continue a business. Employees within the Company are then more likely to review every aspect of a transaction and to fully assess the validity and risks of an opportunity. Providing this external perspective is thus what I strongly believe is my role as an outside director.

Panasonic's business environment continues to experience rapid and dramatic change. For this very reason, I would like to see the Company take full advantage of this role of outside directors to provide an external perspective. This is especially true when it comes to identifying risks and new growth opportunities. I am convinced that the use of this input will help to enhance corporate value and bring about the necessary internal reforms and is consistent with the Corporate Governance Code that came into force in June of this year.

## Directors, Audit & Supervisory Board Members and Executive Officers (As of June 25, 2015) (Based on information contained in the Company's Annual Securities Report)

### Directors

Chairman of the Board

**Shusaku Nagae**

Vice Chairman of the Board

**Masayuki Matsushita**

President

**Kazuhiro Tsuga**

Executive Vice Presidents

**Yoshihiko Yamada**

In charge of Strategic Regions

**Kazunori Takami**

In charge of Japan Region,  
Customer Satisfaction, and Design

Senior Managing Directors

**Hideaki Kawai**

In charge of Accounting and Finance

**Yoshiyuki Miyabe**

In charge of Technology and Intellectual Property

**Yoshio Ito**

President, Automotive & Industrial Systems Company

**Tamio Yoshioka**

President, Eco Solutions Company

Managing Directors

**Takashi Toyama**

Director, Government and External Relations Division  
Representative in Tokyo

**Jun Ishii**

In charge of Human Resources, General Affairs,  
Social Relations, Legal Affairs,  
Fair Business & Compliance, Corporate Governance,  
Risk Management and Facility Management

**Yasuji Enokido**

President, AVC Networks Company

**Mototsugu Sato**

In charge of Planning

**Tetsuro Homma**

President, Appliances Company

### Audit & Supervisory Board Members

Senior Audit & Supervisory Board Members

**Seiichiro Sano**

**Hirofumi Yasuhara**

Outside Audit & Supervisory Board Members

**Yoshio Sato**

(Independent audit & supervisory board member)

**Ikuo Hata**

(Independent audit & supervisory board member)

**Toshio Kinoshita**

(Independent audit & supervisory board member)

Outside Directors

**Masayuki Oku**

(Independent director)

June 2005: President, Sumitomo Mitsui Banking Corporation /  
Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc.  
(incumbent)

June 2008: Director of the Company (incumbent)

**Yoshinobu Tsutsui**

(Independent director)

Apr. 2011: President, Nippon Life Insurance Company  
(incumbent)

June 2015: Director of the Company (incumbent)

**Hiroko Ota**

(Independent director)

Sep. 2006: The minister of Japan's Economic and Fiscal Policy  
Aug. 2008: Professor of National Graduate Institute for Policy Studies  
(incumbent)

June 2013: Director of the Company (incumbent)

## Executive Officers

### Managing Executive Officers

#### Laurent Abadie

Regional Head for Europe & CIS  
Chairman & CEO, Panasonic Europe Ltd.  
Managing Director, Panasonic Marketing Europe GmbH

#### Yorihisa Shiokawa

Regional Head for Latin America  
President, Panasonic Latin America  
President, Panasonic Marketing Latin America

#### Mamoru Yoshida

Senior Vice President, Appliances Company  
President, Air-Conditioner Company  
In charge of TV Business

#### Joseph Taylor

Regional Head for North America  
Chairman & CEO, Panasonic Corporation of North America

#### Hidetoshi Osawa

Regional Head for China & Northeast Asia  
Chairman, Panasonic Corporation of China

#### Yukio Nakashima

Senior Vice President, Appliances Company  
Director, Consumer Marketing Sector for Japan Region  
Director, Consumer Marketing Division (Japan)

#### Masahisa Shibata

Senior Vice President, Automotive & Industrial Systems Company  
In charge of Automotive Business

#### Makoto Kitano

Senior Vice President, Eco Solutions Company  
In charge of BtoB Solutions Business  
Director, Lighting Business Division

### Executive Officers

#### Toshiyuki Takagi

In charge of Manufacturing Innovation,  
Quality Administration and Environmental Affairs

#### Masahiro Ido

In charge of Solution Sales  
Director, Tokyo Olympic & Paralympic Enterprise Division

#### Satoshi Takeyasu

In charge of Corporate Communications

#### Paul Margis

Vice President, AVC Networks Company  
In charge of Avionics Business  
Director, Avionics Business Division

#### Junichiro Kitagawa

In charge of Consumer Business for Europe & CIS Region

#### Daizo Ito

Regional Head for India, South Asia,  
Middle East and Africa  
President, Panasonic India Pvt. Ltd.

#### Shinji Sakamoto

Vice President, Automotive & Industrial Systems Company  
In charge of Energy Business

#### Yuki Kusumi

Vice President, Appliances Company  
In charge of Home Appliances & Entertainment Business  
Director, Home Entertainment Business Division

#### Yoshiyuki Iwai

Vice President, Eco Solutions Company  
In charge of Business Development and Intelligence & Liaison

#### Makoto Ishii

In charge of Information Systems and Logistics

#### Toru Nishida

Regional Head for Southeast Asia and Oceania  
Managing Director, Panasonic Asia Pacific Pte. Ltd.  
Managing Director,  
Panasonic Consumer Marketing Asia Pacific

#### Kazuhiro Murata

Vice President, Eco Solutions Company  
Director, Marketing Division

#### Hiroyuki Aota

Vice President, Automotive & Industrial Systems Company  
In charge of Factory Solutions Business  
Director, Smart Factory Solutions Business Division  
President, Panasonic Factory Solutions Co., Ltd.

#### Masaki Arizono

In charge of Solutions Business for Europe & CIS Region  
Vice President, AVC Networks Company  
Managing Director,  
Panasonic System Communications Company Europe,  
Panasonic Marketing Europe GmbH

#### Masashi Yamada

Vice President, Eco Solutions Company  
Director, Housing Systems Business Division  
In charge of AGE-FREE Business

#### Michiko Ogawa

In charge of Technics Brand  
Managing Officer, Appliances Company  
General Manager, Technics Business Promotion,  
Home Entertainment Business Division

#### Hiroto Uehara

Vice President, Automotive & Industrial Systems Company  
Director, Automotive Infotainment Systems Business Division

# Risk Management

## Fundamental Stance

Panasonic's founder, Konosuke Matsushita, coined numerous aphorisms that are still used at the Company: "Hardship now, pleasure later," "The source of our failures is within us," "There are signs before all things," and "Small things can create big problems; one must be alert to signs of change and act accordingly," among many others. Using these ideas as a cornerstone in its thinking, the Company conducts groupwide risk management activities covering its operations around the world, with the aim of taking preemptive actions to eliminate "sources of failure"—that is any factors that could impede the accomplishment of business goals.

At Panasonic, risk management functions in parallel with the development and execution of management strategies. The Company

believes that by combining these two functions, it is better positioned to accomplish its business objectives and to increase its corporate value. Furthermore, by disclosing appropriate information concerning risks to the public, improving the transparency of its management, and reducing risks through preemptive measures, the Company gives its stakeholders—as well as local communities and the public as a whole—greater confidence in its organization.

## Organizational System Promoting Risk Management

In April 2005, Panasonic established the Global & Group Risk Management Committee (G&G Risk Management Committee), which promotes risk management throughout the whole Panasonic Group. The Corporate Risk

Management Executive Officer chairs the committee, and its membership consists of Company Chief Risk Officers (CROs), regional headquarters, and managers from the Corporate Strategy Head Office and functional divisions. The Risk Management Promotion Office serves as the committee's secretariat.

The G&G Risk Management Committee also coordinates with various other committees and bodies whose functions are relevant to risk management. It promotes groupwide administrative activities for responding to risks and assists the four divisional companies and regional headquarters. Each divisional company and regional headquarters has established a similar risk management committee, in total constituting an organizational system capable of responding to risks globally and across the group.

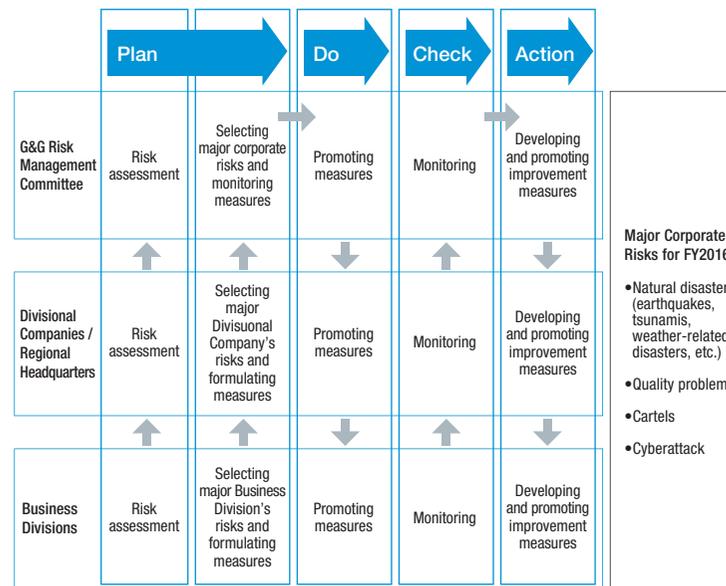
## Basic Framework

Panasonic has three levels of management cycles for risk management: the G&G Risk Management Committee, four divisional companies, and business divisions. Each year, an assessment of the impact of risks that could affect the business management of divisional companies and affiliated business divisions is undertaken using a single, global set of standards incorporating the potential impact on business operations, probability of risk occurring, and other factors. Steps are then taken to identify major divisional company's risks and appropriate countermeasures are implemented. Taking into consideration these major divisional company's risks, the G&G Risk Management Committee considers and identifies those major risks that require attention from a Group-wide perspective. The G&G Risk Management Committee also monitors progress made concerning countermeasures as a means to improve and strengthen Group-wide risk management.

## Global and Group Risk Management Promotion Framework



## Basic Framework for Risk Management



## Business Continuity Management (BCM)

The Company has been keenly aware of the necessity to practice business continuity — one of the Company's duties to society. The goal of these activities is to prevent a break in the supply of products or the provision of services when contingencies such as disasters have occurred, or, in the rare eventuality that service has halted, to restart operations as quickly as possible.

It is predicted that a major earthquake will probably occur in the relatively near future directly under the Tokyo metropolitan area or in the Nankai Trough. Responding to these predictions, Panasonic has established a cross-divisional company task force, which promotes disaster response capabilities based on the latest government damage predictions, and reviews the Company's BCM.

## Compliance

### Management Systems

We at Panasonic have established down a clear set of rules for compliance with the law and corporate ethics. We strive to achieve thorough adherence to these rules, with the aim of promoting fair business practices in all countries and regions of the world, and to realize a sustainable society. This is the "[Panasonic Code of Conduct](#)," which incorporates the requirements of the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other norms.

In our observance of our own Code of Conduct, we have a global network of legal departments, directors, and executive officers in charge of ensuring adherence to the Code of Conduct, as well as managers in charge of export control and other persons responsible for supervising various other functions in our divisional companies, business divisions, and regional headquarters outside Japan.

Each year, we designate September to be "Compliance Awareness Month," marked by efforts to strengthen our awareness of the need to observe ethical and legal requirements. We conduct a "Compliance Awareness Survey" to check the degree of compliance awareness dissemination among our employees around the world. Once each year, we check the status of observance and practice of the "Panasonic Code of Conduct" in our business locations around the world.

In addition, to prevent improprieties and achieve quick resolutions, we have established hotlines for whistleblowers in our domestic and foreign business locations, and for our business partners.

We strive to resolve, at the business location level, the issues that are identified through these efforts, but these measures are also collected in a unified, comprehensive manner at the Group Head Office level, so they are reflected in corporate-wide measures based on social conditions as well. Currently, our priority themes are abiding by antitrust laws and preventing corruption.

### Observance of Antitrust Laws

One of our priority themes is abiding by antitrust laws. We have established the following basic guidelines to prevent cartels and bid rigging.

- Contact with competing companies must be kept to a minimum. When contact with competing companies cannot be avoided, necessary approvals must be obtained in advance.
- Agreements and exchanges of information with competing companies regarding prices, volumes, and other competition-related items are strictly prohibited.
- When actions that raise suspicions of cartel-like behavior are encountered, one must express objection, leave the venue, and file a suitable company-internal report.
- The company has established reporting systems and leniency systems in an effort to improve its ability to self-regulate. Suitable monitoring is conducted based on risk evaluation. The result achieved is an effective anti-cartel system.

Based on these basic guidelines, in 2008 we established Rules Concerning Activities and Relationship with Competitors, and these apply to all Group employees.

### Preventing Corruption

In 2010, we established Rules Concerning Interactions with Public Officials for the purpose of preventing bribery of public officials or actions that might arouse suspicions of same. These rules stipulate that no personal benefit, nor the promise, proposal, or approval of same, may be given to public officials in connection with the obtaining of, or support for, commercial transactions.

An approval process was established for specific standards such as for meals with public officials. These are intended to prevent the direct provision of personal benefit to public officials and also the indirect provision of benefit through consultants, agents, lobbyists, or other business partners. Business partners must be carefully investigated and selected, and contracts concluded must include provisions prohibiting bribery.

In cases of violations of these rules, swift steps must be taken to redress the situation, and strict measures must be taken against the violation.

### Whistleblowing Systems

Within our company, we have established the following whistleblower hotlines as systems for receiving a variety of internal reports regarding compliance:

- "Business Ethics Global Hotline" for general information on compliance in Japan and abroad.
- "Equal Employment Opportunity Office" for consultations regarding sexual harassment, equitable treatment, and the like.
- "Fair Trade Hotline" for the reporting of legal violations concerning cartels, bribery, the Subcontract Act, and so on.

- "Internal Control Promotion Office Hotline" for accounting irregularities.
- "Fair Business Hotline" for receiving reports from our business partners.
- "Auditor Report System" for reports concerning our accounting and audits.

The Panasonic Code of Conduct stipulates that "Whistleblowers shall be protected from dismissal, demotion, or any other retaliatory treatment because of their well-intentioned reporting of possible violations of any law or regulation. We will ensure thorough and confidential treatment of information reported." At all the hotlines above, mistreatment of whistleblowers is strictly forbidden and confidentiality is assured. In addition, reports can be made anonymously if there is no need to contact the whistleblower for additional information (some hotlines are excluded).

# CSR Management

## System for the Promotion of CSR Activities

For each area of activity relating to CSR—including human rights, fair operating practices, and the environment—Panasonic establishes responsible executives and functional divisions. Each divisional company, business division, regional office, and functional division has created various group meetings and opportunities for stakeholder engagement, the results of which are incorporated into everyday activities. Using PDCA cycles, these Panasonic Group constituents monitor their

progress and act autonomously.

For issues affecting the entire Group with high demand from society, including contribution to mitigate and get adapted to climate change, decisions are made at board of directors' meetings and at Group Strategy Meetings.

Concerning issues that are deemed the most material, the Company creates lists of such issues for each area of activity, makes decisions, and incorporates these important issues into its operational policies. Panasonic conducts its CSR

activities with respect for worldwide guidelines and stakeholders' voices as a fundamental concept.

## Respecting Global Standards

Panasonic conducts its business based on global standards, specifications, norms, guidelines, and various initiatives.

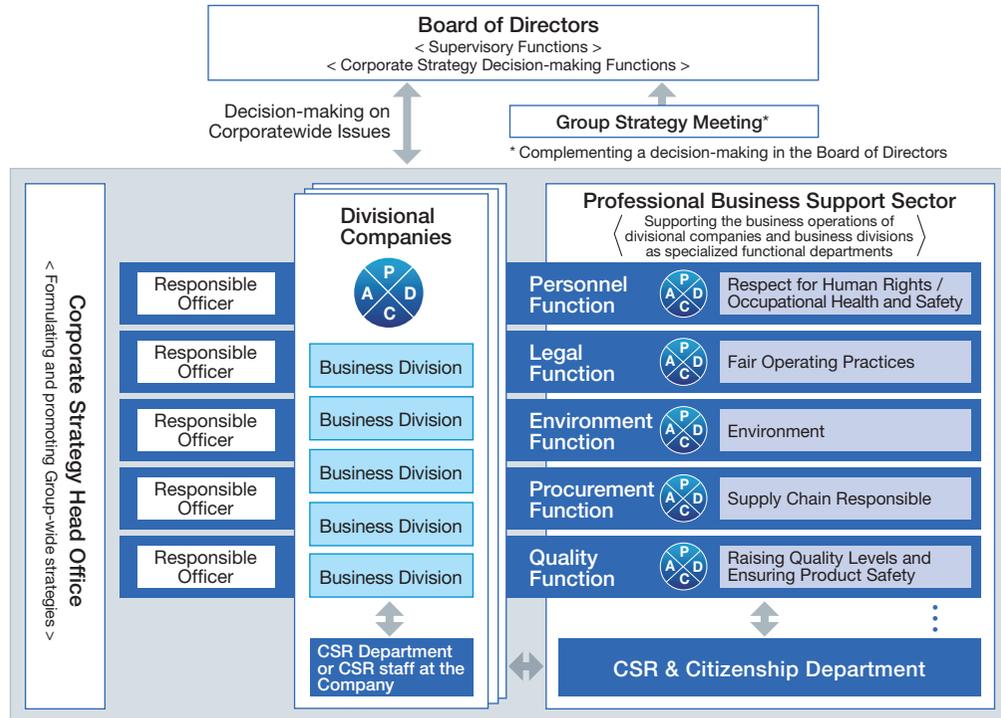
These concepts are reflected in the [Panasonic Code of Conduct](#) and the [Sustainability Policy](#) that form the guidelines for the Company's business activities.

## Dialogs with Stakeholders

Panasonic conducts dialogs with its wide range of stakeholders around the world—including customers, investors, suppliers, governments, industry bodies, NPOs, NGOs, local communities, and employees—on various aspects of its business.

The Company incorporates the opinions it receives into its business activities and product creation.

### System for the Promotion of CSR Activities



### Global Standards, Norms, Guidelines, and Initiatives That Panasonic Respects



### Relationship with Stakeholders



# Environmental Responsibility

## Environmental Governance

Panasonic formulates its annual environmental management policy in accordance with the business policy, Environmental Action Guideline, and the environmental action plan, “Green Plan 2018.” The annual environmental policy is shared across the entire organization through the Operation Policy Meeting led by the executive officer in charge of environmental management, who has the authority delegated from the president. Divisional companies, business divisions, and Regional Headquarters outside Japan establish their own environmental policies and targets based on this Group policy, and plan and promote their activities accordingly.

Successful practices, challenges in

implementation, and approaches to mid-term to long-term targets at divisional companies and various regions are shared and discussed at the Global Environmental Working Committee Meeting, held twice a year, which consists of environmental compliance administrators at divisional companies and Regional Headquarters, seeking to enhance the level of corporate-wide environmental sustainability management through the PDCA management cycle. The progress and results of activities for the environmental targets we pledged achieving to society under the Green Plan 2018 are examined in the Group Strategy Meeting. This meeting is attended by the presidents of Panasonic Corporation and the four divisional companies as well as other members of senior management, for reviews of policy

directions, issues, and, particularly important measures to be adopted.

In principle, results of activities are gathered and assessed on a monthly basis as environmental performance data, to identify the achievements, and additional measures are taken as needed. Feedback of annual performance data is given internally and disclosed externally after review, onsite audits, and independent assurance by a third-party. Moreover, reviews and feedback from stakeholders are utilized in subsequent measures to ensure further continuous improvement.

## Size of Contribution in Reducing CO<sub>2</sub> Emissions

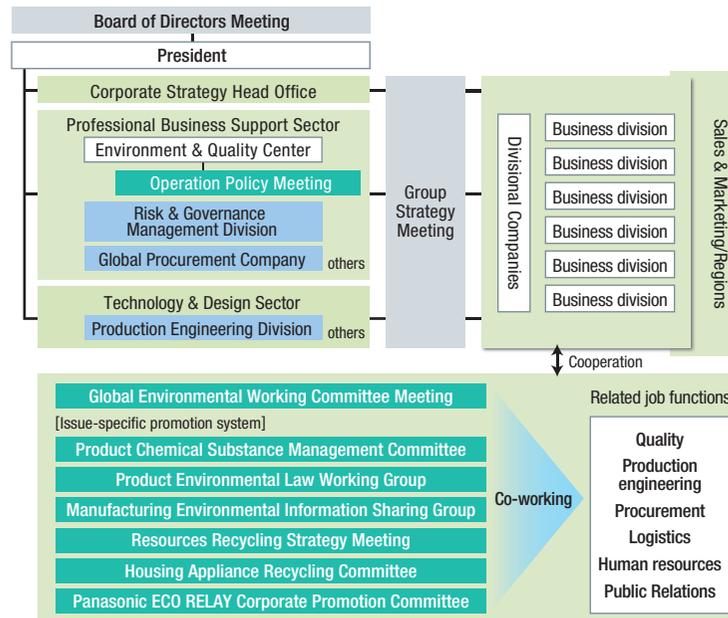
Panasonic has introduced a unique indicator,

“size of contribution in reducing CO<sub>2</sub> emissions,” to accelerate emissions reduction, targeting both its products (for energy saving and energy creation) and production activities. The size of contribution in reducing CO<sub>2</sub> emissions is defined as the amount achieved by deducting the actual emissions from the amount that would have been emitted without the improvements by the energy-saving performance of our products and productivity from fiscal 2006, and this amount is combined with the emission reduction resulting from power generation by energy-creating products.

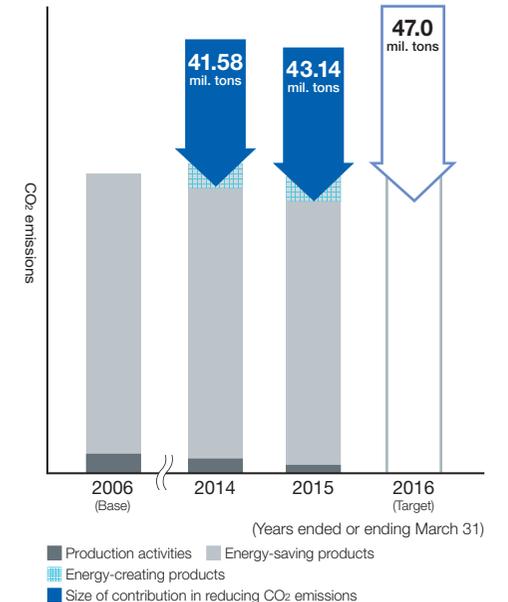
In other words, it reflects the continuous efforts being made to reduce CO<sub>2</sub> emissions. Panasonic will continue to maximize the size of contribution in reducing CO<sub>2</sub> emissions.



Promotion System of Environmental Sustainability Management in Fiscal 2016



Size of Contribution in Reducing CO<sub>2</sub> Emissions

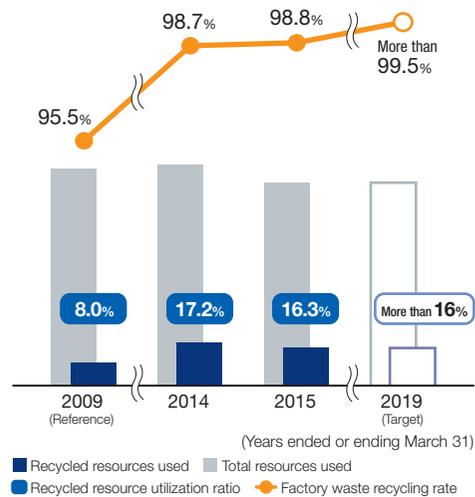


### Recycling-oriented Manufacturing

As a responsibility of a manufacturer that uses a large volume of resources, Panasonic has been propelling Recycling-oriented Manufacturing under the theme of recycling resources since 2010, placing it as an important issue along with CO<sub>2</sub> emissions reduction. Recycling-oriented Manufacturing has three aspects under this concept, which are to minimize the amount of total resources used and maximize the amount of recycled resources, aim towards Zero Waste Emissions by reducing our final disposal of waste from production activities, and recycle used products.

We have been working on the weight reduction and downsizing of products to

#### Recycled Resource Utilization Ratio and Factory Waste Recycling Rate



Note: Recycled resource utilization ratio = Recycled resources used/Total resources used  
 Factory waste recycling rate = Amount of resources recycled/(Amount of resources recycled + Amount of final disposal)

minimize the total resources used, and are continuing to increase resource collection through introduction of new recycling technologies and systems to expand the usage of recycled resources. Furthermore, by reducing the amount of factory waste and thoroughly recycling resources from waste, we are working to eliminate the amount of waste treated in landfills to as close as possible to zero.

### Water Resource Conservation

By collecting and reusing wastewater from our manufacturing processes and air conditioning systems, we reduce the amount of water use and wastewater effluent. This reduces the impact of the intake and effluent of water in production activities on water resources. With many regions around the world threatened by water shortages, we focus on certain regions to address our use of water in our activities.

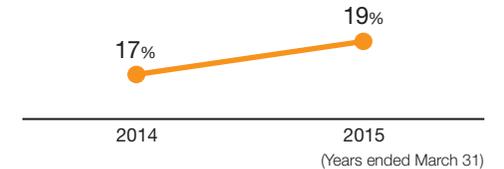
### Green Products (GP)

Panasonic uses a product assessment system that evaluates the environmental impacts of its products and services starting at the planning and design stages. Based on our criteria, we accredit our products and services that achieved high environmental performance as GPs. In the course of business reorganizations such as expansion of BtoB businesses, Panasonic has decided not only to pursue environmental performance of consumer products but also to work on further expansion of products and services that lead to the mitigation of environmental impact. Starting in fiscal 2014, the concept of Strategic GPs has been introduced for the creation of such products and services. Of these products, products

that particularly create new consumer trends are certified as Super GPs.

The ratio of Strategic GPs rose from approximately 17% in fiscal 2014 to 19% in fiscal 2015. We will work to further push up this ratio in the future.

#### Ratio of Strategic GPs



#### Definition of Strategic GPs

Products and services that accelerate the transition to a sustainable society:

- (1) Products and services that reduce environmental impact with top-level environmental performance in the industry
- (2) Products and services whose promotion and dissemination lead to reducing environmental impact
- (3) Products and services that reduce environmental impact on a specific region, or support measures to address environmental impact

### Topics Examples of Super GPs

#### Tankless toilet equipped with the industry's leading\* energy-saving functions

The New A La Uno, a tankless toilet, introduced a new shape that not only prevents scattering but facilitates cleaning even when it becomes dirty, thus cutting down the quantity of cleaner and water used.



The New A La Uno

#### EV lead-acid batteries that help bring electric forklifts to reality

The VRLA Battery Pack System for Forklift Truck Application contributed to electrification of forklifts by overcoming challenges such as of rapid-charging capability and electrolyte replacement, longer life, etc. It eliminates generation of exhaust gasses in warehouses and helps improve the work environment.



VRLA Battery Pack System for Forklift Truck Application

#### HIT® photovoltaic battery modules that boast the industry's leading power generation volume

Please refer to page 27 for details regarding HIT photovoltaic battery modules for home use.

\* Source: Energy Conservation Performance Catalog issued by the Agency for Natural Resources and Energy

## Social Responsibility

### Raising Quality Levels and Ensuring Product Safety

#### Management System

To establish self-regulated quality assurance processes in each group company, Panasonic published the Quality Management System Development Guidelines in Fiscal 2005. Each Group company then implemented the Panasonic Quality Management System (P-QMS). P-QMS complements the requirements of the ISO 9001 standard with Panasonic's own quality assurance methods and experience to create a quality management system that aims to deliver the level of quality that the company demands.

Based on its implementation of the P-QMS, Panasonic continuously improves the quality of its products, and it is bolstering its efforts to prevent quality problems from happening in the first place and to achieve more consistent quality.

In December 2014, Panasonic drew up and began applying the Automotive Quality Management System Development Guidelines (the Automotive P-QMS), which compile Panasonic's fundamental stances on the quality of components installed on board motor vehicles.

#### Education

To establish a corporate culture in which product safety is the top priority in manufacturing, Panasonic conducts product safety education, such as by providing employees with learning initiatives such as the Fundamentals of Product Safety e-learning program and by holding Product Safety Forums, at which engineers can learn from one another about product safety.

In May 2007, Panasonic also established a product-safety learning hall in Kadoma, Osaka Prefecture, with the aim of fostering a "safety culture" that is deeply concerned with the actual places and articles relating to products and their safety. It also provides opportunities to learn about technologies to secure safety of products that have reached the ends of their life cycles, with full consideration to the deterioration of materials and components over time after long-term use and so forth.

In April 2014, to educate even more employees about the importance of product safety and to pass down to them principles on the subject, the functions of the learning hall were transferred to within the Human Resources Development Company in Hirakata, Osaka Prefecture, and given the new name of the Product Safety Learning Square.

The Product Safety Learning Square has on display products that were recalled in the past, highlighting the causes of the problems and what steps were taken. The goal is to communicate the lessons learned from the FF-type kerosene heater accidents and to eliminate product safety problems.

#### Responding to Product-Related Incidents

In the event that a product-related accident has occurred in the market, Panasonic immediately confirms the facts relating to the incident, analyzes the causes, and performs tests. If the Company determines that a product-related accident is serious, Panasonic Corporation's president and senior management rapidly and accurately report what has happened to the Consumer Affairs Agency or other relevant government bodies.

Meanwhile, to ensure the safety of its customers, the Panasonic Group acts as one to take all appropriate measures.

### Respect for Human Rights

#### Management System

The Panasonic Code of Conduct expressly states that "we must respect human rights and do our best to understand, acknowledge and respect the diverse cultures, religions, mindsets, laws and regulations of people in the different countries and regions where we conduct business." Panasonic supports the fundamental principles of the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The major parts of these principles are embodied in the Panasonic Code of Conduct. Panasonic is also taking an active approach to reflecting ideas concerning global human rights in its management, including by making reference to the UN Guiding Principles on Business and Human Rights, which were adopted by the UN Human Rights Council in June 2011.

In fiscal 2015, Panasonic complemented the Code of Conduct by setting a "Global Human Rights and Labor Policies" and by implementing a management system for abiding by that policy. The management system consists of self-assessment checklists for properly evaluating risks involving, and the impact on, human rights and for identifying risks, a manual outlining the procedures for correcting the risks that have been identified and for carrying out continuous improvement,

and other components. Starting in fiscal 2016, Panasonic will continue to apply this system to workplaces in Japan and overseas.

In addition to its efforts conducted with its employees, Panasonic will cooperate with its suppliers throughout the world to understand correctly laws and labor practices in different countries and to respect human rights.

### Human Resources Development and Promoting Diversity

#### Policy

To deliver products and services that contribute to the lives of customers around the world, and to develop Panasonic's business, it is essential for the Company to step up its efforts to develop human talent that can participate actively, and grow, in the global business environment. It is also essential that the company create an organizational culture in which all individual employees can fully deploy their talents regardless of age, gender, or nationality. Thus, Panasonic regards the promotion of diversity as a crucial part of its business strategy, and hence provides a broad range of opportunities for anyone with ability and ambition, and actively strives to create a work-friendly environment.

In fiscal 2011, Panasonic compiled this thinking into a Global Diversity Policy. Since then, this policy has been implemented globally.

## Equal Opportunities

To exploit the knowledge capital of society to the greatest extent possible, Panasonic believes that it is crucial to ensure that there is gender diversity in the workplace. The Company has implemented a “Work/Role Grade System” that determines compensation based on the work or role in which employees are currently engaged; there are no gender-based inequalities in this compensation system. However, particularly in Japan, Panasonic is aware that there is a need to employ greater numbers of women in upper management and decision-making positions; it is striving to ensure gender diversity.

In terms of senior management, a female director (current board member Hiroko Ota) was appointed in fiscal 2014, and, in fiscal 2016, a female executive officer (current executive

### Number of Women in Managerial Positions, Percentage of Women in Positions of Responsibility



Note: Managerial position is defined as section leader or higher. Positions of responsibility include positions such as chief or assistant chief. Total of Panasonic Corporation and its key domestic Group companies (excluding SANYO Electric Co., Ltd., and including the former Panasonic Electric Works Co., Ltd. from the year ended March 31, 2013)

officer Michiko Ogawa) has been named. To accelerate female participation in management, Panasonic holds study groups for female employees, creating opportunities for women to encounter the values and views on working of role models. The Company also provides career-advancement seminars for women leaders.

### Supporting Work-Life Balance

As part of Panasonic’s efforts to create an environment that enables everyone to play an active role, the Company is implementing initiatives to support a good work-life balance for employees.

#### Examples of Systems Supporting Work-Life Balance

- e-Work@Home (Work-at-Home System)**  
 Accelerating the implementation of a number of flexible work styles by using information and communications technologies
- Child Care Leave**  
 A non-consecutive total of two years of leave that can be taken until the end of the April following a child starting at elementary school
- Work and Life Support Program**  
 A flexible work system for those raising children, or providing nursing for an elderly person, that includes short work hours, half days, alternate days, and other appropriate schedules
- Family Support Holidays**  
 A vacation system that can be used for a wide range of events, including care or nursing of family members, or attending a child’s school events
- Child Planning Leave**  
 A leave system to take treatments for infertility
- Nursing Leave**  
 The possibility to take up to 365 non-consecutive days off for each person who needs nursing care

## Message from a Female Executive Officer

### Panasonic Already Provides an Environment That Helps to Enhance the Careers of Diverse Employees

Since joining the Company in 1986 to 2001, I was involved in the planning, research, and development of audio equipment. Among other things, I was responsible for developing the world’s first ultra-slim, large-diaphragm speaker. Thereafter, I was assigned to the department responsible for network services. Here, we helped realize an online service that offers HD 3D live. Working as the head of the department that oversees the Company’s social contribution activities has provided me with many valuable experiences. For example, I helped launch the 100 Thousand Solar Lanterns Project, which brings light to off-grid rural areas. After taking over responsibilities for the Technics audio brand in 2014, I have looked to promote brand strategies and ensure that the Technics brand philosophy is properly conveyed. I am also promoting the planning and development of high-quality products as a part of these brand strategies.

Panasonic’s e-Work@Home, family support, and other in-house employee programs have played a significant role in building my career. I have also attended career seminars for women. I found each seminar highly stimulating. The chance to exchange opinions with women of the same generation was an excellent opportunity to think about career development. I can see now that Panasonic has already established the basic structure that allows a diverse range of employees to fully develop their own careers. I believe that innovative measures that motivate employees will become increasingly important in the Company’s efforts to increase the number of career-minded employees that skillfully utilize available programs. It is also important that managers understand the complexities of the life plans of diverse individuals. I can sense the need to foster a corporate culture in which employees can consult freely with their managers.

### Michiko Ogawa Executive Officer, In charge of Technics Brand

- Apr. 1986 Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Corporation)  
Assigned to the Acoustic Research Laboratory
- Oct. 2006 Appointed Manager of CGM Services, Network Services Promotion Office, eNet Business Division
- Apr. 2008 Appointed Manager of the Citizenship Group
- Oct. 2012 Appointed General Manager of the CSR & Citizenship Group, Groupwide Brand Communications Division
- May 2014 Appointed officer responsible for the growth strategies of the audio business within the Home Entertainment Business Division of the Appliances Company
- Dec. 2014 Appointed General Manager of the Technics Business Promotion Office within the Home Entertainment Business Division of the Appliances Company
- Apr. 2015 Appointed Executive Officer in charge of Technics Brand (current position)



## Responsible Procurement

### Management Systems

Supplying outstanding quality and technologies is no longer sufficient. Beyond that, Panasonic strives to ensure that it does business only with suppliers that fulfill their social responsibilities in five areas: clean procurement; green procurement; compliance with laws and social norms; information security; and respect for human rights, labor, and occupational health and safety.

We include CSR terms in our Standard Purchase Agreements with the suppliers who provide our parts and materials, those terms including items relating to human rights, items relating to providing a safe workplace, and items relating to concern for the environment. These agreements are premised on the understanding that the suppliers agree to abide by Panasonic's management philosophy, CSR procurement guidelines, and the "For Suppliers" documents. In addition, we distribute information to our suppliers about the CSR principles we wish them to observe. Periodically, we evaluate their CSR efforts, in addition to evaluating their standards regarding quality, cost, delivery, and services (QCDS), and business execution.

With regard to conflict minerals that fund organizations that behave without proper regard for human rights, engage in environmental destruction, practice corruption, and otherwise act unethically in conflict zones, we strive to adhere to the Organisation for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

## The Local Community

### Background and Goals of Panasonic's Corporate Citizenship Activities

Panasonic believes that, to achieve a sustainable society, there is a pressing duty to deal with global warming and other environmental issues, the exhaustion of resources and energy sources, poverty, inequality, and social problems such as an aging society with a lower birth rate. Panasonic also believes that nurturing the next generation will be crucial if society is to be able to respond to these issues.

Consequently, Panasonic believes that the most effective areas in which it can contribute are responding to environmental and energy-related issues and supporting the development of the next generation—both initiatives making full use of the experience and resources that Panasonic has gained through its environmentally conscious products, technological development, and manufacturing. Thus, these two initiatives are the thematic focuses of Panasonic's corporate citizenship activities.

### Topics

## Solving Social Problems with Products and Services

### Solar LED Lights Illuminate Off-Grid Rural Areas

In fiscal 2015, Panasonic commenced sales of solar LED lights that were developed to meet the needs of off-grid areas of India. During development, we visited off-grid areas and incorporated feedback gathered as we walked around. We added a cell phone charger function, kept the price affordable and achieved an extended operating time of six hours, as had been requested. With regard to sales, we worked together with social enterprises\*<sup>1</sup> that have a deep knowledge of conditions in local areas, implemented microfinancing\*<sup>2</sup> and worked to create an environment in which solar LED lights would be easy to obtain. We also provide lanterns free of charge as part of the 100 Thousand Solar Lanterns Project\*<sup>3</sup>.

\*1 Corporate entities engaged in profitable business with a view to resolving social issues.

\*2 Retail financing that aims for both the alleviation of poverty and income from business.

\*3 Panasonic project that aims to have given 100,000 solar lanterns to off-grid rural areas by fiscal 2019, the year of Panasonic's 100th anniversary.



Newly developed solar LED light



Survey of village in off-grid area of India

### Water Pumps That Free People from Hard Labor of Fetching Water

In Indonesia, many households use water from wells for daily needs other than drinking water, and fetching well water is frequently a task for women and children. Even if there is an electric-powered pump, there is a need to switch off other electrical equipment, because the majority of household power contracts cover very small amounts of electricity. In February 2015, Panasonic thus launched a low energy consumption pump that enables other electrical appliances to be used at the same time.



A low-energy-consumption, electrically powered well water extraction pump

# Financial and Corporate Information

## 50 | Financial Review

- 50 Analyses of Operating Results for Fiscal 2015, ended March 31, 2015
- 52 Financial Conditions and Liquidity

## 53 | Consolidated Financial Statements

- 53 Consolidated Balance Sheets
- 54 Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss)
- 55 Consolidated Statements of Equity
- 56 Consolidated Statements of Cash Flows

## 57 | Company Information / Stock Information

Note: Panasonic's financial review and consolidated financial statements are presented in accordance with the Company's Annual Securities Report (*Yukashoken Hokokusho*), and Special Financial Report.

 Annual Securities Report, etc.

## Financial Review Please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#)

### Analyses of Operating Results for Fiscal 2015, ended March 31, 2015

During the fiscal year under review, the global economy experienced a modest recovery, despite changes in the economic environment reflecting such factors as the drop in resource prices and the impact of geopolitical concerns. The rates of economic growth slowed in China and certain ASEAN countries as well as in Europe generally. In contrast, employment and consumer spending were stable in the U.S. Against the backdrop of such factors as corrections to the yen appreciation, signs of economic improvement appeared in Japan following the temporary downturn in the economy caused by the impact of the consumption tax rate hike.

Under such business circumstances, Panasonic promoted Business Division-based Management as an initiative in fiscal 2015, the second year of its “Cross-Value Innovation 2015 (CV2015)” mid-term management plan. Panasonic also promoted initiatives to consolidate its foundation in a bid to achieve CV2015 and to set its growth strategy for a new Panasonic in fiscal 2019.

A major part of Panasonic’s business restructuring endeavors has been conducted across the seven challenging TV set/panel, semiconductor, circuit board, optical device, mobile phone, air conditioner and digital camera businesses. While some businesses remain in the red, the Company has established an overall strategy direction. As a result, Panasonic believes that the restructuring of businesses is completed under CV2015.

### Sales

Consolidated Group sales for fiscal 2015 were 7,715.0 billion yen, on par with fiscal 2014. Despite the positive effect from the yen depreciation, Group sales remained at the same level, primarily as a result of sales decreases in challenging businesses as the Company narrowed its range of models and business transfers. In Japan, although sales in the housing-related and consumer electronics businesses decreased, due mainly to weakening demand after the consumption tax rate hike in April 2014, sales of residential solar photovoltaic systems were strong. Overseas sales increased primarily as a result of strong automotive-related business sales and robust demand as well as the positive effect from the yen depreciation. Consolidated Group sales in real terms (excluding the effects of exchange rates) decreased by 3% compared with the previous fiscal year.

Sales in the domestic market amounted to 3,692.0 billion yen, down 5% from 3,897.9 billion yen in fiscal 2014, due mainly to weakening demand in the housing-related and consumer electronics businesses after the consumption tax rate hike in April 2014. Overseas sales increased by 5% to 4,023.0 billion yen from 3,838.6 billion yen in the previous fiscal year. In real terms, overseas sales decreased by 2% year on year. By region, sales in the Americas amounted to 1,218.0 billion yen. While this was up compared with the previous fiscal year, sales declined by 1% in real terms. Sales in Europe amounted to 729.4 billion yen, decreasing by 1% year on year and by 4% in real terms. In Asia, China and others, sales increased year on year to 2,075.6 billion yen but decreased by 1% in real terms.

### Operating Profit\*

In fiscal 2015, cost of sales amounted to 5,527.2 billion yen, down from 5,638.8 billion yen in fiscal 2014. Selling, general and administrative expenses amounted to 1,805.9 billion yen, up from 1,792.6 billion yen. Accordingly operating profit significantly increased to 381.9 billion yen from 305.1 billion yen in the previous fiscal year. This increase came as a result of the improvements made in the challenging businesses, including the benefits of business restructuring, the reduction of fixed costs and the streamlining of the costs of materials. The operating profit to sales ratio improved from 3.9% in fiscal 2014 to 5.0%.

\* In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, 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.

### Income before Income Taxes

In other income, interest income amounted to 15.0 billion yen, up from 10.6 billion yen in fiscal 2014. Dividends received amounted to 1.5 billion yen, down from 2.0 billion yen in fiscal 2014. Proceeds of 95.7 billion yen from business transfers and disposals of fixed assets, etc. were also posted.

In other deductions, interest expense amounted to 17.6 billion yen, down from 21.9 billion yen in fiscal 2014. Also incurred were business restructuring expenses of 94.9 billion yen, including impairment losses on fixed assets, and litigation-related expenses of 59.2 billion yen for violating antitrust laws for CRT TV and lithium-ion batteries, etc., as well as other expenses of 24.6 billion yen for the prevention of further accidents with residential

water heating systems.

As a result of the above-mentioned factors, other income (deductions), net amounted to a loss of 199.4 billion yen, from a loss of 98.9 billion yen in the previous fiscal year. This was mainly due to the one-off gain from pension scheme change in fiscal 2014. Accordingly, income before income taxes for fiscal 2015 amounted to 182.5 billion yen, compared with 206.2 billion yen in fiscal 2014.

### Net Income Attributable to Panasonic Corporation

Provision for income taxes for fiscal 2015 amounted to a gain of 2.0 billion yen, compared with a loss of 89.7 billion yen in fiscal 2014 due mainly to recording 130.2 billion yen of deferred tax assets (DTA), namely decrease in valuation allowances to DTA, of Panasonic Corporation in consolidated financial statements.

Equity in earnings of associated companies increased to 11.9 billion yen in fiscal 2015, compared with 5.1 billion yen in fiscal 2014. Net income attributable to noncontrolling interests amounted to 16.9 billion yen in fiscal 2015, compared with 1.2 billion yen in fiscal 2014.

As a result of the above-mentioned factors, the Company recorded net income attributable to Panasonic Corporation of 179.5 billion yen in fiscal 2015, compared with 120.4 billion yen in fiscal 2014. Net income attributable to Panasonic Corporation per share, basic amounted to 77.65 yen in fiscal 2015, compared with 52.10 yen in fiscal 2014.

### Segment Information

The Company organizes its businesses into five reportable segments: Appliances, Eco

Solutions, AVC Networks, Automotive & Industrial Systems and Other.

Some businesses were transferred among segments on April 1, 2014, and July 1, 2014. Accordingly, the figures for segment information in fiscal 2014 have been reclassified to conform to the presentation for July 1, 2014.

### Appliances

Remaining at the same level as the previous fiscal year, sales in the Appliances segment were 1,769.7 billion yen.

In fiscal 2015, despite weakening demand after the consumption tax rate hike and the negative impact from a sharp decline in TV prices in Japan, overall sales were on par with fiscal 2014. This situation was mainly due to favorable overseas sales of home appliances such as air-conditioners, and motors.

Looking at this segment's main Business Divisions (BDs), Home Entertainment BD sales of video equipment were robust, mainly in Japan. Despite the launch of new, high-value-added 4K TV products overall sales decreased owing to a sharp fall in prices and the negative effect from foreign exchange. In the Air-Conditioner BD, sales increased owing to growth in sales, primarily overseas, of both home and large air-conditioners, despite the effects in Japan of poor summer weather and the consumption tax rate hike in April 2014. In the Laundry Systems and Vacuum Cleaner BD, sales increased owing to robust sales of washing machines and vacuum cleaners. In the Refrigeration and Air-Conditioning Devices BD, sales increased owing to robust sales of air-conditioner compressors in Japan and China.

Year on year, segment profit increased by 11.0 billion yen to 40.5 billion yen. Profit improvements in air-conditioners and a profit increase in devices such as motors offset the worsening profitability of TVs.

### Eco Solutions

Compared with the previous fiscal year, sales decreased by 1% to 1,666.0 billion yen.

In fiscal 2015, although overseas sales increased following the newly-consolidated Turkish company VIKO, overall sales decreased slightly due to lower house-related business sales in Japan, caused by weakening demand in the housing market after the consumption tax rate hike.

Of the main BDs in this segment, the Energy Systems BD increased its sales, owing to growth in sales of residential solar photovoltaic systems, and overseas sales, including wiring equipment and circuit breakers. In the Housing Systems BD, sales of tankless toilets were strong, but overall sales decreased owing to the effect of the worsening conditions in the housing market in Japan. In the Lighting BD, overseas sales and domestic sales of non-residential lighting grew, but overall sales decreased slightly, as the move toward LEDs resulted in shrinking demand for existing light sources. The Lighting BD also struggled to maintain sales of residential lighting, owing to the decrease in demand that followed the surge ahead of the April 2014 consumption tax rate hike. At Panasonic Ecology Systems Co., Ltd., sales increased owing to strong overseas sales of ventilation equipment and other products, in addition to large-scale orders in the engineering business in Japan.

Year on year, segment profit increased by 3.2 billion yen to 95.3 billion yen. This increase was mainly due to the growth in sales of residential solar photovoltaic systems, streamlining initiatives and the reduction of fixed costs.

### AVC Networks

Sales remained at the same level as fiscal 2014, at 1,154.3 billion yen.

In fiscal 2015, the sales increase achieved in the stable BtoB business and the positive effect from the yen depreciation offset the sales decrease that accompanied the negative impact from business restructuring in fiscals 2014 and 2015.

In the main BDs of this segment, sales grew significantly in the Vertical Solutions Business, which includes Avionics BD, partly because Panasonic capitalized on efforts to accelerate the installation of aircraft in-flight entertainment systems. The yen depreciation also contributed to the increase in sales. Despite robust sales of high brightness projector models in the Visual and Imaging Business, which includes the Visual Systems BD, overall sales decreased owing to a fall in digital camera sales as the Company narrowed its range of models and the effect of the withdrawal from the plasma display panel business. Including the IT Products BD, overall sales in the Mobility Business increased, owing partly to firm growth in sales of the rugged Toughbook and Toughpad products in Europe and the U.S., where the yen depreciation was also a contributory factor. Despite market contraction in the Communication Business, which includes the Communication Products BD, overall

sales were healthy, partly owing to the strengthening of promotional activities for overseas fixed telephones and new office telephone products.

Segment profit increased by 16.1 billion yen to 51.8 billion yen, primarily as a result of the profit improvement from the sales increase in the BtoB business and business restructuring benefits.

### Automotive & Industrial Systems

Automotive & Industrial Systems segment sales increased by 2% year on year, to 2,782.5 billion yen.

Despite sales decreases from the downsizing of unprofitable businesses and business transfers, overall sales increased in fiscal 2015, due mainly to favorable demand in overseas automotive businesses, especially in North America and Europe. The positive effect from the yen depreciation also contributed to the sales increase in this segment.

In the Automotive Infotainment Systems BD, sales increased owing to strong sales of display-audio systems and robust sales of products overseas, including car navigation systems. Despite decreases in sales of lithium-ion batteries for the information and communications technology (ICT) field and nickel-cadmium batteries, Portable Rechargeable Battery BD sales increased significantly overall, owing to expansion in sales of lithium-ion batteries for electricity storage and electric tools, and for power supply to U.S. electric vehicle manufacturers. Sales in the Automation Controls BD were healthy overall, as sales of devices for use in the automotive and industrial fields offset lackluster sales of connectors for smartphones.

Segment profit increased by 36.5 billion yen to 105.7 billion yen. This increase was mainly due to the benefits of business restructuring, including in the LCD panel and semiconductor businesses, streamlining initiatives and the positive effect from foreign exchange.

#### Other

Compared with fiscal 2014, sales in the Other segment decreased by 14%, to 764.5 billion yen.

Despite stagnant detached housing sales attributable to the decline in demand that followed the surge ahead of the April 2014 consumption tax rate hike, PanaHome Corporation sales in fiscal 2015 were at the same level as fiscal 2014. Responding to rising concerns, found mainly in urban areas, about the impact of revisions to Japan's inheritance tax system, the company promoted sales of urban residential properties for rent and Age-Free serviced housing for the elderly. Overall sales decreased significantly, however, due mainly to the effect of the healthcare business transfer at the end of fiscal 2014.

Segment profit decreased by 9.7 billion yen to 14.6 billion yen, again due mainly to the effect of the healthcare business transfer.



## Financial Conditions and Liquidity

### Liquidity and Capital Resources

The Panasonic Group operates its business in keeping with its basic policy of generating the funds necessary for its business activities through its own efforts. The funds thus generated are utilized efficiently through internal Group finance operations. In cases where Panasonic needs to secure funds for purposes such as working capital or business investments, the Company raises external funds by appropriate measures that take into consideration its financial structure and financial market conditions.

#### Cash

Cash and cash equivalents totaled 1,280.4 billion yen as of March 31, 2015, an increase from the 592.5 billion yen recorded at the end of the previous fiscal year.

#### Interest Bearing Debt

Interest bearing debt as of March 31, 2015 amounted to 972.9 billion yen. The increase from the 642.1 billion yen at the end of fiscal 2014 was mainly due to the issuance of 400.0 billion yen in unsecured straight bonds.

As a result of the ongoing efforts of the entire Panasonic Group to generate cash, Panasonic's net cash position was 331.5 billion yen compared with minus 47.6 billion yen at the end of the previous fiscal year.

Note: Net cash is calculated by deducting interest-bearing debt (total of short-term debt, including current position of long-term debt, and long-term debt) from financial assets on hand, such as cash and cash equivalents and time deposits, including those of more than one year.

#### Ratings

Panasonic obtains credit ratings from Rating and Investment Information, Inc. (R&I), Standard & Poor's Ratings Japan (S&P) and Moody's Japan K.K. (Moody's). Panasonic's ratings as of March 31, 2015 are as follows:

##### R&I:

A (Long-term, outlook: stable),  
a-1 (Short-term)

##### S&P:

BBB+ (Long-term, outlook: positive),  
A-2 (Short-term)

##### Moody's:

Baa1 (Long-term, outlook: positive)

#### Cash Flows

The Panasonic Group aims to improve free cash flows by enhancing its business profitability and to expand its businesses steadily over the medium to long term. The Company is also making every effort to implement measures to generate cash flows, including the continuous reduction of working capital and reviews of its assets.

Free cash flow (net cash provided by operating activities plus net cash provided by investing activities) amounted to 353.5 billion yen, a year-on-year decrease of 240.6 billion yen, due primarily to a rapid improvement in capital expenditures and gain from the transfer of the healthcare business in fiscal 2014. The recording of net income, an improvement in working capital, business transfers and disposals of investments in equity contributed significantly to positive free cash flow in fiscal 2015.

#### Capital Investment and Depreciations

Capital investment (tangible assets only)

during fiscal 2015 increased by 4% to 226.7 billion yen, compared with 217.0 billion yen in fiscal 2014. Major capital investments were made in manufacturing facilities (Osaka) that produce the portable rechargeable batteries mainly used in vehicles.

During fiscal 2015, depreciation (tangible assets only) decreased by 13% to 242.1 billion yen, compared with 278.8 billion yen in fiscal 2014.

#### Assets, Liabilities and Equity

The Company's consolidated total assets as of March 31, 2015, increased by 744.0 billion yen from the end of fiscal 2014 to 5,956.9 billion yen. This increase was mainly due to the increase in cash and cash equivalents attributable to the issuance of bonds and the recording of DTAs as well as depreciation of the yen.

Total liabilities increased by 337.8 billion yen to 3,964.4 billion yen, primarily resulting from the issuance of unsecured straight bonds.

Despite a decrease in capital surplus associated with the acquisition of additional interests in its subsidiaries, Panasonic Corporation shareholders' equity amounted to 1,823.3 billion yen, an increase of 275.1 billion yen compared with the end of fiscal 2014, due mainly to the recording of net income and an improvement in accumulated other comprehensive income (loss) associated with the depreciation of the yen. Accordingly, Panasonic Corporation shareholders' equity ratio increased from 29.7% at the end of fiscal 2014 to 30.6%. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,992.5 billion yen.

## Consolidated Financial Statements

Please refer to the Company's [Special Financial Report](#)

Download DATA BOOK  
(Balance Sheets)

### Consolidated Balance Sheets

March 31, 2014 and 2015

	(Millions of yen)	
	2014	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents.....	592,467	1,280,408
Time deposits.....	—	18,470
Trade receivables:		
Related companies.....	18,672	14,673
Notes.....	73,450	78,916
Accounts.....	939,787	923,452
Allowance for doubtful receivables.....	(24,476)	(24,947)
Net trade receivables.....	1,007,433	992,094
Inventories.....	750,681	762,670
Other current assets.....	303,411	359,098
Total current assets.....	2,653,992	3,412,740
Investments and advances:		
Associated companies.....	156,506	175,824
Other investments and advances.....	115,298	137,845
Total investments and advances.....	271,804	313,669
Property, plant and equipment:		
Land.....	283,305	268,658
Buildings.....	1,453,550	1,422,561
Machinery and equipment.....	2,728,925	2,776,617
Construction in progress.....	44,220	54,358
	4,510,000	4,522,194
Less accumulated depreciation.....	3,084,551	3,147,363
Net property, plant and equipment.....	1,425,449	1,374,831
Other assets:		
Goodwill.....	473,377	457,103
Intangible assets.....	203,591	172,898
Other assets.....	184,781	225,706
Total other assets.....	861,749	855,707
	5,212,994	5,956,947

	(Millions of yen)	
	2014	2015
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt, including current portion of long-term debt.....	84,738	260,531
Trade payables:		
Related companies.....	43,525	55,500
Notes.....	200,355	236,958
Accounts.....	693,135	690,847
Total trade payables.....	937,015	983,305
Accrued income taxes.....	40,454	39,733
Accrued payroll.....	217,246	206,686
Other accrued expenses.....	799,959	887,585
Deposits and advances from customers.....	75,520	79,277
Employees' deposits.....	5,146	584
Other current liabilities.....	277,781	275,099
Total current liabilities.....	2,437,859	2,732,800
Noncurrent liabilities:		
Long-term debt.....	557,374	712,385
Retirement and severance benefits.....	430,701	332,661
Other liabilities.....	200,622	186,549
Total noncurrent liabilities.....	1,188,697	1,231,595
Equity:		
Panasonic Corporation shareholders' equity:		
Common stock:		
Authorized—4,950,000,000 shares		
Issued —2,453,053,497 shares.....	258,740	258,740
Capital surplus.....	1,109,501	984,111
Retained earnings.....	878,742	1,021,241
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments.....	(167,219)	11,858
Unrealized holding gains of available-for-sale securities.....	6,027	14,285
Unrealized gains (losses) of derivative instruments.....	(237)	3,135
Pension liability adjustments.....	(290,270)	(222,529)
Total accumulated other comprehensive loss.....	(451,699)	(193,251)
Treasury stock, at cost:		
141,789,018 shares as of March 31, 2015,		
141,496,296 shares as of March 31, 2014.....	(247,132)	(247,548)
Total Panasonic Corporation shareholders' equity.....	1,548,152	1,823,293
Noncontrolling interests.....	38,286	169,259
Total equity.....	1,586,438	1,992,552
Commitments and contingent liabilities.....		
	5,212,994	5,956,947

## Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2013, 2014 and 2015



### Consolidated Statements of Operations

	(Millions of yen)		
	2013	2014	2015
Revenues, costs and expenses:			
Net sales:			
Related companies.....	135,006	129,045	150,832
Other.....	7,168,039	7,607,496	7,564,205
Total net sales.....	7,303,045	7,736,541	7,715,037
Cost of sales.....	(5,419,888)	(5,638,869)	(5,527,213)
Selling, general and administrative expenses.....	(1,722,221)	(1,792,558)	(1,805,911)
Interest income.....	9,326	10,632	14,975
Dividends received.....	3,686	1,992	1,466
Other income.....	91,807	243,488	95,784
Interest expense.....	(25,601)	(21,911)	(17,566)
Impairment losses of long-lived assets.....	(138,138)	(103,763)	(40,032)
Goodwill impairment.....	(250,583)	(8,069)	(16,001)
Other deductions.....	(249,819)	(221,258)	(238,083)
Income (loss) before income taxes.....	(398,386)	206,225	182,456
Provision for income taxes:			
Current.....	66,532	92,817	106,107
Deferred.....	318,141	(3,152)	(108,088)
	384,673	89,665	(1,981)
Equity in earnings of associated companies.....	7,891	5,085	11,929
Net income (loss).....	(775,168)	121,645	196,366
Less net income (loss) attributable to noncontrolling interests.....	(20,918)	1,203	16,881
Net income (loss) attributable to Panasonic Corporation.....	(754,250)	120,442	179,485

(Yen)

	2013	2014	2015
Net income (loss) attributable to Panasonic Corporation common shareholders per share:			
Basic.....	(326.28)	52.10	77.65
Diluted.....	—	—	77.64

### Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	2013	2014	2015
Net income (loss).....	(775,168)	121,645	196,366
Other comprehensive income (loss), net of tax:			
Translation adjustments.....	198,287	136,633	193,690
Unrealized holding gains (losses) of available-for-sale securities.....	(13,416)	6,201	8,351
Unrealized gains (losses) of derivative instruments.....	(845)	4,300	3,445
Pension liability adjustments.....	(62,481)	38,551	68,027
	121,545	185,685	273,513
Comprehensive income (loss).....	(653,623)	307,330	469,879
Less comprehensive income (loss) attributable to noncontrolling interests.....	(6,299)	10,358	31,946
Comprehensive income (loss) attributable to Panasonic Corporation.....	(647,324)	296,972	437,933

## Consolidated Statements of Equity

Years ended March 31, 2013, 2014 and 2015

(Millions of yen)

	2013	2014	2015
<b>Common stock:</b>			
Balance at beginning of period.....	258,740	258,740	<b>258,740</b>
Balance at end of period.....	258,740	258,740	<b>258,740</b>
<b>Capital surplus:</b>			
Balance at beginning of period.....	1,117,530	1,110,686	<b>1,109,501</b>
Equity transactions with noncontrolling interests and others.....	(6,844)	(1,185)	<b>(125,390)</b>
Balance at end of period.....	1,110,686	1,109,501	<b>984,111</b>
<b>Retained earnings:</b>			
Balance at beginning of period.....	1,535,689	769,863	<b>878,742</b>
Sale of treasury stock.....	(17)	(5)	<b>(1)</b>
Cash dividends to Panasonic Corporation stockholders.....	(11,559)	(11,558)	<b>(36,985)</b>
Net income (loss) attributable to Panasonic Corporation.....	(754,250)	120,442	<b>179,485</b>
Balance at end of period.....	769,863	878,742	<b>1,021,241</b>
<b>Accumulated other comprehensive income (loss):</b>			
Balance at beginning of period.....	(735,155)	(628,229)	<b>(451,699)</b>
Other comprehensive income, net of tax.....	106,926	176,530	<b>258,448</b>
Balance at end of period.....	(628,229)	(451,699)	<b>(193,251)</b>

(Millions of yen)

	2013	2014	2015
<b>Treasury stock:</b>			
Balance at beginning of period.....	(247,018)	(247,028)	<b>(247,132)</b>
Sale of treasury stock.....	25	12	<b>10</b>
Repurchase of common stock.....	(35)	(116)	<b>(426)</b>
Balance at end of period.....	(247,028)	(247,132)	<b>(247,548)</b>
<b>Noncontrolling interests:</b>			
Balance at beginning of period.....	47,780	40,241	<b>38,286</b>
Cash dividends paid to noncontrolling interests.....	(10,549)	(13,628)	<b>(22,244)</b>
Net income (loss) attributable to noncontrolling interests.....	(20,918)	1,203	<b>16,881</b>
Other comprehensive income, net of tax.....	14,619	9,155	<b>15,065</b>
Equity transactions with noncontrolling interests and others.....	9,309	1,315	<b>121,271</b>
Balance at end of period.....	40,241	38,286	<b>169,259</b>

## Consolidated Statements of Cash Flows

Years ended March 31, 2013, 2014 and 2015 (Millions of yen)

	2013	2014	2015
<b>Cash flows from operating activities:</b>			
Net income (loss) .....	(775,168)	121,645	<b>196,366</b>
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization.....	339,367	331,083	<b>286,528</b>
Net gains on sale of investments.....	(29,125)	(25,769)	<b>(8,261)</b>
Provision for doubtful receivables.....	6,641	8,218	<b>5,918</b>
Deferred income taxes.....	318,141	(3,152)	<b>(108,088)</b>
Write-down of investment securities.....	4,017	142	<b>1,023</b>
Impairment losses on long-lived assets and goodwill.....	388,721	111,832	<b>56,033</b>
Cash effects of changes in, excluding acquisition:			
Trade receivables.....	128,088	(34,882)	<b>68,901</b>
Inventories.....	64,625	64,601	<b>5,993</b>
Other current assets.....	51,168	35,714	<b>15,885</b>
Trade payables.....	(68,282)	124,467	<b>6,509</b>
Accrued income taxes.....	4,817	11,572	<b>(4,757)</b>
Accrued expenses and other current liabilities.....	(117,098)	32,875	<b>52,106</b>
Retirement and severance benefits.....	(8,811)	(140,422)	<b>(40,634)</b>
Deposits and advances from customers.....	3,247	1,363	<b>2,232</b>
Other, net.....	28,402	(57,337)	<b>(44,291)</b>
Net cash provided by operating activities.....	<b>338,750</b>	<b>581,950</b>	<b>491,463</b>
<b>Cash flows from investing activities:</b>			
Proceeds from disposals of investments and advances.....	195,401	63,185	<b>43,625</b>
Increase in investments and advances.....	(4,144)	(18,226)	<b>(19,647)</b>
Capital expenditures.....	(320,168)	(201,735)	<b>(224,162)</b>
Proceeds from disposals of property, plant and equipment.....	146,562	53,321	<b>80,168</b>
(Increase) decrease in time deposits, net.....	36,795	1,674	<b>(18,470)</b>
Proceeds from sale of consolidated subsidiaries.....	6,685	176,489	<b>31,700</b>
Purchase of shares of newly consolidated subsidiaries, net of acquired companies' cash and cash equivalents.....	(3,383)	(45,455)	<b>(6,340)</b>
Other, net.....	(41,342)	(17,125)	<b>(24,882)</b>
Net cash provided by (used in) investing activities.....	<b>16,406</b>	<b>12,128</b>	<b>(138,008)</b>

	2013	2014	2015
<b>Cash flows from financing activities:</b>			
Decrease in short-term debt with maturities of three months or less, net.....	(25,168)	(135,699)	<b>(28,379)</b>
Proceeds from short-term debt with maturities longer than three months.....	433,820	11,469	<b>15,106</b>
Repayments of short-term debt with maturities longer than three months.....	(650,938)	(35,163)	<b>(16,958)</b>
Proceeds from long-term debt.....	648	—	<b>402,248</b>
Repayments of long-term debt.....	(226,320)	(342,761)	<b>(46,031)</b>
Dividends paid to Panasonic Corporation shareholders.....	(11,559)	(11,558)	<b>(36,985)</b>
Dividends paid to noncontrolling interests.....	(10,549)	(13,628)	<b>(22,244)</b>
Repurchase of common stock.....	(35)	(116)	<b>(426)</b>
Sale of treasury stock.....	8	7	<b>9</b>
Purchase of noncontrolling interests.....	(940)	(4,025)	<b>(4,157)</b>
Other, net.....	(25)	(841)	<b>(4,568)</b>
Net cash provided by (used in) financing activities.....	<b>(491,058)</b>	<b>(532,315)</b>	<b>257,615</b>
Effect of exchange rate changes on cash and cash equivalents.....	57,774	34,421	<b>76,871</b>
Net increase (decrease) in cash and cash equivalents.....	<b>(78,128)</b>	<b>96,184</b>	<b>687,941</b>
Cash and cash equivalents at beginning of year.....	574,411	496,283	<b>592,467</b>
Cash and cash equivalents at end of year.....	<b>496,283</b>	<b>592,467</b>	<b>1,280,408</b>

## Company Information / Stock Information (As of March 31, 2015)

[History](#)
[Corporate Bonds](#)

### Company Outline

#### Company Name

Panasonic Corporation  
(TSE Securities Code: 6752)

#### Founded

March 1918 (incorporated in December 1935)

#### Stated Capital

258.7 billion yen

#### Consolidated Companies

(including parent company) 469 companies

#### Associated Companies under the Equity Method

94 companies

#### Number of Employees

254,084 persons

### Share Data

#### Number of Shares Issued

2,453,053,497 shares  
(including 141,789,018 shares held by Panasonic)

#### Number of Shareholders

469,295 persons

#### Stock Exchange Listings

Tokyo, Nagoya

#### Transfer Agent for Common Stock

Sumitomo Mitsui Trust Bank, Limited  
5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi, Osaka  
540-8639, Japan  
Phone: +81-3-3323-7111

#### Depository and Transfer Agent for American Depositary Receipts (ADRs)

Stock Exchange: U.S. Over-the-Counter (OTC) Market  
ADR Ratio: 1 ADR = 1 Share  
Symbol: PCRFY  
Transfer Agent:  
JPMorgan Service Center  
P.O. Box 64504  
St. Paul, MN 55164-0504, U.S.A.  
Tel: +1-800-990-1135 (U.S.: toll free)  
+1-651-453-2128 (International)

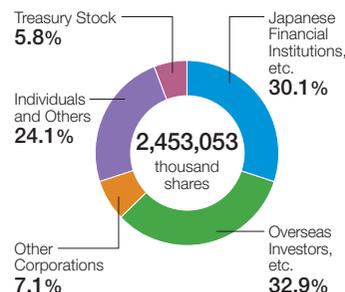
### Breakdown of Issued Shares by Type of Shareholders

(March 31 of each year)

	2011	2012	2013	2014	2015
Japanese Financial Institutions, etc.	30.9	34.2	28.3	27.2	30.1
Overseas Investors, etc.	22.7	21.9	25.3	33.2	32.9
Other Corporations	7.1	8.4	8.3	7.4	7.1
Individuals and Others	23.7	29.7	32.3	26.4	24.1
Treasury Stock	15.6	5.8	5.8	5.8	5.8
Total	100.0	100.0	100.0	100.0	100.0

### Breakdown of Issued Shares by Type of Shareholders

(As of March 31, 2015)

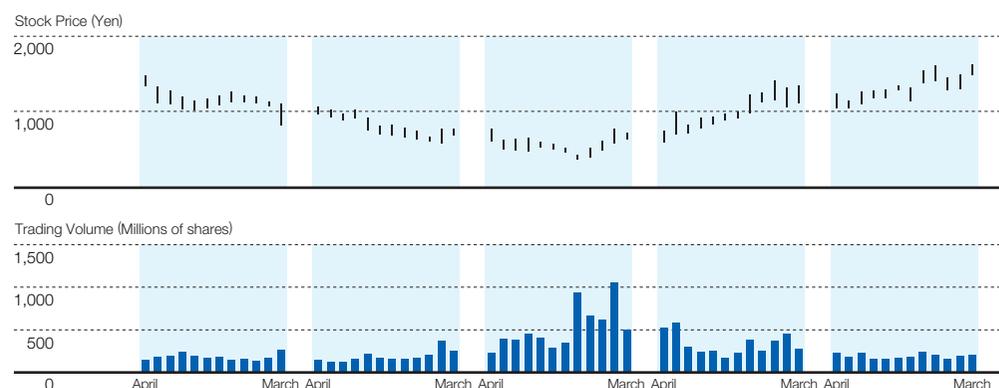


### Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	140,734	5.73
The Master Trust Bank of Japan, Ltd. (trust account)	118,120	4.81
STATE STREET BANK AND TRUST COMPANY	83,213	3.39
Nippon Life Insurance Company	69,056	2.81
Panasonic Corporation Employee Shareholding Association	44,815	1.82
Sumitomo Life Insurance Co.	37,408	1.52
THE BANK OF NEW YORK MELLON SA/NV 10	32,794	1.33
Matsushita Real Estate Co., Ltd.	29,121	1.18
STATE STREET BANK WEST CLIENT – TREATY 505234	28,911	1.17
Sumitomo Mitsui Banking Corporation	28,512	1.16

Notes: 1. Amounts less than one thousand have been discarded.  
2. The number of treasury stock is 141,789 thousand shares.

### Company Stock Price and Trading Volume (Years ended March 31) Tokyo Stock Exchange Monthly basis



	2011	2012	2013	2014	2015
High	1,480	1,070	781	1,408	1,614.0
Low	826	582	376	594	1,030.0
Period-End	1,058	761	654	1,173	1,577.0



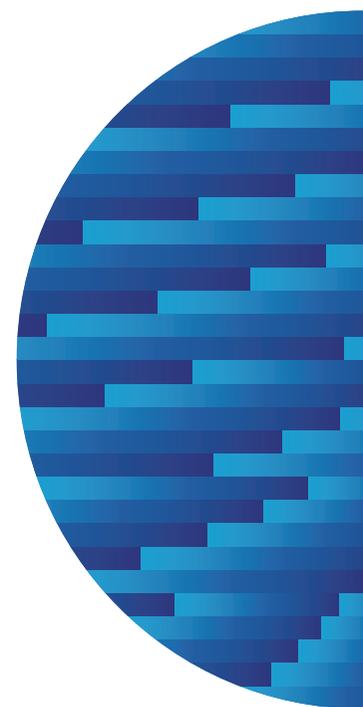
#### Corporate Site

<http://www.panasonic.com/global/home.html>

#### IR Site

<http://www.panasonic.com/global/corporate/ir.html>

Please refer to Panasonic's IR site for information on the Company including financial results and presentation materials.



### Investor Relations Offices

#### Japan

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##### Osaka

Panasonic Corporation  
Disclosure & Investor Relations Office  
1006 Oaza Kadoma, Kadoma-shi  
Osaka 571-8501, Japan  
Phone: +81-6-6908-1121

##### Tokyo

Panasonic Corporation  
Disclosure & Investor Relations Office  
1-5-1 Higashi-Shimbashi, Minato-ku  
Tokyo 105-8301, Japan  
Phone: +81-3-3437-1121

#### U.S.

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Panasonic Corporation of North America  
Two Riverfront Plaza,  
Newark, NJ 07102-5490  
Phone: +1-201-348-7000

#### Europe

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Panasonic Europe Ltd.  
Panasonic House, Willoughby Road,  
Bracknell, Berkshire, RG12 8FP, U.K.  
Phone: +44-13-4470-6982