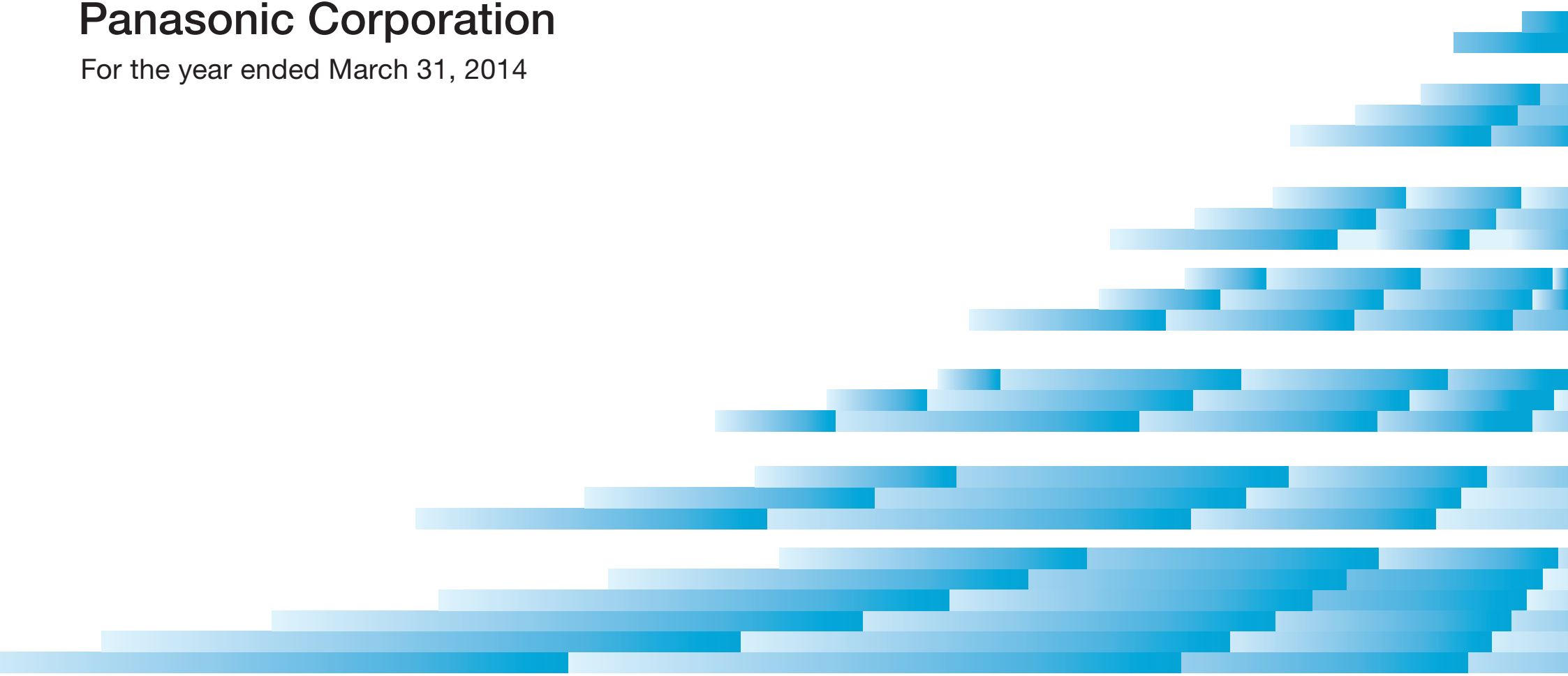


# Annual Report **2014**

**Panasonic Corporation**

For the year ended March 31, 2014



**Panasonic**

## Profile

Since the founding of the Company in 1918, we have carried out our activities under our basic management philosophy, which commits us to making a contribution through our business operations to improving the lives of people around the world, and to the further progress of society. Always making “people” central to our activities, and thereby focusing on “people’s lives,” we will continue to provide better living for our customers. This is the unwavering commitment we at Panasonic have had over many years.

And what we are aiming for now is to keep on providing “better living” everywhere while meeting the needs of each individual customer. In a variety of spaces where our customers go about their lives, spaces ranging from inside the home, the office, the store, the automobile, and the airplane, as well as the town, we will provide not only single pieces of hardware, but also total solutions including software and services. We will pursue the concept of “A Better Life, A Better World,” meeting the needs of each individual customer.

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- 6 **Moving Beyond Consumer Electronics to Expand into Wide-Ranging Areas of the BtoB Business**



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Kazuhiro Tsuga  
President

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Hideaki Kawai  
Senior Managing Director  
In charge of Accounting and Finance

### Business Overview

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Hiroko Ota  
Outside Director

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Note: Risk Factors

Please refer to the Company’s [PDF 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 that assist mainly investors in making investment decisions. In this Report, particular emphasis was placed on the following points.

### 1 Brief introduction of the Company’s business areas

This report has newly included an “About Panasonic” page in order to introduce the wide range of fields in which the Company operates including the BtoB business.

### 2 Messages from the CFO and an outside director

In the CFO message, an explanation of the Company’s fundamental approach toward financial strategies is provided together with an introduction of various initiatives. In the message from an outside director, details of the role played by the outside director in carrying out the Company’s management reforms are provided.

Please refer to the relevant website for information regarding the Company’s sustainability activities.



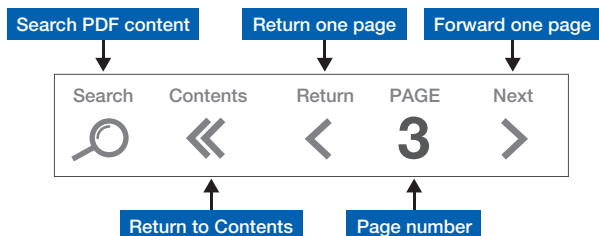
Sustainability website  
<http://panasonic.net/sustainability/en/>

## Disclaimer Regarding Forward-Looking Statements

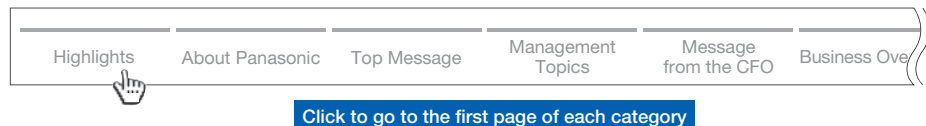
This Annual Report includes forward-looking statements (that include those within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current 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 United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, 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.

## Using the Navigation Buttons



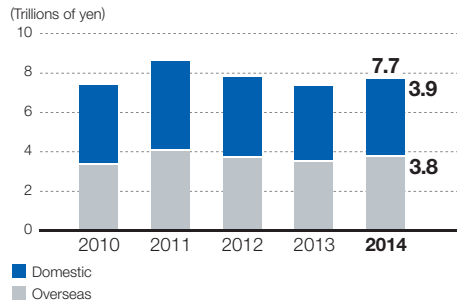
## Using Category Tabs



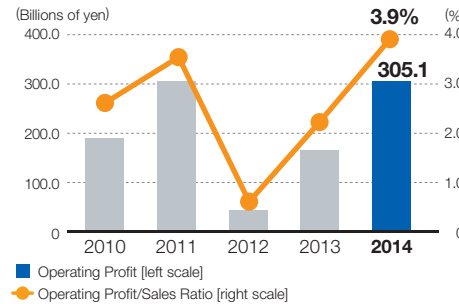
▶ Major Financial Indicators (Graphs) / Major Non-Financial Indicators (Graphs) ▶ Major Financial Indicators (Tables) ▶ Major Non-Financial Indicators (Tables)

## Major Financial Indicators (Graphs) Panasonic Corporation and Subsidiaries Years ended March 31

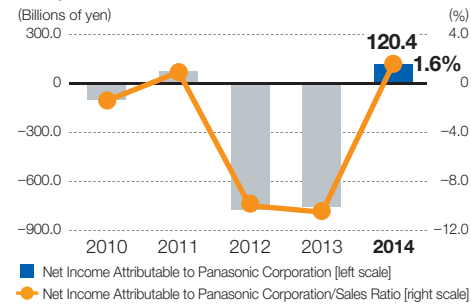
### Net Sales



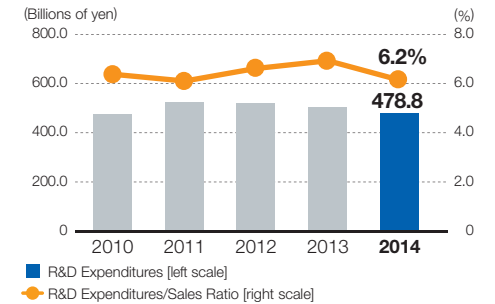
### Operating Profit and Ratio to Sales



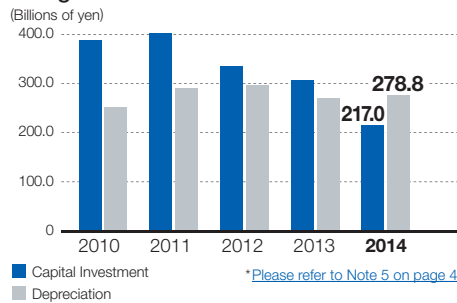
### Net Income Attributable to Panasonic Corporation and Ratio to Sales



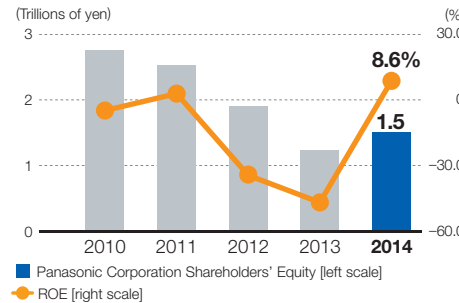
### R&D Expenditures and Ratio to Sales



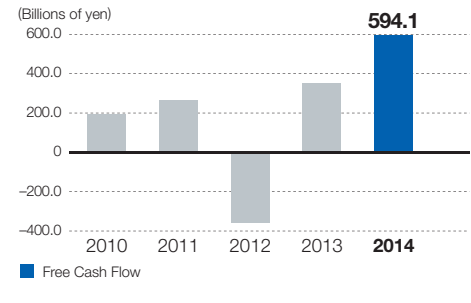
### Capital Investment and Depreciation (Tangible Assets)\*



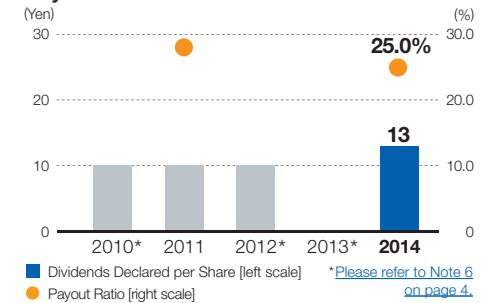
### Panasonic Corporation Shareholders' Equity and ROE



### Free Cash Flow



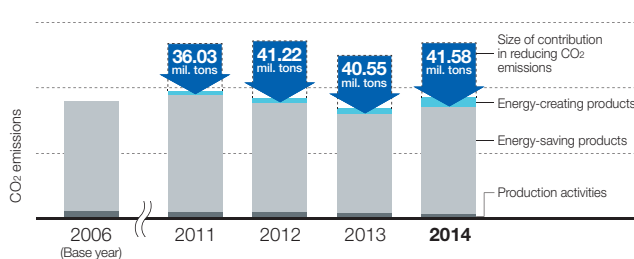
### Dividends Declared per Share and Payout Ratio\*



## Major Non-Financial Indicators (Graphs) Panasonic Corporation and Subsidiaries (Otherwise listed in notes) Years ended March 31 (Otherwise listed in notes)

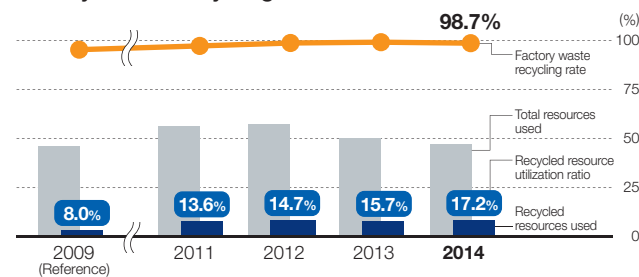
### Size of Contribution in Reducing CO<sub>2</sub> Emissions

(Please refer to Note 1 on page 5.)



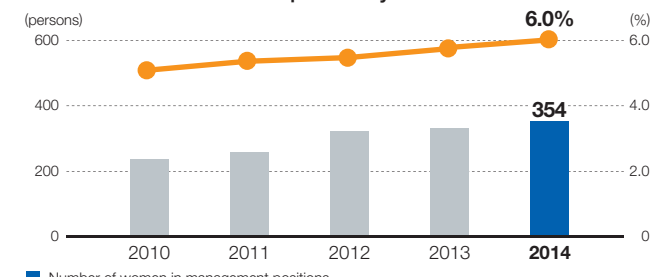
### Recycled Resource Utilization Ratio and Factory Waste Recycling Rate

(Please refer to Notes 2 and 3 on page 5.)



### Number of Women in Management Positions and Percentage of Women in Positions of Responsibility

(Please refer to Notes 7 and 8 on page 5.)



Number of women in management positions  
Percentage of women in positions of responsibility  
Panasonic Corporation and its major domestic Group companies (excluding SANYO Electric Co., Ltd. and including the former Panasonic Electric Works Co., Ltd. from 2012).  
As of April for each year

[Major Financial Indicators \(Graphs\) / Major Non-Financial Indicators \(Graphs\)](#)
[Major Financial Indicators \(Tables\)](#)
[Major Non-Financial Indicators \(Tables\)](#)
[Download DATA BOOK  
\(10-Year Summary\)](#)

## Major Financial Indicators (Tables)

 Panasonic Corporation and Subsidiaries  
 Years ended March 31

	2010	2011	2012	2013	2014
<b>For the year</b> (Millions of yen)					
Net sales	7,417,980	8,692,672	7,846,216	7,303,045	<b>7,736,541</b>
Operating profit	190,453	305,254	43,725	160,936	<b>305,114</b>
Income before income taxes	(29,315)	178,807	(812,844)	(398,386)	<b>206,225</b>
Net income attributable to Panasonic Corporation	(103,465)	74,017	(772,172)	(754,250)	<b>120,442</b>
Capital investment*	385,489	403,778	333,695	310,866	<b>217,033</b>
Depreciation*	251,839	284,244	295,808	277,582	<b>278,792</b>
R&D expenditures	476,903	527,798	520,217	502,223	<b>478,817</b>
Free cash flow	198,674	266,250	(339,893)	355,156	<b>594,078</b>
*Excluding intangibles					
<b>At year-end</b> (Millions of yen)					
Long-term debt	1,028,928	1,162,287	941,768	663,091	<b>557,374</b>
Total assets	8,358,057	7,822,870	6,601,055	5,397,812	<b>5,212,994</b>
Panasonic Corporation shareholders' equity	2,792,488	2,558,992	1,929,786	1,264,032	<b>1,548,152</b>
Total equity	3,679,773	2,946,335	1,977,566	1,304,273	<b>1,586,438</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)	316,182	364,618	557,102	577,756	<b>499,728</b>
Number of consolidated companies (including parent company)	680	634	579	538	<b>505</b>
Number of associated companies under the equity method	232	114	103	95	<b>92</b>

	2010	2011	2012	2013	2014
<b>Per share data</b> (Yen)					
Net income attributable to Panasonic Corporation per common share:					
Basic	(49.97)	35.75	(333.96)	(326.28)	<b>52.10</b>
Diluted	–	–	–	–	<b>–</b>
Dividends declared per share	10.00	10.00	10.00	0	<b>13.00</b>
Panasonic Corporation shareholders' equity per share	1,348.63	1,236.05	834.79	546.81	<b>669.74</b>
<b>Ratios</b> (%)					
Operating profit/sales	2.6	3.5	0.6	2.2	<b>3.9</b>
Income before income taxes/sales	(0.4)	2.1	(10.4)	(5.5)	<b>2.7</b>
Net income attributable to Panasonic Corporation/sales	(1.4)	0.9	(9.8)	(10.3)	<b>1.6</b>
ROE	(3.7)	2.8	(34.4)	(47.2)	<b>8.6</b>
Panasonic Corporation shareholders' equity/total assets	33.4	32.7	29.2	23.4	<b>29.7</b>
Payout ratio	–	28.0	–	–	<b>25.0</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 47](#).

4. Diluted net income attributable to Panasonic Corporation per common share after fiscal 2010 have been omitted because the Company did not have potential common shares that were outstanding for the period.

5. Effective from the fiscal 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.



▶ Major Financial Indicators (Graphs) / Major Non-Financial Indicators (Graphs) ▶ Major Financial Indicators (Tables) ▶ Major Non-Financial Indicators (Tables)

## Major Non-Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries (Otherwise listed in notes)  
Years ended March 31 (Otherwise listed in notes)

Please refer to the Company's Sustainability Report 2014 for further details (scheduled for release at the end of August 2014).  
<http://panasonic.net/sustainability/en/>

	2010	2011	2012	2013	2014
<b>Environment</b>					
Size of contribution in reducing CO <sub>2</sub> emissions* <sup>1</sup> (million tons)	–	36.03	41.22	40.55	<b>41.58</b>
Recycled resource utilization ratio* <sup>2</sup> (%)	–	13.6	14.7	15.7	<b>17.2</b>
Factory waste recycling rate* <sup>3</sup> (%)	96.3	97.4	98.9	99.3	<b>98.7</b>
CO <sub>2</sub> emissions in production activities* <sup>4</sup> (million tons)	3.94	4.00	3.56	3.13	<b>2.92</b>
Total wastes including revenue-generating waste* <sup>5</sup> (thousand tons)	411	586	523	459	<b>428</b>
Amount of water consumption* <sup>5</sup> (million m <sup>3</sup> )	49	60	53	45	<b>43</b>
Release/transfer of substances requiring management* <sup>6</sup> (tons)	6,296	6,335	5,219	5,413	<b>4,504</b>
<b>Social</b>					
Number of women in management positions* <sup>7</sup> (persons)	236	258	323	331	<b>354</b>
Percentage of women in positions of responsibility* <sup>8</sup> (%)	5.1	5.4	5.5	5.8	<b>6.0</b>
Incident rate of work-related accidents* <sup>9</sup> (number of accidents per one million working hours)	0.12	0.15	0.14	0.14	–
[ Electric, machinery and equipment manufacturing industry average ] (number of accidents per one million working hours)	[0.49]	[0.44]	[0.39]	[0.41]	[–]
Ratio of employees with disabilities* <sup>10</sup> (%)	2.07	2.08	2.06	2.17	–
Corporate citizenship activities expenditure* <sup>11</sup> (millions of yen)	3,175	4,052	3,659	2,937	<b>2,802</b>

### Recognition from Outside the Company (Year ended March 31, 2014)

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 9th consecutive year and the FTSE4Good Index is for the 14th 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.

MEMBER OF

**Dow Jones Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good



\*1 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 the year ended March 31, 2006, and this amount is combined with the emission reduction resulting from power generation by energy-creating products. The result for the year ended March 31, 2010 is not listed because this indicator was set and tabulation was commenced in the year ended March 31, 2011. In the year ended March 31, 2014, the calculation method for the size of contribution in reducing CO<sub>2</sub> emissions through energy-creating products was modified in accordance with the policy approach of Keidanren's Action Plan for Achieving a Low Carbon Society. Statistical figures for the years ended March 31, 2011 through March 31, 2013 have been recalculated accordingly.

\*2 Recycled resource utilization ratio = Recycled resources used/Total resources used; The result for the year ended March 31, 2010 is not listed because this indicator (based on results for the year ended March 31, 2009) was set and tabulation was commenced in the year ended March 31, 2011.

\*3 Factory waste recycling rate = Amount of resources recycled/(Amount of resources recycled + Amount of final disposal); The factory waste recycling rate for the year ended March 31, 2014 was lower than the previous period due to a new factory whose recycling scheme was still in the establishing process.

\*4 The factors related to fuels are based on the Guidelines for Calculation of Greenhouse Gas Emissions (version 2.2) published by the Japanese Ministry of the Environment. The CO<sub>2</sub> emission factor for electricity purchased in Japan (kg-CO<sub>2</sub>/kWh) is fixed at 0.410. The factors above are also used for electricity purchased from power producers and suppliers (PPS). The GHG Protocol factors for each country are used for electricity purchased outside Japan.

\*5 SANYO Electric Co., Ltd. [SANYO] and Panasonic Liquid Crystal Display Co., Ltd. at that time are not included in the year ended March 31, 2010.

\*6 A number of substances were added to the scope of management in the year ended March 31, 2011. SANYO at that time is not included in the year ended March 31, 2010. Overseas sites of SANYO at that time are not included in both the year ended March 31, 2011 and the year ended March 31, 2012.

\*7 Managerial positions (section leader or higher) at Panasonic Corporation and its key domestic affiliates are included in totals (excluding SANYO, and including the former Panasonic Electric Works Co., Ltd. [PEW] from 2012). Figures as of April for each year are shown.

\*8 Positions of responsibility (including coordinators and councilors) at Panasonic Corporation and its key domestic affiliates are included in totals (excluding SANYO, and including the former PEW from 2012). Figures as of April for each year are shown.

\*9 Panasonic Corporation and its domestic consolidated subsidiaries are included in totals (excluding PanaHome Corporation, but including former PEW and SANYO from 2012). Figures (January-December) for each year are shown. Results for 2014 are not listed since these have not yet been tabulated as of the editing of the 2014 annual report. "Electric, machinery and equipment manufacturing industry average" figures were from the website of the Ministry of Health, Labour and Welfare, Japan.

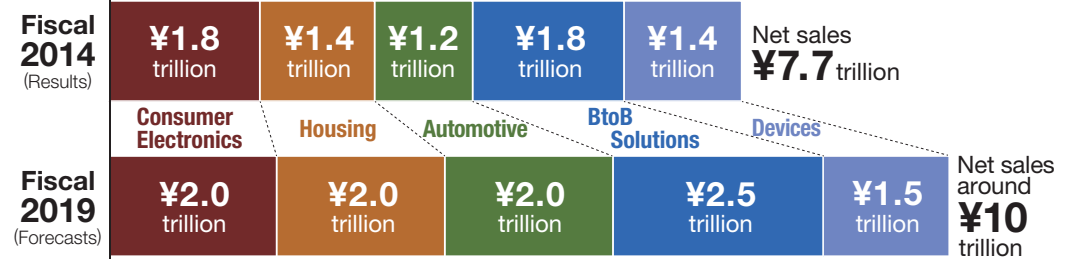
\*10 Panasonic Corporation and its major domestic Group companies are included in totals. Figures as of June for each year are shown. Results as of June 2014 are not listed since these have not yet been tabulated as of the editing of the 2014 annual report.

\*11 Corporate citizenship activities expenditure includes Panasonic's efforts to develop the next generation through such initiatives as the Kids School, to help resolve social issues in emerging and developing countries by supporting a variety of projects including the 100 Thousand Solar Lantern Project, and to protect the environment.

## About Panasonic

# Moving Beyond Consumer Electronics to Expand Into Wide-Ranging Areas of the BtoB Businesses

Panasonic is pursuing “a Better Life, a Better World” for its customers while carrying forward the Company’s core DNA of consumer electronics. The scope of the Company’s activities has expanded into such wide-ranging areas as the BtoB business including the housing, automotive, BtoB solutions, and devices fields. Today, more than 70% of Panasonic’s total net sales are derived from areas outside consumer electronics (fiscal 2014 results). Looking ahead, the Company will target ¥10 trillion in sales in fiscal 2019 as well as sales growth with profitability in each business area.



### Business Areas

#### Consumer Electronics







TVs

Refrigerators

Air-conditioners

Personal-care products

### Topics

#### Promoting Local Development and Local Production in Asia in Order to Meet Robust Demand

Panasonic commenced local production in India in 2012 and Vietnam in 2013 in order to meet robust washing machine demand throughout Asia. In addition to setting up an R&D Center, the Company has positioned Vietnam as a core refrigerator and washing machine base for the ASEAN region. Accordingly, Panasonic is working diligently to foster R&D personnel while developing products that are deeply rooted in the local community.



Grand opening ceremony of the washing machine plant and R&D Center in Vietnam

#### Housing







HEMS<sup>\*1</sup>-compatible residential distribution panelboards

Solar photovoltaic systems

Home LED lighting equipment

Modular kitchen systems for home remodeling use

#### Promoting Automatic Control of Consumer Electronics and Effortless Energy Saving through the Use of “SMARTHEMS®\*2”

Panasonic’s “SMARTHEMS” helps to automatically control consumer electronics and housing equipment by using “AiSEG®\*2” which serves as the core device of a home energy management system. In addition, these systems serve to visualize the current status of energy consumption as well as the amount of power generation by solar photovoltaic system while supporting the promotion of energy-efficient lifestyles.



(Left) HEMS monitor (Right) “AiSEG”

\*1 Home Energy Management System. HEMS is an energy management support system for the home that ensures the automatic optimal operation of consumer electronics and electric devices and real-time display of information including energy consumption, using IT technology.  
\*2 “SMARTHEMS” and “AiSEG” are registered trademarks of Panasonic.

Business Areas

Automotive



Car navigation systems



On board chargers



Display-audio systems



EV/HEV battery systems

Topics

A Front Information Display that Displays Navigation Information in Plain View

Panasonic brought to the market its CY-DF-100D Front Information Display that enables users to quickly confirm important navigation details with minimum eye movement. Focusing on comfort and reliability, this product helps to bolster the Company's new car lifestyle proposals to the consumer car navigation market in Japan.



CY-DF100D Front Information Display

BtoB Solutions



In-flight entertainment systems



Security systems



Notebook PCs



Store solutions

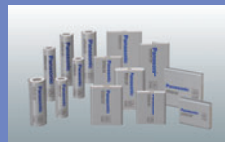
Supporting Customer Management through "Number Catch," a Vehicle Number Recognition System

The Company delivered a vehicle number recognition system to major automobile dealers. This system utilizes a security camera installed at the entrance of each dealership to capture the number plates of customer vehicles. Data is then linked to a customer management system with pertinent customer information displayed on a designated monitor. Through this system, dealers are able to view details of each customer's prior visits, safety inspections, vehicle maintenance and other important information on a real-time basis.



Vehicle number recognition systems delivered to an automobile dealer

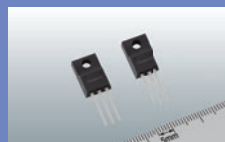
Devices



Lithium ion batteries



Heat sinking sheets (Pyrolytic Graphite Sheets)



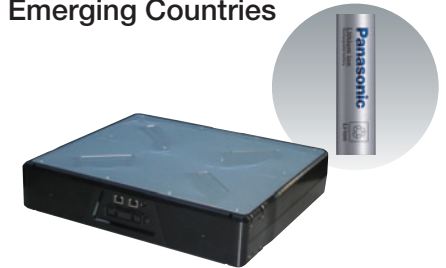
GaN (gallium nitride) devices



Conductive capacitors

Commencing the Delivery of Storage Systems that Support Communications Infrastructure in Emerging Countries

The cylinder-type lithium ion batteries, "18650", frequently used in notebook PCs are expanding into storage applications at an increasingly rapid pace. The delivery of storage systems for backup use at mobile phone base stations has already begun in India. These steps are helping to build communications infrastructures in emerging countries that continue to face energy-related issues.



(Left) Storage battery module (Right) Battery cell



## To Our Stakeholders



The Panasonic Group adopted a Business Division and Divisional Company framework in fiscal 2014. At the same time, we embarked on efforts to achieve our [“Cross-Value Innovation 2015” \(CV2015\) mid-term management plan](#).

Under the plan, we are promoting four major measures: (1) eliminating unprofitable businesses, (2) improving the Company's financial position, (3) expanding business and improving efficiency by shifting from an in-house approach, and (4) enhancing our growth strategy from our customers' viewpoint. Moreover, we are working beyond existing frameworks and combining various and unique strengths within the Group in order to become an entity that is capable of creating more value for customers.

In fiscal 2015, we will endeavor to complete our business restructuring and strengthen profitability in each Business Division. At the same time, we will plan ahead for the next step to growth. As we strive to achieve our mid-term management plan, we will strengthen our strategic efforts.

We kindly ask for the continued support and understanding of all stakeholders.

July 2014

Shusaku Nagae  
Chairman (Left)

Kazuhiro Tsuga  
President (Right)

## President's Message



Kazuhiro Tsuga  
President

### Report on Performance in FY2014, Progress with Mid-Term Management Plan, and Initiatives in FY2015

### Performance in FY2014 (The Year ended March 31, 2014)

#### Significantly Increased Operating Profit

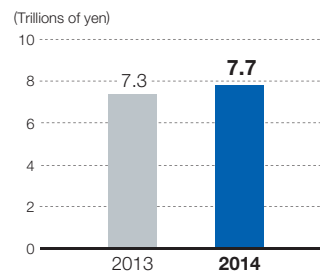
During fiscal 2014, the global economy continued its modest overall recovery, despite some economic slowdown in emerging countries, including India. There were signs of a pickup in Europe, a continuing stock market recovery and robust consumer spending in the U.S., and a further stock market recovery, yen depreciation, and a surge in demand ahead of a consumption tax hike in Japan.

Under such business circumstances, consolidated Group sales for fiscal 2014 increased 6% to 7,736.5 billion yen. Yen depreciation contributed to sales increase.

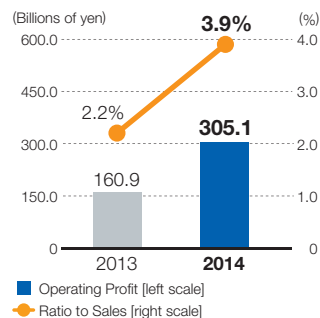
Sales in the housing-related business were increased by capturing demand ahead of the consumption tax hike in Japan, and automotive-related business sales grew against a backdrop of a global market recovery. In contrast, digital consumer-related business sales decreased due to focusing on profitability rather than sales volume.

Operating profit improved by 90% year on year, to 305.1 billion yen. This significant increase was mainly due to improving unprofitable businesses, implementing corporate-wide fixed cost reductions, and the streamlining of material costs. In other income (deductions), business restructuring expenses of 207.4 billion yen were incurred, including impairment losses of fixed assets. A one-off gain of 79.8 billion yen from a pension scheme change and a gain of 78.7 billion yen from transferring the healthcare business were also recorded. Accordingly, both pre-tax income and net income attributable to Panasonic Corporation turned profitable.

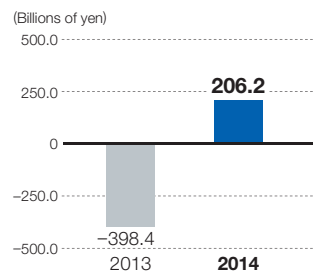
#### Net Sales



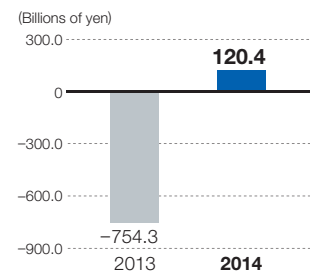
#### Operating Profit and Ratio to Sales



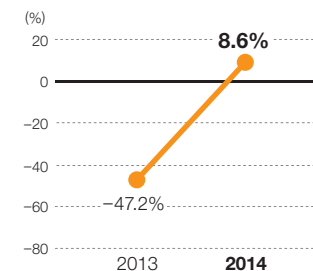
#### Income Before Income Taxes



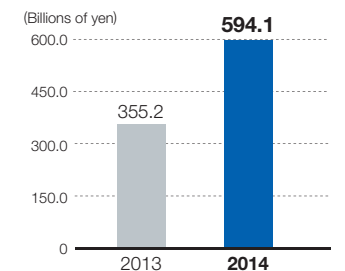
#### Net Income Attributable to Panasonic Corporation



#### ROE (Return on Equity)



#### Free Cash Flow



(Years ended March 31)

▶ To Our Stakeholders ▶ President's Message Performance in FY2014 / Progress with Mid-Term Management Plan / FY2015 Initiatives

Pre-tax income improved significantly to 206.2 billion yen from a loss of 398.4 billion yen, and net income attributable to Panasonic Corporation improved to 120.4 billion yen from a loss of 754.3 billion yen, respectively. Return on equity (ROE) was thus a positive 8.6%, compared with a negative 47.2% in the previous fiscal year.

Free cash flow amounted to 594.1 billion yen, an increase of 238.9 billion yen from a year ago and greatly exceeding the "more than 200.0 billion yen" target announced at the start of fiscal 2014, due primarily to Group-wide efforts to generate cash.

### Resumption of Dividend Payments

Since its establishment, the Panasonic Group has managed its business under the concept that returning profits to shareholders is one of the most important policies. Under this basic concept, the Panasonic Group continues to distribute profits to shareholders from the perspective of the return on the capital investment made by them. The basis for

the distribution of profits is, in principle, the consolidated business performance of the Panasonic Group, which aims for stable and continuous growth in dividends as well as a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

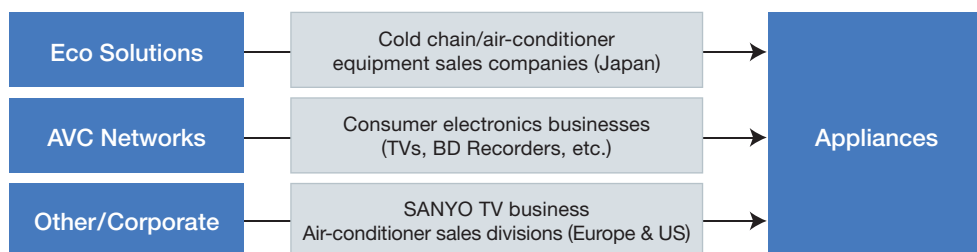
Due to the steady improvement in its business results and financial position in fiscal 2014, the Company resumed dividend payments with an annual cash dividend of 13 yen per share, comprising an interim dividend of 5 yen and a year-end dividend of 8 yen.

### Changes in Segments

On April 1, 2014, Panasonic changed its segment breakdown. Business transfers associated with the reorganization of the Appliances Company and other factors have been reflected as appropriate. Please refer to [pages 35–36 "Overview of Business Divisions"](#) for details.

### Changes in Segments

#### Business transfers associated with reorganization of the Appliances Company



## Progress with Mid-Term Management Plan Cross-Value Innovation 2015

### Fiscal 2014 Achievements and Current Issues

The first year of the "Cross-Value Innovation 2015" (CV2015) mid-term management plan, fiscal 2014 had as its financial targets operating profit of more than 250.0 billion yen, net income attributable to Panasonic Corporation of more than 50.0 billion yen, and the resumption of dividend payments. We achieved all these targets.

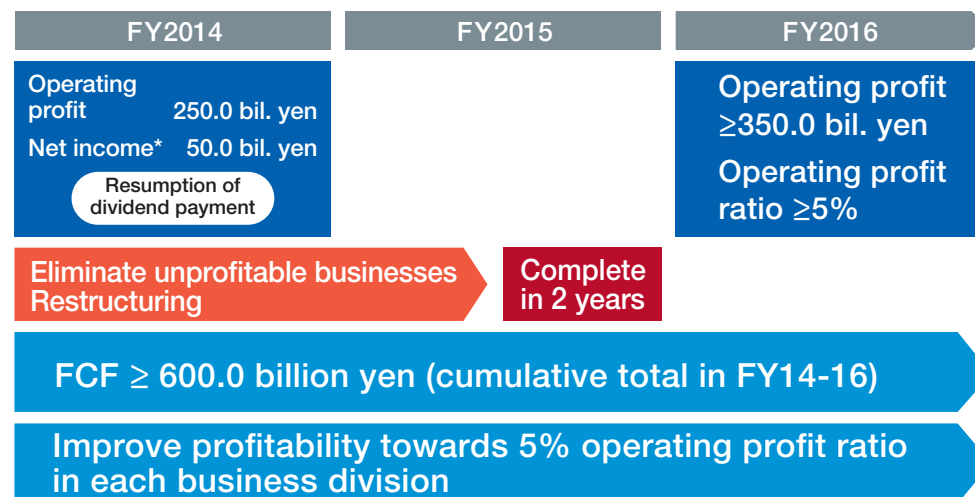
Of the four major measures, we had the definite prospect arise in the first fiscal year of achieving the following: (1) eliminating unprofitable businesses, (2) improving the Company's financial position, and (3) expanding business and improving efficiency by shifting from an in-house approach.

### Progress of Four Major Measures

#### 1. Eliminate Unprofitable Businesses

We outlined major decisions and directions on five major challenging businesses, including TV set/panels, assessing their future, shifting into new business areas, reducing assets, and reorganizing facilities. We also worked on the air conditioner and DSC businesses,

### Mid-Term Management Plan Roadmap



\*Net income attributable to Panasonic Corporation

▶ To Our Stakeholders ▶ President's Message Performance in FY2014 / Progress with Mid-Term Management Plan / FY2015 Initiatives

which had been positioned as a challenging business, to return them to the black. However, a total operating loss of approximately 100.0 billion yen remained in fiscal 2014. Looking ahead, the Company will take every measure to eliminate these unprofitable businesses and complete restructuring.

### 2. Improve Financial Position

Having made recovery in its business and having worked to generate cash as a whole, Panasonic's net cash position was -47.6 billion yen. This was a major improvement and exceeded the mid-term management plan target of -220.0 billion yen.

Also, the shareholders' equity ratio greatly increased, from 23.4% in the previous fiscal year to 29.7%.

For more details, please refer to ["Message from the CFO" on page 17.](#)

### 3. Expand Business and Improve Efficiency by Shifting from an In-house Approach

Among the five challenging businesses, we drastically restructured our semiconductor business. As a part of the restructuring, three plants in Hokuriku region, Japan, were transferred to form a joint venture with TowerJazz, an Israeli company, and three plants in Asia were transferred to UTAC Manufacturing Services Ltd., a Singaporean company, to promote fabless production.

Semiconductors are extremely important devices in the expansion of our business in the automotive and industrial fields. Based on the shift from an in-house approach, we will collaborate with our partners and strengthen our competitiveness.

For more details, please refer to [Management Topics, "Enhancing the Competitiveness of the Semiconductor Business" on page 15.](#)

### 4. Growth Strategy from Customers' Viewpoint

We are gradually beginning to see tangible results from, for example, the experimental next-generation convenience store, a collaborative project with Lawson Inc., and the smart town business, Fujisawa sustainable smart town (SST). In addition to the introduction of environment-conscious equipment and systems as well as digital signage devices, we are working on the creation of advanced solutions by analyzing purchase behavior at the experimental next-generation convenience store.

In the years to come, we will constantly create new value, working with our partners in various industries.

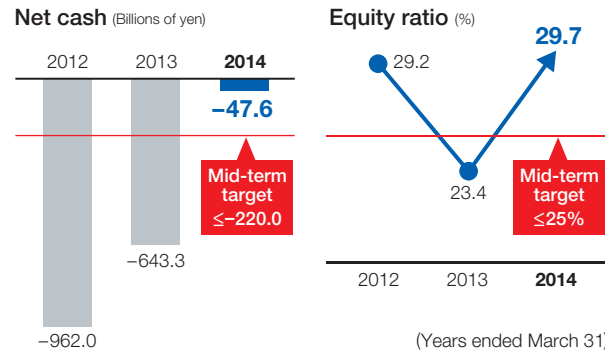


## Eliminate Major Unprofitable Businesses

TV set/panel	Exit PDP, move into new areas in LCD, reform distribution in US and China
Semiconductor	Transform Business Division into separate company, reorganize operating sites in Japan and overseas
Printed circuit board	Exit ALIVH business
Optical device	Consolidate optical pickups and drives businesses
Mobile phone	Suspend BtoC smartphone development
Air-Conditioner	Continue promoting efforts to rebuild business in China and strengthen the business structure for large-scale products
DSC	Consolidate with camcorder business and move into new areas

Have set direction to take Complete restructuring in FY2015

## Improve Financial Position



Significantly improve with favorable progress

## From Customers' Viewpoint

<p><b>Store solutions business</b></p> <p>Experimental store collaborating with Lawson Inc. opened in February 2014</p>	<p><b>Smart town business</b></p> <p>Fujisawa SST opened in April 2014</p>
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Offer new value working with partners



▶ To Our Stakeholders ▶ President's Message Performance in FY2014 / Progress with Mid-Term Management Plan / FY2015 Initiatives

## Fiscal 2015 Initiatives (The Year ending March 31, 2015)

### Positioning of and Financial Targets for Fiscal 2015

As the second year of CV2015, a number of initiatives will be advanced in fiscal 2015. Fiscal 2015 is positioned as a year for making steady progress to achieve the mid-term management plan and for developing a strategy in preparation for the “New Panasonic” of 2018.

Continuing on the path toward achievement of CV2015, the financial targets for fiscal 2015 are sales of 7,750.0 billion yen and operating profit of 310.0 billion yen, which we must achieve at all costs.

### Make Steady Progress to Achieve CV2015

To achieve CV2015, we will thoroughly conduct Business Division-based management and, while completing business restructuring, accelerate transformation so that each Business Division (BD) achieves an operating profit margin of more than 5%.

We have taken every step to complete all appropriate measures aimed at addressing major business schedules ahead of schedule as a part of business restructuring efforts. In fiscal 2015, we will carry out restructuring to build a stronger business platform for the future and aim to complete the restructuring within two years as planned.

With regard to the BD systems introduced as the foundation of management at 49 BDs in fiscal 2014, we thoroughly develop competitive BDs and integrate or eliminate those that are unable

to draw future growth, resulting in the Company starting fiscal 2015 with 43 BDs. By continuing to change and evolve through initiatives that shift them into new business areas, all BDs will make ongoing contributions to their customers and enhance profitability.

### Developing Our Growth Strategy toward the “New Panasonic” of 2018

In terms of our growth strategy leading through to 2018, we will pursue “A Better Life, A Better World” for our customers while carrying forward the Company’s

core “DNA of consumer electronics.” Towards our future, we will consider how and where to best invest our management resources and to implement an appropriate investment plan.

We expect to record sales of approximately 10 trillion yen in fiscal 2019: 2 trillion yen in each of the consumer electronics, housing, and automotive business areas; 2.5 trillion yen in the BtoB solutions business; and 1.5 trillion yen in the devices business area. Including unconventional measures, we are aiming to achieve sales growth with profitability in each of these five business areas.

### FY2015 Financial Targets

(Billions of yen)	FY2014 Result	FY2015 Target
Sales	7,736.5	7,750.0
Operating profit (%)	305.1 (3.9%)	310.0 (4.0%)

FY2016

➔

≥350.0 billion yen  
≥5.0%

Continuing on a Path toward Achieving CV2015

## What Panasonic aims to offer

A Better Life, A Better World



▶ To Our Stakeholders ▶ President's Message Performance in FY2014 / Progress with Mid-Term Management Plan / FY2015 Initiatives

### Consumer Electronics Business

We integrated our consumer electronics business under Appliances Company and AVC Networks Company.

By doing so, we combined each Divisional Company's strengths, including the Appliances Company's capabilities in adapting products appropriate for global customer lifestyles and the AVC Networks Company's global development capabilities and digital technologies. By integrating each advantage, we are working to create a new and more competitive consumer electronics business.

### Housing Business

In Japan, we will expand into the housing improvement market, where growth is expected. In addition to renovating our

showrooms in Japan to make them more compatible with the housing improvement market and targeting the gaining of new customers, we will strengthen our direct marketing to clients through PanaHome Reform Corporation, which we established in fiscal 2014.

Overseas, we will leverage sales channels gained from the purchase of VIKO Elektrik, a Turkish manufacturer of electrical materials, and expand business in Turkey, CIS, and Middle East.

For more details, please refer to [Management Topics, "Panasonic Purchases Turkish Wiring Device Maker with Strengths in the Middle East and CIS" on page 16.](#)

### Automotive Business

The number of orders received for batteries for automotive use is increasing, not only

for the cylindrical lithium-ion battery cells for a U.S. electric automobile maker, but also for angle-type lithium-ion batteries. Both are highly regarded by customers. We will make investments so that opportunities are not missed and expand the business in an enterprising manner.

In the infotainment field, we set our products apart from those of other companies with head-up displays and cockpit systems that draw on the advanced digital AV/IT technologies.

For more details, please refer to [Management Topics, "Panasonic and Tesla Motors Conclude an Agreement to Expand Supply of Automotive-Grade Battery Cells" on page 16.](#)

### BtoB Solutions Business

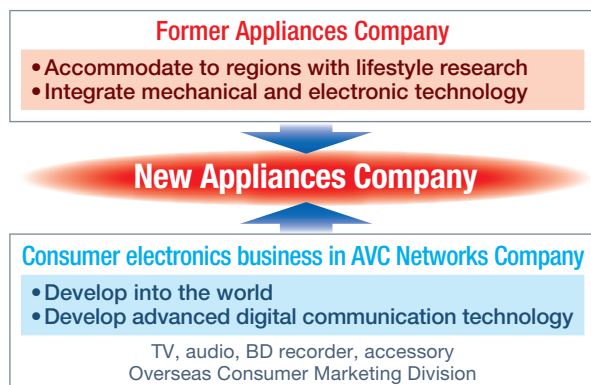
Focusing on industries and customers

where huge growth can be expected, we will generate business that directly accesses customers with a manufacturing and sales package, like Avionics. We will also generate businesses that provide optimal solutions through the establishment of an engineering company and putting together every possible combination of products by region and customers.

### Devices Business

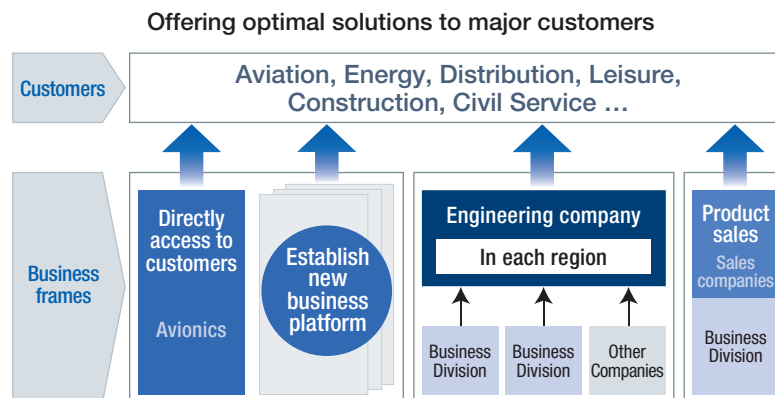
Based on the solution proposal capabilities we have accumulated in broad business areas, we will take advantage of our core technologies—centered on energy devices—and expand business by mainly capturing the industrial market, where downsizing, integration, modularization, and systemization are essential.

## Integrate Consumer Business



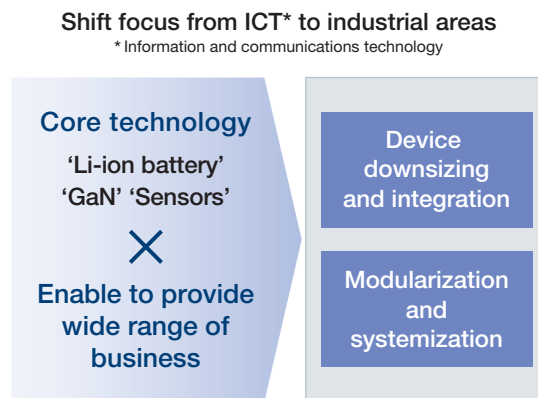
Integrate advantages for new consumer electronics business

## Direction of BtoB Solutions Business



Focus on industry  
Strengthen engineering technology

## Develop into an Industrial Market (excluding automotive applications)



Expand industrial sales with core of energy device

**Clarification of Growth Areas, Concentration of Management Resources**

With a view to achieving a sales scale of around 10 trillion yen in fiscal 2019, we are drastically changing our business management, whereby a regional viewpoint that brings customers closer is added to the conventional style of management centered on a business viewpoint. Specifically, we are working across three regions—Japan; the Americas/EU, including Central and South America; and Strategic Regions, including Asia, China, the Middle East, and Africa—to the five business areas. We will formulate a growth strategy that clarifies the regions in which we will concentrate management resources.

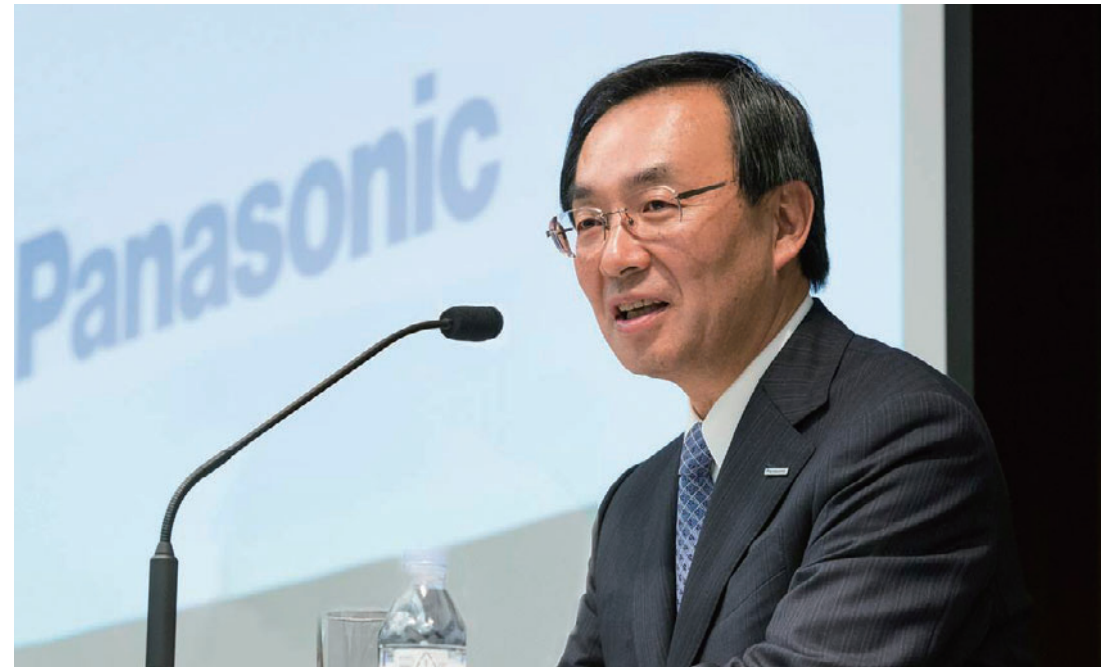
With regard to the markets in the Strategic Regions, where growth potential is particularly high, we set up a Strategic Regions Business Promotion Division on

April 1, 2014, and will be working on market growth with the concept of “stop being dependent of Japan.”

We appointed Executive Vice President Yoshihiko Yamada as Director, Strategic Regions Business Promotion Division and stationed him in Delhi, India, where he has been granted full authority. This is the first time Panasonic has stationed a representative director abroad. If we are unable to address growth in Strategic Regions, Panasonic has no success. I feel strongly that we should realize growth in these regions, whatever the cost.

In fiscal 2015, we will pave the way toward the achievement of CV2015, develop our growth strategy toward the “New Panasonic” of 2018, and intensify our efforts in the Panasonic Group as a whole.

In grateful anticipation of your ongoing support and understanding in the years to come.



**Formulating Growth Strategies in 5 Business Areas × 3 Global Regions**

	Japan	Americas/EU	Strategic Regions
Consumer Electronics			○
Housing	○		○
Automotive	○	○	
BtoB Solutions	○	○	○
Devices			

○: Regions and business areas where a shift in emphasis of management resources is needed



## Management Topics

### 1. Eliminating Unprofitable Businesses while Expanding Business and Improving Efficiency by Shifting from an In-house Approach

#### Eliminating Unprofitable Businesses

##### Enhancing the Competitiveness of the Semiconductor Business

Buffeted by intensifying market competition and a changing operating environment, the Company has pursued a shift from audio-visual to automotive and industrial markets in semiconductor business.

We will actively strengthen our competitiveness, shifting from an in-house approach and collaborating with our partners.

#### Major Initiatives Aimed at Restructuring the Semiconductor Business

<p>April 1, 2014 Joint Venture Formed from the Three Semiconductor Business Plants in Japan and the Semiconductor Foundry Company</p>	<p>Three semiconductor front-end process plants in the Hokuriku region, Japan have been transferred to a new company established by Panasonic. Receiving financing from Israeli semiconductor foundry company, Tower Semiconductor Ltd. ("TJ," brand name: TowerJazz), the new company has become a joint venture between Panasonic (ownership: 49%) and TJ (51%) that aims to leverage TJ's customers and businesses to capture sales outside the Panasonic Group.</p>
<p>June 1, 2014 Transformation of the Business Division to a Separate Company to Pursue Innovations for the Solution Business</p>	<p>Panasonic transferred the semiconductor and other related products development, manufacturing and sales business undertaken by Panasonic's Semiconductor Business Division to the newly established Panasonic Semiconductor Solutions Co., Ltd. In addition, Panasonic Semiconductor Solutions Co., Ltd. merged with the Company's two wholly owned semiconductor-related subsidiaries.</p>
<p>June 2, 2014 Transfer of the Three Southeast Asian Assembly Plants to a Manufacturer Specializing in Semiconductor Assembly</p>	<p>Panasonic transferred three post-processing factories, which operate semiconductor assembly lines in Singapore, Indonesia and Malaysia, to UTAC Manufacturing Services Ltd., a wholly owned subsidiary of UTAC Holdings Ltd., a manufacturer specializing in semiconductor assembly in Singapore. Looking ahead, Panasonic will take advantage of UTAC's scale merit to enhance its competitiveness.</p>

Please refer to the following for details:

[PDF](#) [Panasonic Announces Formation of the Joint Venture of Diffusion Plants of the Semiconductor Business in Hokuriku Region, Japan](#)

[PDF](#) [Panasonic Announces Reorganization of Semiconductor Business and Transfer of Shares of Subsidiaries regarding Overseas Factories](#)

#### Development of Smartphone Products for BtoC Carriers in Japan Suspended

Panasonic has suspended the development of new smartphone products for BtoC carriers in Japan. This move is intended to reallocate operating resources to new business areas and areas of growth.

Panasonic has also strategically reallocated its abundant mobile communication technology and other ICT operating resources to growth areas, namely the BtoB smartphone market.

Please refer to the following for details:

[PDF](#) [Panasonic to Reallocate Operating Resources of Mobile Phone Business](#)

#### Contraction of Printed Circuit Board Business

Among its printed circuit board business operations, Panasonic has decided to discontinue the ALIVH\*<sup>1</sup> and ISB\*<sup>2</sup> business. Despite studying various measures, including structural reforms to cope with intensifying competition, the Company determined that continuing these businesses would be difficult.

\*1 ALIVH: Any Layer Interstitial Via Hole. Resin-based multi-layer board of IVH (Interstitial Via Hole) structure that Panasonic developed and commercialized.

\*2 ISB: Integrated System in Board. Thin and high-density interposer mainly for semiconductor package with fine pattern shape that SANYO developed and commercialized.

Please refer to the following for details:

[PDF](#) [Panasonic Announces Contraction of the Printed Circuit Board Business](#)

#### Aiming for Further Growth Together with New Partners

##### Aiming for Growth in the Medical Device Business

The medical device business conducted by Panasonic Healthcare Co., Ltd. (PHC) is steadily generating higher earnings, and the market for these devices promises growth going forward. Accordingly, with an eye to further growth, Panasonic has injected additional managerial resources and abundant knowhow in the medical field from external sources. Specifically, Panasonic has transferred all PHC shares and related assets to investment funds advised by Kohlberg Kravis Roberts & Co. L.P. (in actuality, Panasonic owns 20% of PHC shares).

While PHC ceased to be a Panasonic consolidated subsidiary and became a Panasonic associated company under the equity method effective March 31, 2014 following the share transfer, this will enable Panasonic and PHC to maintain a win-win cooperative framework to achieve growth in the medical device field.

Please refer to the following for details:

[PDF](#) [Conclusion of Share Transfer Agreement and Shareholders Agreement for Transfer of Shares in Panasonic Healthcare Co., Ltd.](#)





## Management Topics

### 2. Strategic Structures and Preparations for Further Growth

#### Initiatives in the Residential Field

##### Panasonic Purchased Turkish Wiring Device Maker with Strengths in the Middle East and CIS

On February 28, 2014, Panasonic acquired 90% of issued shares of Turkish wiring device maker Viko Elektrik ve Elektronik Endüstrisi Sanayi ve Ticaret Anonim Şirketi (VIKO).

Panasonic is combining its strengths in

Asia with VIKO's unique advantages not only in Turkey, but also in the Middle East and CIS with an eye to becoming the global No. 1 wiring device company. Leveraging VIKO's sales channels and strong brand awareness, Panasonic aims to expand its housing-related businesses including lighting devices and fans worldwide.

Please refer to the following for details:

[PDF | Panasonic Signs Share Purchase Agreement for Turkish Wiring Device Maker VIKO](#)

#### Buyout of Top Turkish Wiring Instrument Company, VIKO

**VIKO**  
aydınlık elinizde

High market share in the Middle East, CIS

**Panasonic**  
No. 1 market share in Asia

Towards global No. 1 market share

2013 sales: Approx. ¥15 billion  
Employees: Approx. 700  
Businesses: in 79 countries

**Acquisition cost price:**  
Approx. ¥46 billion  
(90% of shares acquired)

**Accelerate business expansion through new sales channels**

#### Initiatives in the Automotive Field

##### Panasonic and Tesla Motors Conclude an Agreement to Expand Supply of Automotive-Grade Battery Cells

On October 30, 2013, Panasonic and Tesla Motors (Tesla) concluded an agreement to expand the supply of electric vehicle battery cells. This agreement involves supplying approximately two billion lithium-ion battery cells between 2014 and 2017.

The agreement builds on a multi-year collaboration between Panasonic and Tesla to jointly develop electric vehicle battery cells and accelerate the expansion of the electric vehicle market. In addition to the Sedan Model S (available for sale), Panasonic battery cells supplied to Tesla will be installed in a performance utility vehicle, Model X, planned to begin mass production by the end of 2014.

In this instance, Panasonic's cylindrical lithium-ion battery cells which have been designed to optimize electric vehicle quality and life. Tesla has in turn integrated these cells into a battery pack that has enabled an industry-leading cruising distance of 502 km\* in its Model S.

Panasonic will increase its lithium-ion battery cell production capacity to fully supply Tesla as it expands its production of electric vehicles.

Panasonic's in-vehicle cells are attracting high praise from automobile manufacturers other than Tesla. As a result, the Company is witnessing a steady increase in orders.

In response to this increase, Panasonic is undertaking opportunity-seizing investments while working to expand its business.

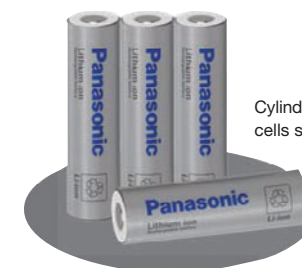
\* Cruising range promoted by the New European Driving Cycle (NEDC)

Please refer to the following for details:

[PDF | Panasonic and Tesla Reach Agreement to Expand Supply of Automotive-Grade Battery Cells](#)



Tesla Motors' Model S



Cylindrical lithium-ion battery cells supplied by Panasonic

## Message from the CFO

# Building a Robust Financial Position to Ensure Sustainable Growth



**Hideaki Kawai**  
Senior Managing Director  
In charge of Accounting and Finance

**“We will build a robust financial position to support steadfast business growth.”**

Accounting and finance plays 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.

Plagued by an inability to recoup investments as planned, the Company was placed in an extremely difficult position, with net cash, cash and deposits less interest-bearing liabilities, deteriorating to negative 1,087.7 billion yen at the end of the second quarter of fiscal 2013. Fixing this

situation, Panasonic put in place a three-year midterm management plan from fiscal 2014. In addition to eliminating unprofitable businesses, the Company identified improving its financial position and engaging in cash flow-oriented management as key elements under the plan. With the introduction of a business division system in April 2013, each business division has responsibility for its own balance sheet and a mechanism put in place to ensure that the continuous increases in cash are fulfilled. Moreover, the investment plans of each business division are screened in advance by the Corporate Strategy Division, which ensures that business divisions recoup investments, by taking thoroughgoing steps to properly verify various risk scenarios.

These endeavors are designed to enhance the Company’s value by ensuring that it maintains a positive net cash position and improving its equity ratio and ROE.

**“We are making steady progress toward achieving our midterm financial targets.”**

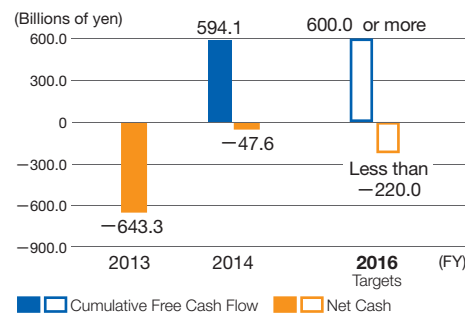
Panasonic has identified several goals in its bid to improve its financial position by fiscal 2016. As a part of efforts to strengthen its financial stability, the Company has been working to generate a three-year cumulative free cash flow of 600.0 billion yen or more (net cash of less than negative 220.0 billion yen) while securing an 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 2014, the Company continued to work on the cash flow management implementation project as a part of efforts to procure funds. In specific terms, each business division worked diligently to reduce trade receivables and inventories. In addition to accelerating the cash conversion cycle,

energies were channeled toward creating additional cash by consolidating and eliminating unprofitable businesses and selling off shares as well as land and other assets held.

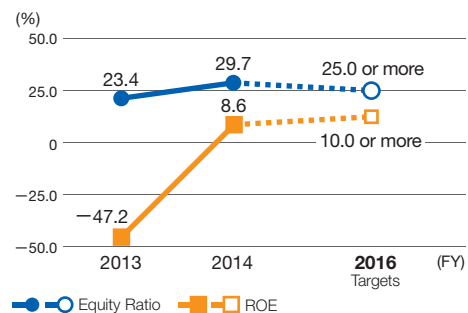
As a result of these endeavors, Panasonic was successful in substantially improving its financial position. In fiscal 2014, free cash flow totaled 594.1 billion yen while net cash was negative 47.6 billion yen. This was an improvement of 595.7 billion yen compared with the end of fiscal 2013. In addition, the equity ratio rose considerably to 29.7% allowing us to achieve our targets in advance. Buoyed by robust earnings in the housing-and automotive-related businesses, successful efforts to improve operations at unprofitable businesses and to reduce fixed costs, as well as other factors, we are also well on our way to achieving our ROE target, which came in at 8.6% in fiscal 2014. In fiscal 2015, we will continue to strengthen financial stability by promoting the generation of cash from business activities and work earnestly to improve capital efficiency.

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



Note: Cumulative total from fiscal 2014

**Equity Ratio / ROE**



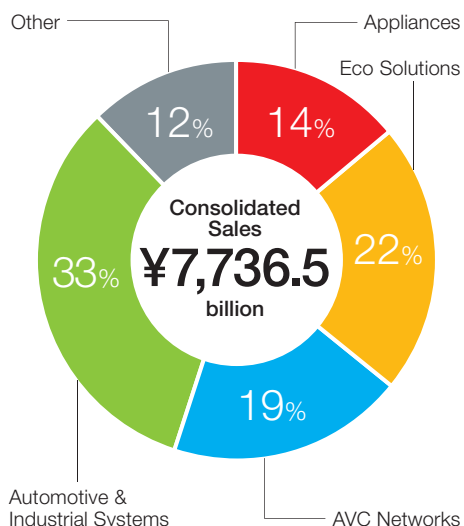
**Ratings as of July 9, 2014**

Ratings agency	Long-term (outlook)	Short-term
Rating and Investment Information	A- (positive  1)	a-1
Standard & Poor's	BBB (positive  2)	A-2
Moody's	Baa2 (positive  3)	—

1. Revised from "stable" to "positive" on May 8, 2014  
 2. Revised from "stable" to "positive" on October 2, 2013  
 3. Revised from "stable" to "positive" on July 9, 2014

## Business at a Glance

### Percentage of Fiscal 2014 Sales



#### Notes:

- Sales composition for each segment includes intersegment transactions.
- The Company restructured its Group organization on April 1, 2013, resulting in the number of reportable segments from eight to five. Accordingly, segment information for fiscal 2013 have been reclassified to conform to the presentation for fiscal 2014.

### Segments/Main Products and Services (As of March 31, 2014)

#### Appliances

Air-conditioners, refrigerators, washing machines, personal-care products, electric motors, microwave ovens, compressors, showcases, large-sized air conditioners, vacuum cleaners, rice cookers, fuel cells, etc.

#### Eco Solutions

Lighting fixtures and electric lamps (including LED lighting), solar photovoltaic systems, wiring devices, interior furnishing materials, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.

#### AVC Networks

LCD TVs, aircraft in-flight entertainment systems, PCs, digital cameras, projectors, home audio equipment, video equipment, mobile phones, surveillance cameras, IP-related equipment, social infrastructure systems equipment, etc.

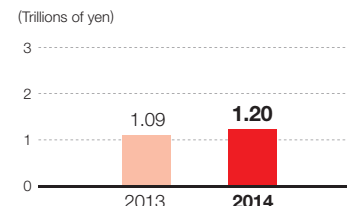
#### Automotive & Industrial Systems

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

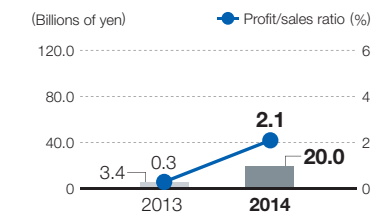
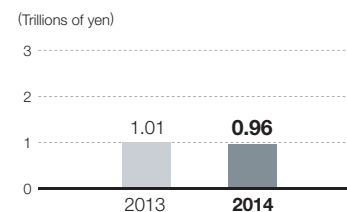
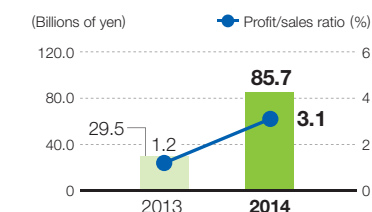
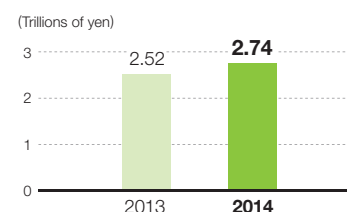
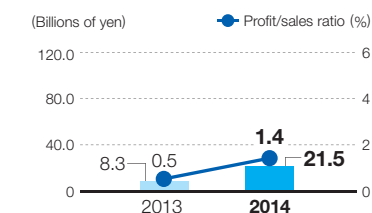
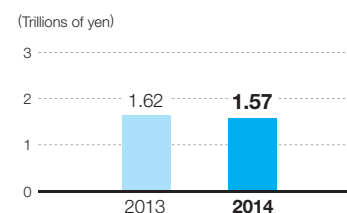
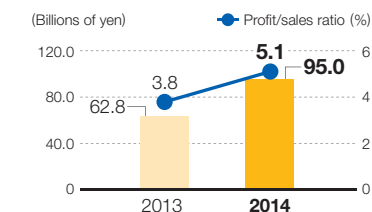
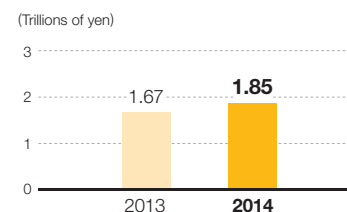
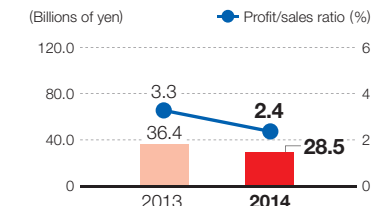
#### Other

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 Company

PDF Click [here](#) for Panasonic IR Day 2014 Appliances Company presentation materials.

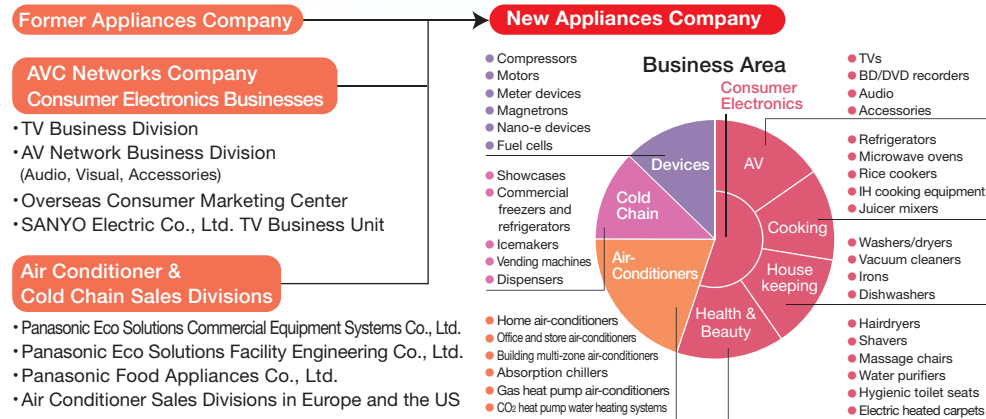
## Aiming to Be a Global Top-Class Appliances Company



### President Kazunori Takami

- Apr. 1978 Joined the Company
- Jun. 2002 Director, Matsushita Refrigeration Company
- Apr. 2005 In charge of Corporate Marketing Division for National Brand Home Appliances and Corporate Marketing Division for National Brand Wellness Products / Director, Corporate Marketing Division for National Brand Home Appliances
- Apr. 2006 Executive Officer of the Company
- Apr. 2008 Managing Executive Officer of the Company
- Apr. 2009 President, Home Appliances Company (currently Appliances Company) (incumbent), in charge of Lighting Company
- Jun. 2009 Managing Director of the Company
- Apr. 2012 Senior Managing Director of the Company (incumbent)

### New Business Structure in Fiscal 2015



### Company Overview

#### Strengthening Consumer Electronics Business with Integrated Management of White Goods and Audiovisual Equipment

The Appliances (AP) Company provides products and services that leverage advanced core environmental technologies in the business fields of BtoC products, such as air conditioners, refrigerators and washing machines; BtoB facilities, such as cold chains and large-scale air conditioners; and BtoB devices, such as compressors and motors. In April 2014, the AP Company integrated the consumer electronics business in the AVC Networks Company to consolidate its strengths in white goods and audiovisual equipment. In addition, the AP Company integrated the sales divisions under the Eco Solutions Company in order to establish a unified production and sales structure in the air conditioner and cold chain businesses.

Aiming to be a global top-class appliances company, the AP Company aims to contribute to more abundant lifestyles and the realization of low-carbon societies around the world.

### Fiscal 2014 (Year ended March 31, 2014) Financial Results

#### Operating Profit Declined, but Free Cash Flow Improved

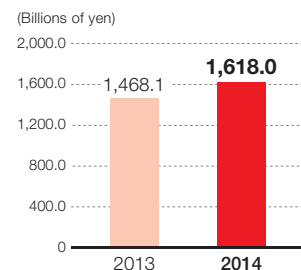
Net sales amounted to 1,618.0 billion yen\*<sup>1</sup> with stronger sales in Japan from a surge in demand prior to the consumption tax hike, and higher sales overseas thanks to yen depreciation. Operating profit totaled 48.2 billion yen\*<sup>1</sup> reflecting weaker sales of room air conditioners in China. The ratio of operating profit to sales was 3.0%\*<sup>1</sup>. Free cash flow was 72.6 billion yen\*<sup>2</sup>, a major improvement that resulted from greater selection and concentration in investments.

In order to lay the foundation for expanding our business in Europe, the company entered into a capital tie-up and business alliance with the Gorenje group, a Slovenian home appliance manufacturer, and took steps to build a sales network and augment the product lineup.

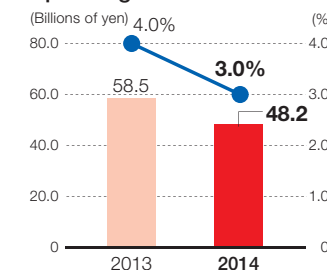
\*<sup>1</sup> Former Appliances Company, consolidated production and sales basis.

\*<sup>2</sup> Former Appliances Company, company basis.

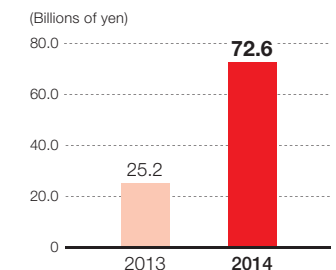
#### Net Sales\*<sup>1</sup>



#### Operating Profit\*<sup>1</sup> / Operating Profit Ratio\*<sup>1</sup>



#### Free Cash Flow\*<sup>2</sup>



\*<sup>1</sup> Former Appliances Company, consolidated production and sales basis. \*<sup>2</sup> Former Appliances Company, company basis. (Years ended March 31)



- Business at a Glance
- Appliances Company**
- Eco Solutions Company
- AVC Networks Company
- Automotive & Industrial Systems Company
- Overview of Business Divisions

**Objectives for Fiscal 2019  
(Year ending March 31, 2019)**

**Aiming for Net Sales of 2,800.0 Billion Yen and Operating Profit to Sales Ratio of 5%**

The new Appliances Company, following the reorganization in April 2014, aims to be a “global top-class appliances company.” Setting a target for net sales of 2,800.0 billion yen\* in fiscal 2019, the company is moving toward this goal by managing according to business characteristics; managing integrated development, manufacturing, sales and services; and managing locally self-sustainable businesses overseas. Moreover, the company has created four business segments comprising consumer electronics, air conditioners,

cold chain and devices as management units, and has set forth visions for each of these businesses to become in fiscal 2019.

\* New Appliances Company, consolidated production and sales basis.

**Roadmap for Profit Growth**

To realize profit growth, the company will first invest in building a foundation in the BtoB business while working to lift profits through high-value-added marketing in advanced economies and improvements in earnings for TVs in the consumer electronics business until fiscal 2016.

Then, the company will focus on expanding business in strategic overseas regions (Asia, China, the Middle East and Africa) based on a locally self-sustaining business structure in the consumer

electronics business through fiscal 2019. In the BtoB business, the company aims, to expand business scale by accelerating overseas development based on the established business foundation.

Through these measures, the company aims to achieve an operating profit to sales ratio of 5% as early as possible.

**Targets and Initiatives for Fiscal 2015  
(Year ending March 31, 2015)**

**Targets Set for Growth of Over 10.0 Billion Yen in Operating Profit to 52.0 Billion Yen**

The company forecasts net sales will edge down slightly to 2,280.0 billion yen in fiscal 2015, reflecting the aftereffects of the consumption tax hike and its withdrawal from the plasma display panel business,

even though it expects stronger sales of LCD TVs and air conditioners in China.

The company estimates that operating profit will increase by at least 10.0 billion yen to 52.0 billion yen for an operating profit to sales ratio of 2.3%\*, as margins improve in problematic businesses and other businesses are strengthened. Meanwhile, the company expects free cash flow to decline as a result of an increase in capital investment as it goes on the offensive, but still expects to achieve its total free cash flow target over the next two years.

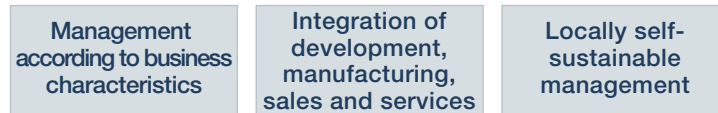
\* New Appliances Company, consolidated production and sales basis.

Vision for the Appliances Company

**A Global Top-Class Appliances Company**

**Targeting net sales of 2,800.0 billion yen in fiscal 2019  
(consolidated production and sales basis)**

Direction of transformation

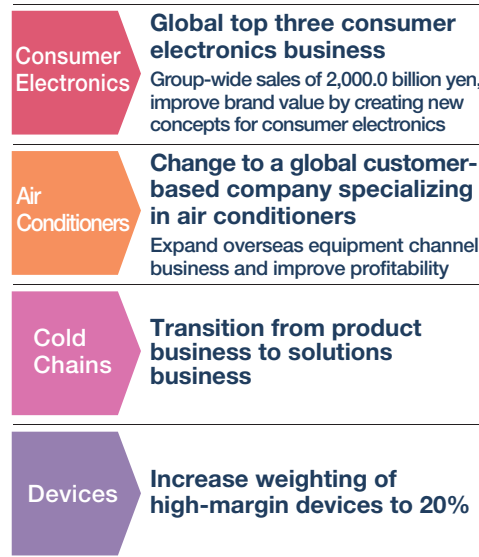


Confront customers and competitors / Improve business speed

**Management by four businesses based on business-division based management**



Vision for Fiscal 2019



Fiscal 2015 Financial Targets (New Appliances Company Basis)

**Aim to increase profits to at least 10.0 billion yen on consolidated production and sales basis**

	(Billions of yen)		
(Consolidated production and sales basis)	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
Net Sales	2,298.2	2,280.0	99%
Operating Profit (%)	39.7 (1.7%)	52.0 (2.3%)	+12.3
(Company basis)			
Net Sales	1,750.7	1,789.0	102%
Operating Profit (%)	28.2 (1.6%)	35.0 (2.0%)	+6.8
FY2014-2015 Cumulative Total			
Free Cash Flow	77.4	18.5	95.9

Mid-term management plan (CV2015) targets 68.9 billion yen in cumulative free cash flow in FY 2013-2014

### Aiming for Locally Self-Sustaining Businesses in Asia

The company plans to establish AP Asia (tentative name) in Asia by April 2015 in a bid to create locally self-sustaining businesses. Plans also call for transferring authority for product planning, marketing and development to the new company from Japan.

The company put together a project team in the second quarter of fiscal 2015 to spearhead this initiative and work through the details.

### Focusing on Improving Profitability in TVs and Overseas Sales of White Goods

In the consumer electronics business, the company aims to expand sales of white goods overseas, especially in Asia.

The company is also focusing its efforts on improving profitability in TVs, by reforming the logistics structure, promoting sales of high-value-added products designed with local tastes in mind, and changing its panel procurement strategy, with the aim of returning to profitability in fiscal 2016.

### Consolidated Management of Production and Sales in Air Conditioner and Cold Chain Businesses

In the air conditioner business, the company is targeting an increase in operating profit to 11.0 billion yen in fiscal 2015, compared with 0.4 billion yen\* in fiscal 2014, by rationalizing materials and rebuilding the business in China with new products designed from the customers' perspective, thereby improving profitability. The company also aims to accelerate growth by developing and launching energy-saving products while

commencing consolidated production and sales management in large-scale air conditioners in Japan, Europe and the U.S.

In the cold chain business, the company will propose useful concepts to convenience stores that combine products from other divisional companies, centered on our CO<sub>2</sub> coolant refrigerated cases and in-store cooking equipment. Moreover, the company aims to build trust and enhance its ability to meet customer needs through consolidated production and sales management that leverages the sales divisions in Japan that were transferred from the Eco Solutions Company to the Appliances Company in April 2014.

In the devices business, the company will concentrate on the development of new devices and shift resources to high-margin business fields.

\* New Appliances Company, consolidated production and sales basis.

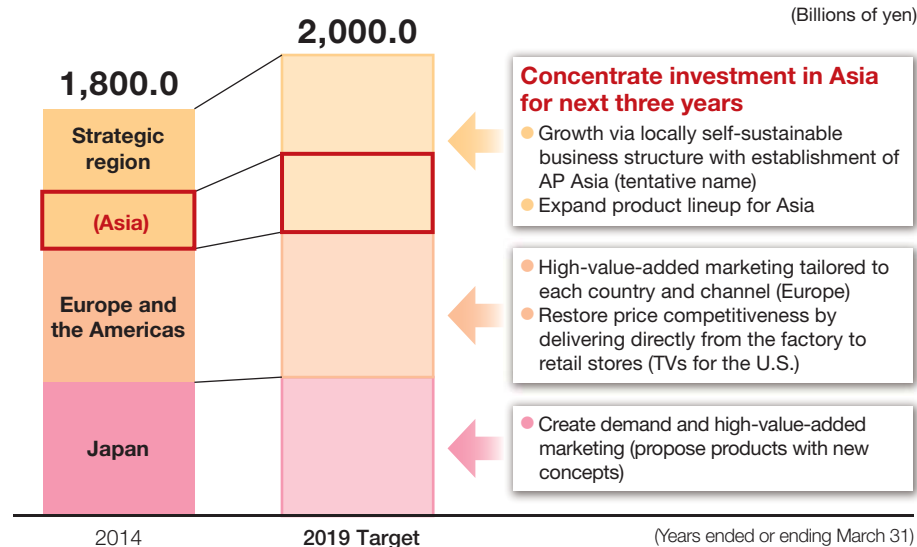
### Promoting Products for the Elderly in order to Accelerate the Pace of Growth

In fiscal 2015, the company will also implement measures in order to accelerate the pace of business growth to fiscal 2019. As a part of these endeavors, the company will develop and market products targeting the elderly to meet growing demand focusing mainly on Japan. In addition, the company will concentrate on developing products with an eye three to 10 years into the future while strengthening product development across 14 themes. The company will reinforce its existing emphasis on global lifestyle research, concentrating mainly on Asia, and accelerate the pace of product development that takes into consideration local needs.

Moreover, the company will work to create new businesses.

## Targeting Sales of 2,000.0 Billion Yen in Consumer Electronics

In fiscal 2014, net sales were about 1,800.0 billion yen for the Appliances Company in the consumer electronics business. Going forward, the company will shift from product planning that emphasizes functionality to product planning that emphasizes sensations, while marshalling the strengths it built up developing audiovisual products around the world and its ability to tune into local preferences through research into local lifestyles that the company accumulated in white goods. As a regional strategy, the company will concentrate investment in Asia, where markets are likely to expand strongly over the coming three years and where the Appliances Company has high market shares. At the same time, the company aims to broaden its local product lineup and create a locally self-sustaining business structure. In Europe, the company will focus on developing products tailored to country and regional needs. In North America, the company aims to restore price competitiveness with direct factory-to-store shipments. Through these measures, the company aims to improve earnings in Europe and the U.S. In Japan, the company will engage in high-value-added marketing and stimulate demand with new products based on fresh concepts. With these initiatives, the company aims to achieve Group net sales of 2,000.0 billion yen in the consumer electronics business by fiscal 2019.



## Contribute to BtoB by Increasing Brand Value

# TOPICS Combined Total of 100.0 Million Washing Machines Produced, Driven by Demand in China and Asia

## Leading markets in creating new categories of washing machines

In August 2013, Panasonic celebrated the cumulative production of its 100 millionth washing machine worldwide. The Company began manufacturing agitator-type washing machines in 1951, declaring “a washing machine is an important product that frees housewives from the heavy labor of housework.” Thereafter, during the home appliance boom of the 1950s and 1960s in Japan, washing machines were a hit product that rapidly made their way into households as one of the “three holy grails” in homes, alongside black & white TVs and refrigerators. In 1972, cumulative production broke through the 10 million mark, and surpassed 50 million in 1998.

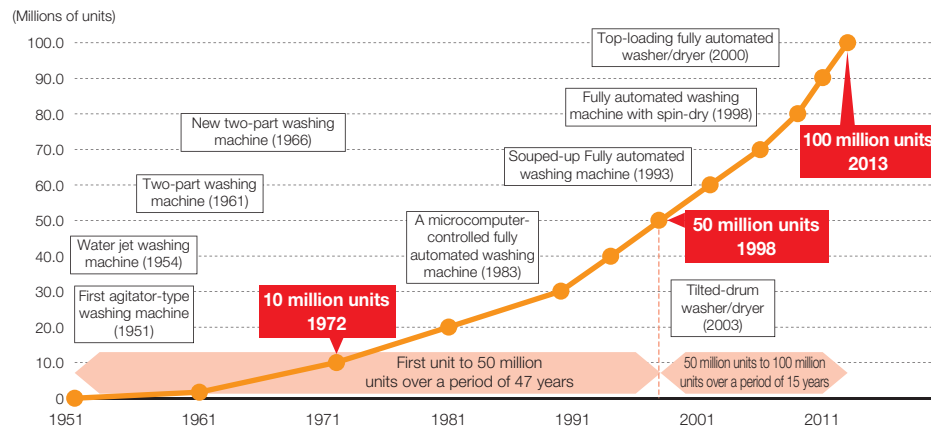
As time advanced, so did washing techniques, from water jets to two-part and fully automated washing machines. In more recent years, Panasonic has been leading markets in the creation of new categories of washing machines, such as the top-loading fully automated washer/dryer with full automation from washing to drying (2000), the tilted-drum washer/dryer (2003), and the tilted-drum washer/dryer with heat pump (2005).

## Expanding production volume to meet the demand of each region around the world

Panasonic has developed business overseas for its washing machines. Since commencing overseas production for the first time in Taiwan in 1967, the Company established manufacturing bases in various locations in Southeast Asia from the late 1970s to the 1980s, including the Philippines, Indonesia, Malaysia and Thailand. In 1992, the Company started producing washing machines in China.

Driven by production in China and other Asian countries, cumulative production volume accelerated to a faster pace of growth, increasing from 50 million to 100 million units in 15 years. More than 4.5 million washing machines are currently produced overseas every year. Panasonic has also been starting up production in emerging countries that show growth potential as markets, such as India in 2012 and Vietnam in 2013. The Company aims to grow the business globally by proposing products in tune with regional needs and by developing new technologies.

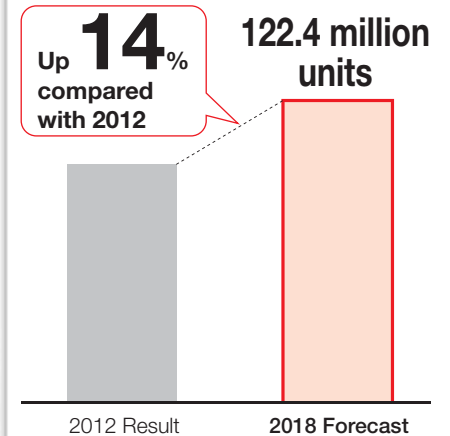
### Cumulative production volume of washing machines



Tilted-drum washer/dryers

## Market potential

### Washing machine and washer/dryer unit sales



Unit sales of washing machines and washer/dryers in the global market are projected to reach 122.4 million units in 2018, up from 106.9 million units in 2012. In particular, sales are expected to increase substantially in China, India, Indonesia and other countries throughout Southeast Asia, where aggregate sales are forecast to rise by more than 10.0 million units.

Source: Global Home Appliance Market 2014 - Comprehensive Survey published by Fuji Keizai Co., Ltd.

# Eco Solutions Company

PDF Click [here](#) for Panasonic IR Day 2014 Eco Solutions Company presentation materials.

## Providing Comfortable Living Spaces while Reducing Environmental Impact



President **Tamio Yoshioka**

Apr. 1977 Joined Matsushita Electric Works, Ltd. (MEW)  
 Apr. 2006 Executive Officer, MEW  
 Jun. 2011 Director, Panasonic Electric Works Co., Ltd. (formerly MEW)  
 Apr. 2013 Senior Managing Officer, Eco Solutions Company  
 Jun. 2013 Director of the Company  
 Apr. 2014 President, Eco Solutions Company (incumbent)  
 Apr. 2014 Senior Managing Director of the Company (incumbent)

### Company Overview

#### Contributing to Society through Technologies that Help Create Comfortable Environments and Efficiently Manage Energy

The Eco Solutions (ES) Company is committed to providing society with solutions at home, in buildings, in factories and throughout the community by leveraging our accumulated technologies that help create comfortable environments and efficiently manage energy. Through these means, the company is devoting itself to the well-being of people throughout the world while reducing environmental impact.

By taking full use of our Group-wide capabilities that extend beyond its product lineup to include a variety of solutions, the company will put forward optimal solutions thereby creating new value.

### Fiscal 2014 (Year ended March 31, 2014) Financial Results

#### Substantial Increase in Operating Profit

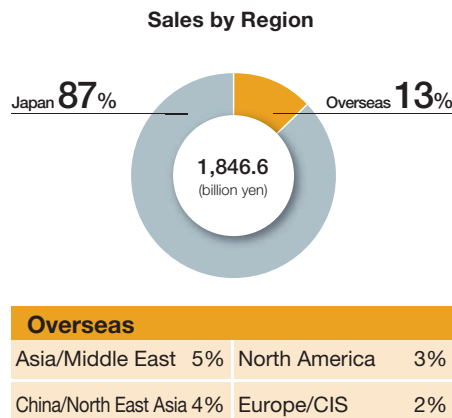
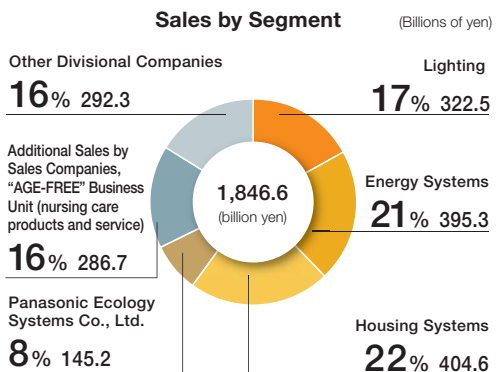
All business divisions reported an

increase in sales on the back of successful efforts to capture demand in the lead-up to Japan's consumption tax rate hike as well as overseas sales growth. As a result, the ES Company as a whole generated net sales of 1,846.6 billion yen in fiscal 2014, up 10% compared with the previous fiscal year.

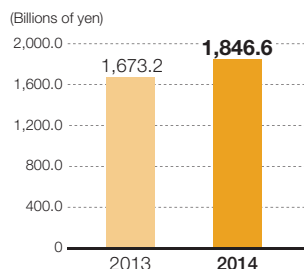
Operating profit climbed from 32.2 billion yen in fiscal 2013 to 95.0 billion yen in fiscal 2014 for an operating profit ratio of 5.1%. In addition to the upswing in sales, successful efforts to reduce costs and other extraordinary initiatives more than offset the negative impact of the weak yen.

While free cash flows deteriorated year on year due mainly to the acquisition of VIKO, Turkey's leading manufacturer of wiring devices, results were higher than initially planned. For details regarding VIKO, please refer to the "[Management Topics](#)" section of this report, "[Panasonic Purchased Turkish Wiring Device Maker with Strengths in the Middle East and CIS](#)" on page 16.

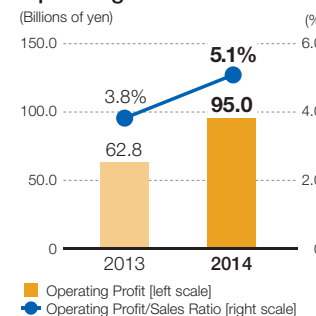
### FY14 Business Composition



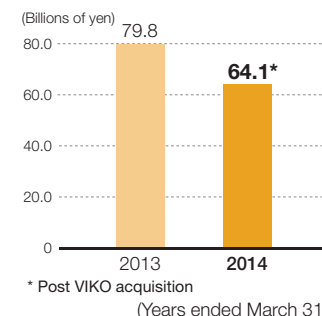
### Net Sales



### Operating Profit / Operating Profit Ratio



### Free Cash Flow





Mid-term Business Strategy

Steadfastly Promoting Strategic Initiatives

Under its overarching fiscal 2014 to 2016 Mid-term Business Strategy, the ES Company has set two strategies: strengthening core businesses and promoting new growth in the engineering business.

As a measure of success in strengthening core businesses during fiscal 2014, sales in Japan were 6% higher than plans. This is largely attributable to successful efforts to steadily capture demand in the lead-up to Japan's consumption tax rate hike. Overseas, sales in AC&I (China, India and other Asian countries), an area in which the company is considerably strong, were 20% higher than plans. As a part of efforts to promote new growth in the engineering business, the ES Company took steps to enhance added-value in its energy management

system business, strengthen the shift to engineering and service business and bolster the remodeling business. As a result, results exceeded plans in each of these areas.

FY2015 (Year ending March 31, 2015) Targets and Initiatives

Projecting a Downturn in Revenue and Earnings due Mainly to Corrections to the Increase in Demand in the Lead-up to Japan's Consumption Tax Rate Hike in FY14

Net sales are targeted to reach 1,637.0 billion yen in fiscal 2015, down 2% year on year. Despite expectations of growth in the remodeling business as well as in non-housing areas, this downturn is largely attributable to the substantial impact of the forecast drop in sales owing mainly to the decline in new housing starts in Japan.

Operating profit is anticipated to total 62.5 billion yen, down 29.6 billion yen year

on year resulting in an operating profit ratio of 3.8%. In addition to the drop in sales, this decline primarily reflects such factors as a forecast decrease in solar photovoltaic system retail prices as well as the termination of extraordinary management measures.

Strengthening the Remodeling Business

In the residential field, new housing starts are expected to decline over the medium-to-long term. Under these circumstances, the ES Company will place emphasis on strengthening the remodeling business. In addition to bolstering points of customer contact by renovating showrooms to improve remodeling services, the ES Company will channel its energy toward upgrading and expanding the product lineup.

In the HEMS\* business, we will focus on expanding sales of a variety of products

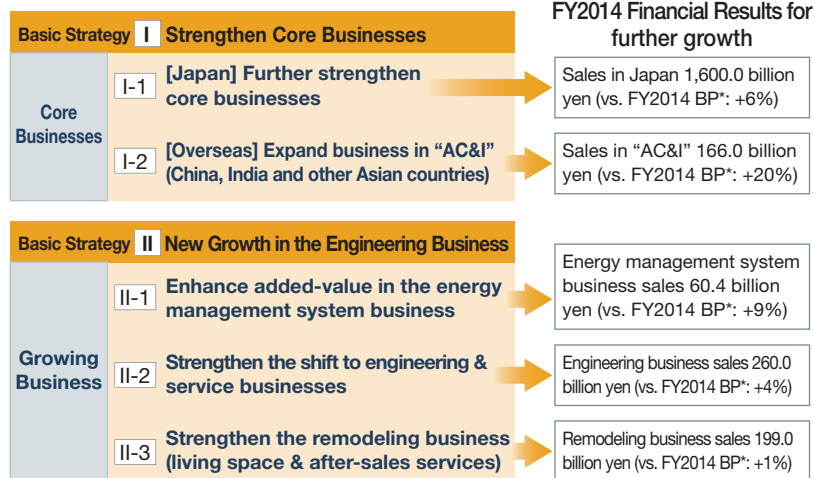
in an effort to promote HEMS\* installation in homes everywhere as a matter of course. For details regarding HEMS-related products, please refer to the "About Panasonic" section of this report, "Promoting Automatic Control of Consumer Electronics and Effortless Energy Saving through the Use of "SMARTHEMS"" on page 6 and "Launch of Residential Distribution Panelboards Compatible with Home Energy Management Systems" on page 26.

\* HEMS: Home Energy Management System. HEMS is an energy management support system for the home that ensures the automatic optimal operation of consumer electronics and electric devices and real-time display of information including energy consumption, using IT technology.

Focusing on the AGE-FREE Business as well as an Overseas Sales Expansion Project

In the AGE-FREE business, which entails the provision of elderly care services, we are

Mid-term Business Strategy: Strategic Initiatives in FY2014



\*BP=business plan

Fiscal 2015 Financial Targets

	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
Net Sales	1,674.4	1,637.0	98%
Operating Profit (%)	92.1 (5.5%)	62.5 (3.8%)	-29.6
Free Cash Flow	58.9	37.5	96.4

Changes in organizational structure

1. Transfer of three companies from the Marketing Division to the Appliances Company
2. Transfer of Panasonic North America's AV solution business to the AVC Networks Company
3. Two new companies included in the scope of consolidation
  - VIKO (through acquisition)
  - Panasonic AGE-FREE Services Co., Ltd. (incorporation of the company into the AGE-FREE Business Unit)

Strengthen the Remodeling Business Japan

**Expand product lineups**

- Water-related equipment: middle-to-high-end products
- Interior furnishing materials: for remodeling
- Lighting fixtures: LED lighting products (e.g. "MiLook")

**Strengthen customer care**

- Renovating showrooms to improve services for remodeling
- Expanding strategic stores for remodeling, "Refine" shops to 500 shops by FY2016 (401 shops in FY2014)

**Remodeling sales** (Billions of yen)

2013	2014	2015 Plan	2019 Target
173.0	199.0	216.0	300.0

(Years ended or ending March 31)

looking to increase day care and multi-function care service facilities. At the same time we will promote the elderly housing with supportive service business. While continuing to emphasize smart city initiatives, particular weight will be placed on developing opportunities in Japan and overseas drawing on the know-how gained through the Fujisawa Sustainable Smart Town Initiative.

In its overseas business activities, the ES Company is promoting the "ACTION 3000" project and working to expand sales. This project mainly covers ASEAN, China, Turkey where a recent inclusion occurred through

Promote the "ACTION 3000" Project and Sales Plans for Fiscal 2015 **Overseas**

**A** ASEAN **Sales: 53.3 billion yen: up 7% YoY**

- Increasing market share in electrical construction material products by leveraging the strength of sales routes

**C** China **Sales: 50.7 billion yen: up 4% YoY**

- Increasing sales of LED lighting products and wiring devices
- Developing air purifiers that best fit local needs

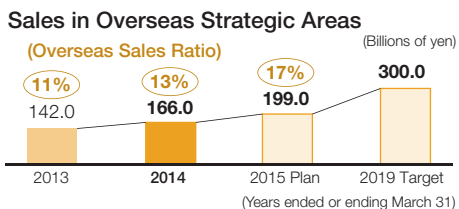
**T** Turkey **Sales: 11.5 billion yen: VIKO newly included in the scope of consolidation**

- Capturing a share of the C type wiring device market
- Positioning Turkey as a new strategic base for entering the CIS and North African markets

**I** India **Sales 35.3 billion yen: up 17% YoY**

- Developing high volume zone products
- Expanding the lighting business

Focus on growing markets (strategic areas) **ON**  
FY19 sales target: 300.0 billion yen



the addition of VIKO, and India which is experiencing remarkable growth.

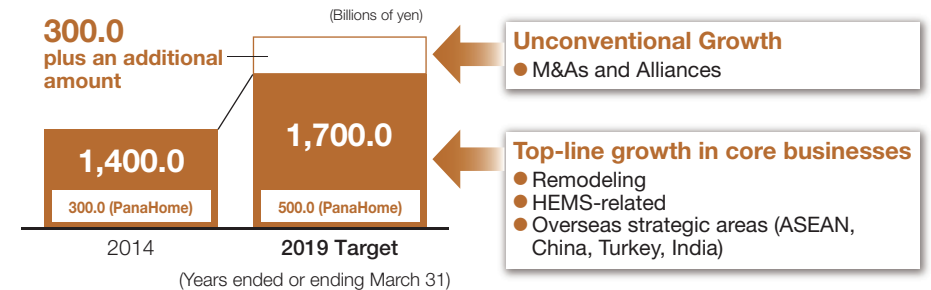
**Accelerating the Pace of BtoB Solution-Related Initiatives in Non-Housing and Non-Construction Fields**

The ES Company will accelerate the pace at which it carries out non-housing and non-construction BtoB solution-related initiatives. In addition to our focus on the engineering business, which is exhibiting steady growth, we will pursue business expansion overseas by promoting home business interior furnishing solutions in China, the photovoltaic solutions business in North America and the fire solutions business in the ASEAN region and India. We will strengthen the non-housing energy management system business and focus on capturing demand generated by the 2020 Tokyo Olympics and Paralympics.

Based on the aforementioned, we will reinforce our management and operating platforms for accelerated growth. In the solar business, we will ensure that the value and reliability of our products, which boast outstanding energy conversion efficiency, are properly conveyed to customers. We will also put forward proposals that link energy storage and saving systems to further differentiate our products and services. Through these means, we are confident in our ability to secure sales and profits. In the LED lighting business where we are witnessing pricing stabilization, we will upgrade and expand our product lineup, concentrate on adding value in non-housing-related and non-construction-related fields and reinforce our competitive advantage.

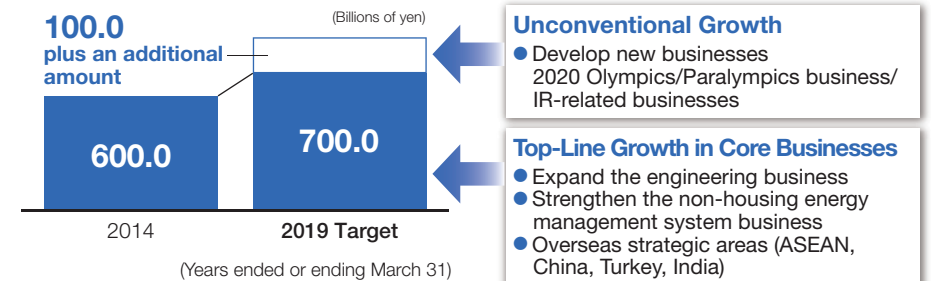
**Toward Housing Sales of 2,000.0 Billion Yen**

The ES Company and PanaHome combined to generate net sales of 1,400.0 billion yen in the housing business in fiscal 2014. Looking ahead, efforts will be directed toward promoting business growth in the remodeling and HEMS-related businesses as well as overseas strategic areas. At the same time, we will endeavor to drive forward unconventional growth by pursuing M&As while also creating new products as well as new business models. While PanaHome has announced its goal of securing sales of 500.0 billion yen in fiscal 2019, the company will pursue collaboration as a member of the Panasonic Group and accelerate the pace of growth strategies in an effort to generate housing-related sales of 2,000.0 billion yen in fiscal 2019.



**Toward BtoB Solutions Sales of 2,500.0 Billion Yen**

The ES Company will expand the engineering business and foster new businesses. At the same time, we will work to address demand in the Tokyo Olympics and Paralympics as well as integrated resort-related businesses. Through these means the Group as a whole will contribute to achieving BtoB solutions sales of 2,500.0 billion yen.



# TOPICS Launch of Residential Distribution Panelboards Compatible with Home Energy Management Systems

## Seamless visualization of energy use

Amid substantial change in the business environment for electric power companies since the Great East Japan Earthquake, Panasonic has launched Home Energy Management Systems (HEMS) for visualizing how energy is used within the household and automatically optimizing electricity use. (For more information about HEMS, please refer to the [“About Panasonic” section of this report](#), [“Promoting Automatic Control of Consumer Electronics and Effortless Energy Saving through the Use of “SMARTHEMS”” on page 6](#)).

“Smart Cosmo<sup>®\*1</sup>” was launched in May 2014 as a next-generation residential distribution panelboard that is compatible with HEMS. As a standard feature, all circuits have an independently developed branch current sensor, enabling the unit to measure not only the current delivered to lighting fixtures and home appliances, but also the current supplied by onsite power generators such as photovoltaic modules and the Ene-Farm home fuel cell cogeneration system. Moreover, Panasonic offers products with adaptors that wirelessly transmit power usage data

to “AiSEG,” the core device of HEMS, as well as products that can later be fitted with wireless adapters. Initiatives have also been undertaken to ensure future HEMS compatibility encompassing energy-creation and energy-storage equipment.

## Flexibly adapts to future facility expansion

Another compelling feature of “Smart Cosmo” is the simplicity with which it can be expanded. In the not-so-distant future, Panasonic predicts that an increasing number of households will install new energy-conserving and energy-generating equipment to take advantage of liberalization in the retail electricity sector and the use of smart meters<sup>\*2</sup> in all households. “Smart Cosmo” is designed to flexibility to adapt to the installation of this futuristic equipment.

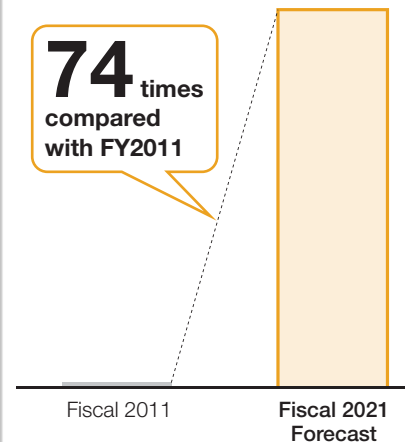
Even with new installations of photovoltaic modules, “Power Stations<sup>®\*3</sup>,” and storage battery units, the necessary measurement modules can be added to the circuit board with a single touch. Panasonic will proactively market “Smart Cosmo” as standard equipment for homes of the future.

## Market potential

### HEMS market scale

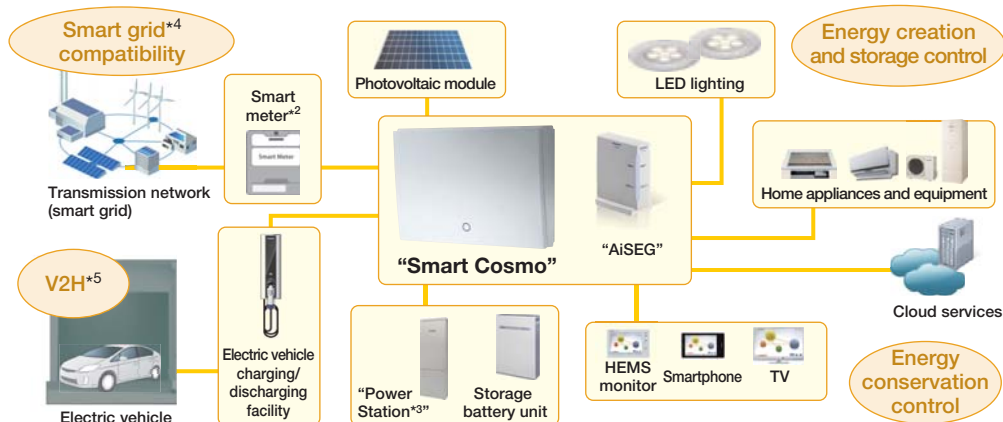
¥26.0 billion

74 times compared with FY2011



The market for major smart house-related equipment is projected to expand by 136.7% compared with fiscal 2011 by fiscal 2021 amid the full-scale liberalization of the retail electricity sector and plans to install smart meters in all homes. In tandem with this growth, the market for HEMS is projected to expand sharply, to 74 times the size it was in fiscal 2011.

Source: Yano Research Institute's [Smart Housing Equipment Market: Key Research Findings 2012](#)



\*1 “Smart Cosmo” is a registered trademark of Panasonic.

\*2 Smart meter: a next-generation power meter that differs from a traditional analog electricity meter in that it digitally measures electricity usage and is able to transmit this data.

\*3 “Power Station”: a power conditioner and storage system for batteries and solar batteries. “Power Station” is a registered trademark of Panasonic.

\*4 Smart grid: a next-generation power distribution network that is capable of adjusting electricity demand in accordance with electricity supply.

\*5 V2H: vehicle to home. Electricity stored in the batteries of electric vehicles and plug-in hybrids is used for household purposes.

# AVC Networks Company

PDF Click [here](#) for Panasonic IR Day 2014 AVC Networks Company presentation materials.

## Combining AV and ICT\* and Offering Solutions to BtoB Customers

\* ICT: Information and Communication Technology



### President Yoshiyuki Miyabe

- Apr. 1983 Joined the Company
- Jan. 2003 Manager, R&D Planning Office
- Apr. 2008 Executive Officer of the Company / In charge of Digital Network & Software Technology
- Apr. 2011 Managing Executive Officer of the Company / In charge of Technology
- Jun. 2011 Managing Director of the Company
- Oct. 2012 In charge of Intellectual Property
- Apr. 2013 President, AVC Networks Company (incumbent)
- Apr. 2014 Senior Managing Director of the Company (incumbent)

### FY 2014 (Year ended March 31, 2014) Financial Results

#### Year-on-Year Improvement in Operating Profit

In fiscal 2014, AVC Networks Company sales amounted to 1,573.4 billion yen\*, down 3% compared with the previous fiscal year. Despite sound growth in the BtoB business, this downturn was mainly attributable to termination of the plasma display business and the suspension of BtoC smartphone development activities targeting communication operators in Japan.

Operating profit, on the other hand, climbed 13.2 billion yen year on year to 21.5 billion yen\* despite the substantial impact of business withdrawal that was outside plans.

Meanwhile, sales and operating profit came in at 1,219.3 billion yen and 20.4 billion yen, respectively, after excluding business transferred to the

Appliances Company in April 2014.

\* Previous company structure basis.

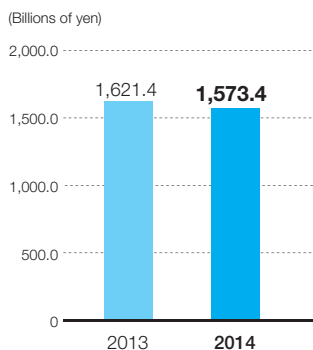
#### Company Overview

#### Transfer of the TV Set and Other Businesses and the Launch of a New Organizational Structure in April 2014

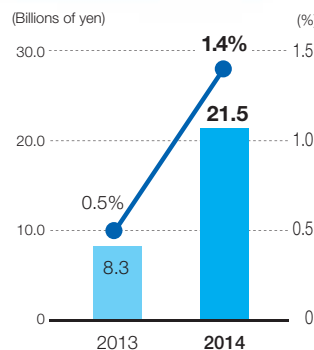
In April 2014, the AVC Networks Company transferred the TV set, Audio, Video and AV Accessory businesses to the Appliances Company, allowing it to focus on BtoB activities under a new organizational structure.

The new structure comprises four businesses: the Visual & Imaging Business, which concentrates on imaging- and optical-related products and technologies; the Mobility Business, which revolves mainly around business-use notebook PCs; the Communication Business, which boasts a high market share across numerous products in the communications fields; and the Vertical Solutions Business, which

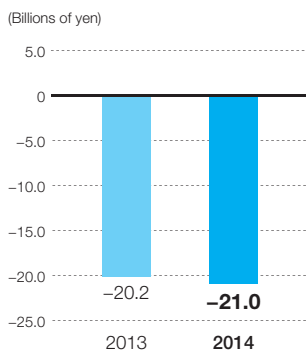
#### Net Sales\*



#### Operating Profit\* / Operating Profit Ratio\*



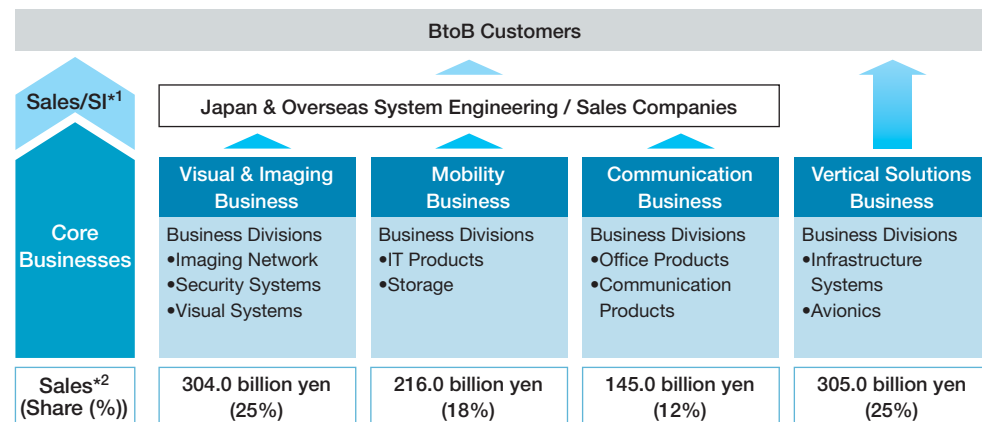
#### Free Cash Flow\*



\* Previous company structure basis.

(Years ended March 31)

#### Four Core Businesses



\*1 SI: System Integration \*2 FY2015 Business Plan (New Organization Basis)



handles infrastructure- and avionics-related products and systems. By delivering products that combine AV and ICT, the AVC Networks Company will contribute to efforts aimed at realizing a smart society.

**FY2015 (Year ending March 31, 2015) Targets and Initiatives**

**Expanding the Four Core Businesses and Targeting Increases in Both Revenue and Earnings**

Compared with fiscal 2014, the AVC Networks Company is targeting sales growth in its Visual & Imaging, Mobility and Vertical Solutions businesses of 8%, 12% and 13%, respectively in fiscal 2015, while sales in the Communication business are forecast to decline 1%. Growth in these core businesses is therefore expected to more than cover such negative factors as the termination of unprofitable businesses. As a result, the company as a whole is forecasting sales of 1,231.0 billion yen, up 1% compared with fiscal 2014.

Operating profit is projected to climb 22.6 billion yen to 43.0 billion yen. This is largely attributable to the positive flow-on effects of unprofitable business structural reform measures implemented in fiscal 2014 as well as forecast growth in core businesses. Free cash flows are anticipated to decline 22.5 billion yen owing primarily to outlays associated with completing structural reform measures and investment in new businesses.

**LCD Panel and Digital Still Camera Business Operating Profit Growth**

We will rebuild the LCD panel business. Due to the over-crowding of panel business manufacturers, the market is suffering under

the over-supply of products. Accordingly, we have shifted from TV applications, which are becoming increasingly commoditized, to tablet and notebook PC as well as other IT applications. During fiscal 2014, around 60% of activities had transitioned to non-TV applications. In fiscal 2015, we will lift this ratio to approximately 70% while placing emphasis on commercial application across such wide-ranging areas as medical equipment, broadcasting and automobiles. Accounting for the demand for sophisticated specifications, these application fields offer high earnings potential. We also expect to reduce the amount of losses by more than 90% compared with fiscal 2012.

The digital still camera (DSC) business is another area that we plan to rebuild. We will strengthen the business structure, reduce total fixed costs, shift to more profitable models, including compact

high-end and mirror-less products and engage in proprietary technology external device sales that other companies find difficult to imitate. In this way, we will target a return to the black in fiscal 2015 by improving marginal profit.

**Toward Fiscal 2019 (Year ending March 31, 2019)**

**Target Sales of 1,600.0 Billion Yen**

The revitalized AVC Networks Company will offer solutions directly to BtoB customers through products and services that combine AV and ICT with the aim of generating sales of 1,600.0 billion yen in fiscal 2019.

In order to achieve this target, the company will look beyond the simple sale of hardware (equipment). Working to expand its solutions business, the AVC Networks Company will provide total

solutions that encompass customized systems integration and maintenance that match the needs of customers.

In expanding the solutions business, the company will draw on hardware strengths of each core business. Every effort will be made to create customer value in industries that are capable of making the most the company's strengths.

For example, we boast a wide lineup of network camera-related products. The company ranks second\* in the industry with a global market share of around 10%. By providing competitive products that are finely tuned to addressing a variety of customers' needs, we will steadily expand the solutions business.

\* Source: AVC Networks Company

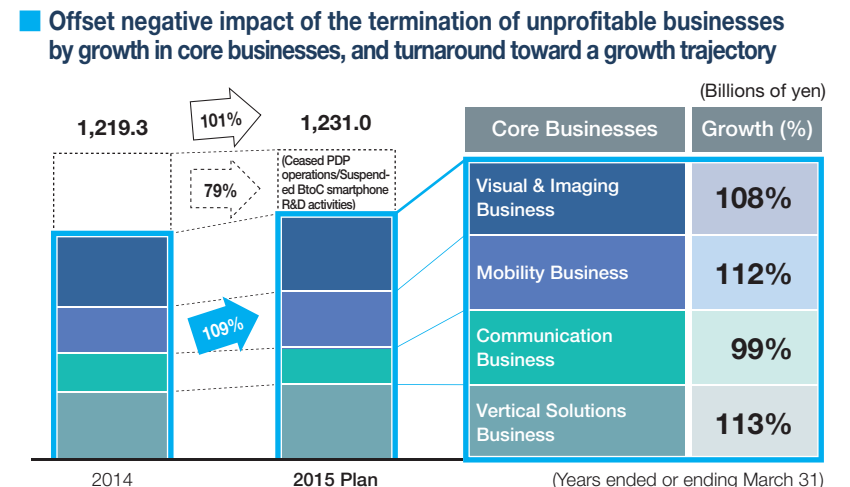
In addition, we will focus on putting forward solution proposals centered on rugged notebook and tablet

**Fiscal 2015 Financial Targets**

	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
	(Billions of yen)		
Net Sales	1,219.3	1,231.0	101%
Operating Profit (%)	20.4 (1.7%)	43.0 (3.5%)	+22.6
Free Cash Flow	-23.5	-22.5	+1.0

**Twofold Year-on-Year Increase in Operating Profit in Fiscal 2015**

**FY2015 Sales Composition**



PCs that can be used in the harshest of environments. We will therefore develop our business through proposals that make the most of our products' features in a bid to address customers' indoor and outdoor needs.

Furthermore, we will work to create new customer value by combining these solutions. As one example, we will forge collaborative ties with partner companies to open convenience stores that incorporate a mix of features including in-shop signage and integrated security while conducting demonstration experiments. We will horizontally extend the know-how gained through these initiatives to further expand our business.

### Reinforcing Business Domains to Ensure Solutions Business Growth

As a priority initiative aimed at strengthening the solutions business, the AVC Networks Company has established three main areas of focus. As a part of efforts to enhance the business platform, expand solution areas and bolster the cloud and wide-range wireless business, we plan to undertake new investments through fiscal 2019.

In enhancing the business platform, we will establish a global network of overseas engineering bases in order to reinforce the structure and quality of systems integration, installation, maintenance and operating services required to provide solutions overseas. As a part of efforts to

expand solution areas, we will look to acquire core operating know-how in designated industries through a variety of methods including M&A. Working to bolster the cloud and wide-range wireless business, we will endeavor to build a variety of platforms, enter the MVNO\* business and promote collaboration with IT companies.

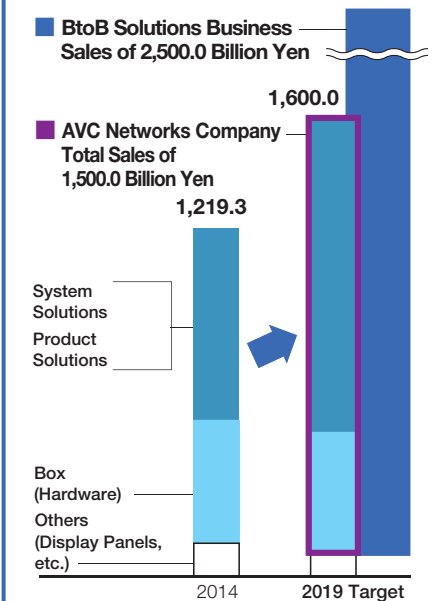
Moreover, we will consider stadium, roadway and other infrastructure solution proposals in the lead-up to the 2020 Tokyo Olympic Games and Paralympics.

\* MVNO: Mobile Virtual Network Operator. An operator that provides communication services using the networks of other operators alleviating the need to maintain a physical mobile circuit network encompassing such hardware as mobile phones and PHSs.

### Toward BtoB Solutions Business Sales of 2,500.0 Billion Yen

The AVC Networks Company is charged with the responsibility of contributing 1,500.0 billion yen to the Group's overall target of BtoB solutions domain sales of 2,500.0 billion yen in fiscal 2019. We will look to fulfill this responsibility by expanding product solutions (the ability to customize proposals) based on our robust lineup of products as well as system solutions.

(Billions of yen)



(Years ended or ending March 31)

#### Expanding the Solutions Business

- Create a solutions business that is directly linked to customers in the industries where our strengths can be utilized
- Build a success model with partners while promoting global expansion by a factor of N\*

Enhance solutions with competitive products



Success model expansion by a factor of N\*

\*N: Number of shops, etc.

#### Toward the Tokyo Olympics and Paralympics

##### Examples of Solutions for a Better Olympic Games

#### Stadium Example: Smart Stadium

**Main Products**

- Large screens
- Large speakers
- Broadcasting systems
- Security and other systems

#### Infrastructure Example: Smart Olympic Lane

**Main Products**

- Security systems
- Broadcasting systems
- Payment and other solutions

Detect

**TOPICS TOUGH PAD Corporate Tablet also Makes Voice Calls**

Click [here](#) for details.

**Rugged body bears up to use in harsh operating conditions**

The company's corporate customers told us they wanted a tablet that could be used outdoors and in harsh operating conditions. Steps were then taken to develop the TOUGH PAD series of rugged tablets in 2012.

Launched in the summer of 2014, the FZ-E1/FZ-X1 tablets are the first in the series to come with voice call functionality. Users are able to make voice calls over high-speed LTE/3G connections from anywhere in Japan\*. Able to survive drops from heights of three meters and impacts from a 400g steel ball, the rugged body features a dust-proof and rain-proof design that can withstand water pressure at a depth of 1.5 meters for up to 30 minutes, and blocks dust and strong water flows. The tablets can be used without worry in dusty work environments and around water. The tablets even have an internal heater that enables reliable operation under temperatures ranging from -20°C to 60°C.

\* Requires a separately sold contract with a communications carrier.



**Compatible with voice calls over LTE/3G connections\***



\* Requires a separately sold contract with a communications carrier.

**Diverse array of features loaded into a single device**

These models have a large-capacity battery, allowing them to operate up to about 14 hours, and come with features designed for use in a diverse array of outdoor environments. The 5-inch LCD display offers superb visibility even under direct sunlight, and the tablet can be used in the rain and with gloved hands thanks to a touch panel with highly sensitive proximity detection and a proprietary function that prevents raindrops from causing unintended operation.

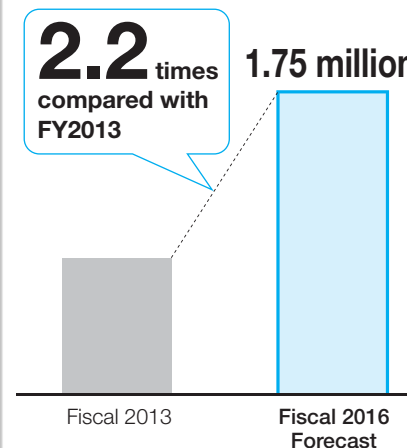
These tablet models are also packed with other features, including large-diameter dual speakers that are loud enough to clearly hear in noisy environments, an 8-megapixel rear-facing camera and a 1.3-megapixel front-facing camera, and a barcode scanner able to read 36 kinds of barcodes. The company plans to market these models for industries with extensive outdoor work, such as electric power, gas and waterworks, while also promoting them in a broad range of sectors including transportation/logistics, retailing, and manufacturing.

**Rugged body can endure harsh operating conditions**



**Market potential**

**Projected shipments of corporate tablets**



Although corporate tablets have been slower to take off than consumer tablets, the market has expanded by 20-40% year on year since fiscal 2014, and is likely to grow to 1.75 million units in fiscal 2016. The market for corporate tablets is projected to grow faster than for consumer tablets, and become a prime driver of growth in the overall tablet market.

Source: ICT Research & Consulting's Fiscal 2014 Corporate Tablet Market Outlook



# Automotive & Industrial Systems Company

PDF Click [here](#) for Panasonic IR Day 2014 Automotive & Industrial Systems Company presentation materials.

## Enhancing Customer Value Mainly in the Automotive and Industrial Business Fields

President **Yoshio Ito**

- Apr. 1973 Joined the Company
- Apr. 2006 Vice President, Panasonic AVC Networks Company / Director, Systems Business Group
- Apr. 2009 Executive Officer of the Company / President, Lighting Company
- Jan. 2013 President, Industrial Devices Company / President, Energy Company
- Apr. 2013 Managing Executive Officer of the Company
- Apr. 2014 Senior Managing Executive Officer of the Company / President, Automotive & Industrial Systems Company (incumbent)
- Jun. 2014 Senior Managing Director of the Company (incumbent)

### Company Overview

#### Contributing to Environmentally Friendly and Smart Lifestyles through a Wide Range of Products and Solutions

The Automotive & Industrial Systems (AIS) Company maintains a broad spectrum of responsibilities across such wide-ranging fields as car-use-multimedia-related equipment, automotive electronics, electronics components, automation controls, electronic materials, semiconductors, batteries systems, optical devices and manufacturing facility systems.

While BtoB businesses account for around 95% of the AIS Company's overall business, these activities consistently take into account of end-user customers. Accordingly, the company looks beyond the BtoB domain and takes the broader view of delivering BtoBtoC solutions to all customers.

Every effort is directed toward becoming a growth engine for the Panasonic Group as a whole and enhancing customer value mainly in the automotive and industrial business fields.

### Fiscal 2014 (Year ended March 31, 2014) Financial Results

#### Substantial Year-on-Year Improvement in Both Sales and Operating Profit

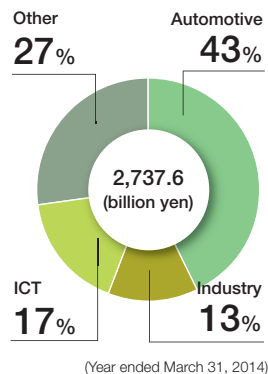
In fiscal 2014, the AIS Company achieved its planned sales target. In specific terms, sales reached 2,737.6 billion yen, up 9% compared with the previous fiscal year. This was largely attributable to favorable trends in the automotive-related business and positive effects of movements in foreign currency exchange rates.

Operating profit was 85.7 billion yen, a substantial increase of 56.2 billion yen year on year. In addition to higher sales, this favorable result was mainly due to successful efforts to restructure unprofitable products including the decision to reposition rechargeable batteries within the automotive and industrial business fields.

Free cash flows were 172.2 billion yen substantially higher than the previous fiscal year.

### Features of the Automotive & Industrial Systems Company

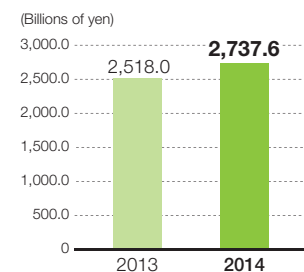
#### Sales Composition



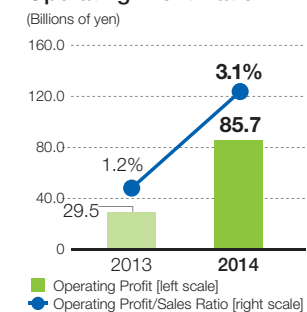
Harness the strengths of the company's broad business area and solid customers relationships and promote BtoB and BtoBtoC solutions



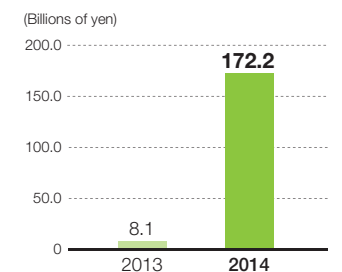
#### Net Sales



#### Operating Profit / Operating Profit Ratio



#### Free Cash Flow



(Years ended March 31)



**Committed to Reforming the Structure of Underperforming Businesses while Leaving No Stone Unturned**

Leaving no stone unturned, the AIS Company decisively implemented structural reforms in challenging businesses throughout fiscal 2014. Please refer to the "Management Topics" section of this report, "Enhancing the Competitiveness of the Semiconductor Business" and "Contraction of Printed Circuit Board Business" on page 15.

The AIS Company was unable to narrow losses in the semiconductor business, owing mainly to the loss on devaluation of inventories associated with structural reform measures recorded in fiscal 2014. Meanwhile, the company was successful in returning the Portable Rechargeable Battery and Automotive Battery business divisions to the black.

Taking the aforementioned into consideration, there were four unprofitable business divisions accounting for 13% of total sales as of the end of fiscal 2014, down from six that accounted for 32% of total sales in fiscal 2013.

**Toward Fiscal 2019 (Year ending March 31, 2019)**

**Target 3,600.0 Billion Yen in Sales**

With sales of 2 trillion yen from the automotive field, 720.0 billion yen from the industrial field and contributions from ICT, other and new business activities, the AIS Company as a whole is targeting sales of 3,600.0 billion yen in fiscal 2019.

In the automotive field, the company will undertake priority investments. We will aim to

become an indispensable supplier in the comfort, safety and environment fields, which encompass a wide range of products, including smartphone-linked next-generation cockpits, Advanced Driving Assistance Systems (ADASs) and automotive batteries, respectively. In automotive batteries, the AIS Company is attracting wide acclaim from a large number of automobile manufacturers for its cylindrical and prismatic lithium-ion batteries. With orders on the rise, we will take full advantage of every opportunity through phased investments while closely examining demand.

Following the automotive field, we will focus on our industrial operations. In addition to expanding production equipment and devices, where we have an established track record, we will concentrate on

promoting growth in our energy business, centered on rechargeable batteries.

**FY2015 (Year ending March 31, 2015) Targets and Initiatives**

**Targeting an Increase in Both Sales and Profits**

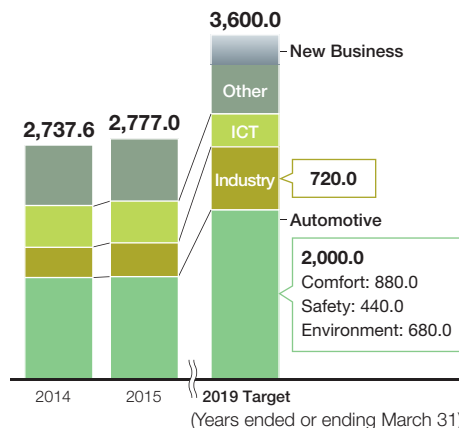
In addition to reaping the benefits of structural reforms, we have positioned fiscal 2015 as a year in which to bring about a bold turnaround and to lay the foundation for growth.

While anticipating a drop in sales owing mainly to cutbacks and withdrawal from underperforming businesses, we are projecting a slight increase of 1% in sales to 2,777.0 billion yen on the back of higher sales in growth businesses. Operating profit is forecast

**Toward FY2019**

**Increase sales to 3,600.0 billion yen with 2 trillion yen in the automotive business and sales growth in the industrial business**

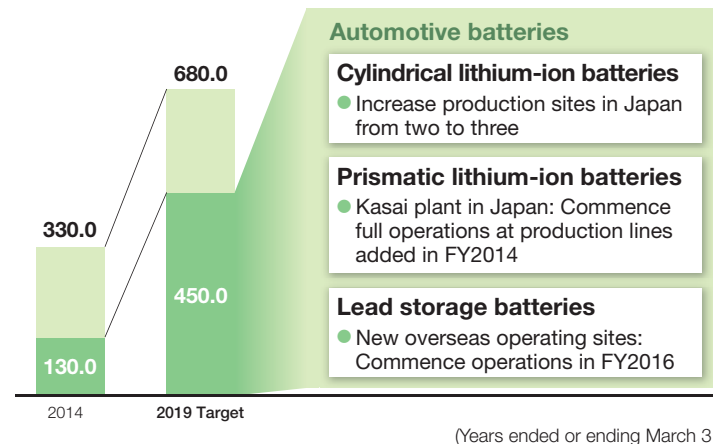
(Sales) (Billions of yen)



**Expand the Automotive Battery Business**

**Expand production based on a timely and detailed examination of demand**

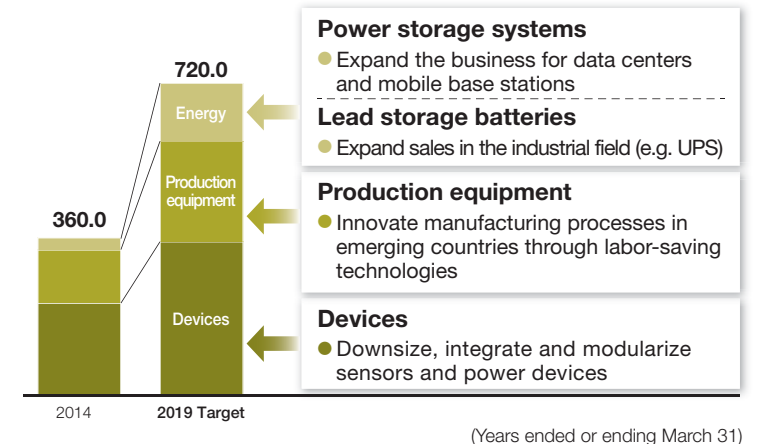
(Sales in the environmental domain) (Billions of yen)



**Expand Activities in the Industrial Field Focusing on the Energy Business**

**Accelerate growth by expanding the energy business together with the robust production equipment and device businesses**

(Sales in the industrial field) (Billions of yen)



to reach 107.0 billion yen, up 21.3 billion yen primarily due to the increase in sales as a result of structural reforms and rationalization.

Free cash flows are expected to show a substantial decline reflecting corrections to the balance of free cash flows in fiscal 2014. On a cumulative fiscal 2014 and fiscal 2015 basis, free cash flows are estimated to reach 191.2 billion yen. This is approximately 36.0 billion yen higher than our initial plan of 155.0 billion yen.

**Promoting Increased Sales in Growth Businesses and Improve Profits in Underperforming Businesses**

In fiscal 2015, the AIS Company will focus on expanding sales in growth businesses. Efforts will be directed toward addressing the succession of orders received for automotive batteries. We will also increase deliveries of conductive capacitors for mobile base stations and servers where demand is on the rise. In the audio display field, where sales have exceeded 200.0 billion yen, we will accelerate sales in

emerging countries which offer considerable potential on the back of the upswing in automobile sales. From an investment perspective, we are planning total investments of 109.0 billion yen in fiscal 2015. This is within the scope of depreciation and will be channeled mainly to the automotive field and energy business.

Meanwhile, in challenging areas, the AIS Company will focus on the semiconductor business. In fiscal 2015, we will shift to a recovery phase, where we begin to reap the benefits of major structural reforms undertaken during fiscal 2014. We will work to secure a return to profitability in fiscal 2016 by promoting products that take advantage of the strengths of the AIS Company, including lower power consumption, imaging and compound technologies, while at the same time rationalizing assets through fabless operations.

Despite the hardships that accompany structural reform, our decisive action is definitively solidifying our profit structure. While keeping a tight rein, we will continue to prioritize efforts aimed at improving profits.

**FY2015 Financial Targets**

**Reap the benefits of structural reform and bring about a bold turnaround to the lay the foundation for growth**

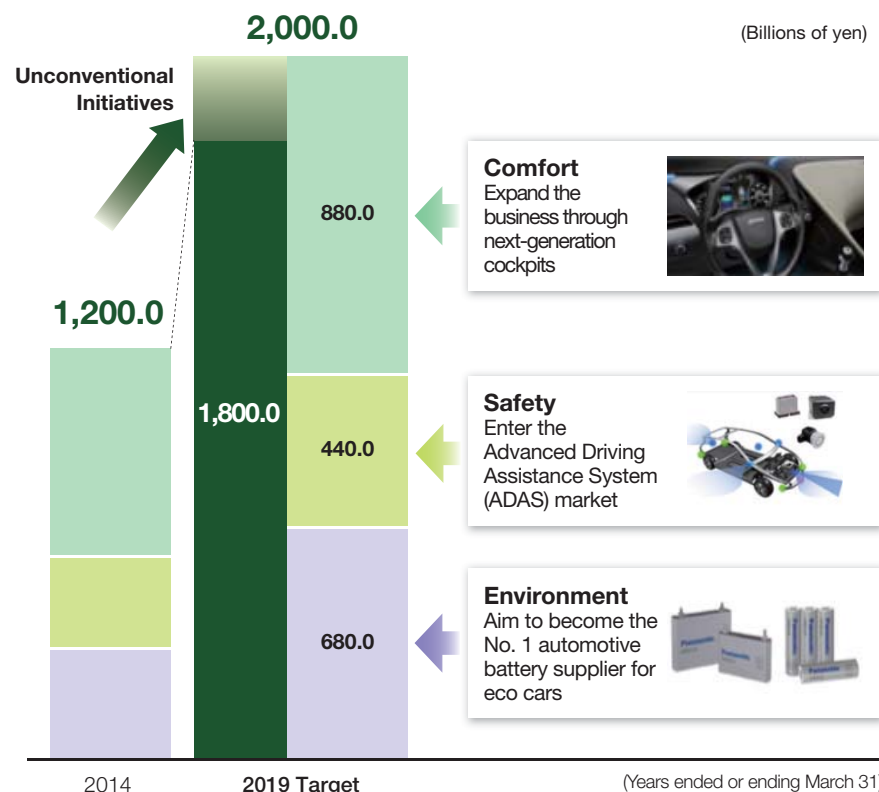
(Billions of yen)

	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
Net Sales	2,737.6	2,777.0	101%
Operating Profit (%)	85.7 (3.1%)	107.0 (3.9%)	+21.3
	Fiscal 2014 Results	Fiscal 2015 Plan	FY2014-2015 Cumulative Total
Free Cash Flow	172.2	19.0	191.2

Midterm management plan (CV2015) FY2014-2015 FCF cumulative total: 155.0 billion yen

**Toward Automotive Sales of 2,000.0 Billion Yen**

The AIS Company reported 1,200.0 billion yen sales in automotive field in fiscal 2014. Looking ahead, we will prioritize capital as well as R&D investment with the aim of promoting growth in the comfort, safety and environment categories. In the safety category, in particular, we will harness the strengths of our sensor, imaging and other technologies to newly enter the Advanced Driving Assistance System (ADAS) field. Moreover, we will consider unconventional initiatives through M&As as well as alliances in order to achieve a Group-wide sales target in the automotive field of 2,000.0 billion yen in fiscal 2019.



**Comfort**  
Expand the business through next-generation cockpits

**Safety**  
Enter the Advanced Driving Assistance System (ADAS) market

**Environment**  
Aim to become the No. 1 automotive battery supplier for eco cars

**TOPICS** Easy-to-Install Storage Battery System for the Home or Office

**Large capacity and high output allows multiple equipment to be used simultaneously**

Since the Great East Japan Earthquake, an increasing number of offices, retail stores and facilities have installed storage battery systems to prepare for the risk of a power interruption caused by a natural disaster. In response to these growing market needs, Panasonic developed a lithium-ion storage battery system with a large capacity of 5 kWh in a compact, lightweight body at about half the price of previous systems\*.

The system uses cylindrical lithium-ion batteries with high energy density, the same type that is used in electric vehicles. Its large capacity of 5 kWh means that personal computers, a refrigerator, a TV and other equipment can be simultaneously powered for a long period of time. Its high output of 1.5 kVA allows the system to be connected to power-hungry equipment such as copiers and tabletop electromagnetic cooking appliances.

**Lightweight system design makes it possible to install in variety of places**

Storage batteries tend to grow in size and weight as capacity increases, limiting where they can be installed. This system, however, is compact, as little as one-third the size of conventional systems\*. As a result, the system can be installed in more places, such as next to an office desk or under a cash register. Since it is a standalone system that can directly power equipment via its electrical outlets, the storage battery system can be easily deployed during power outages by simply plugging in an electrical cord. The AC output terminal at the rear of the unit can also power ceiling lights and other appliances.

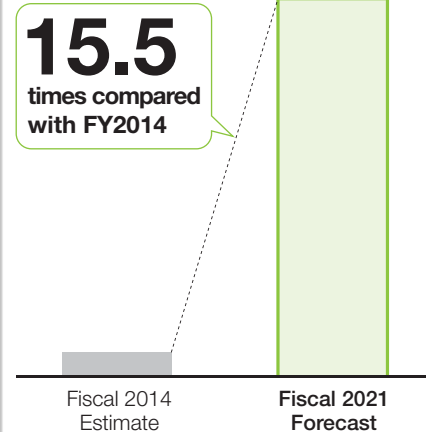
By recharging during the night when electricity is cheaper and outputting this electricity during the day, the storage battery system can contribute to the stability of supply and demand across the power grid, while helping households and companies save on their electricity bills. Panasonic will continue to propose products like this that can be used in a wide variety of situations, including in the home.

\* Per-kWh comparison with the company's previous product (3.2 kWh model)

**Market potential**

**Stationary Power Storage System Market Scale**

**¥ 530.0 billion**



The scale of the stationary power storage system market is projected to increase 15.5 times from 34.2 billion yen in fiscal 2014 to 530.0 billion yen in fiscal 2021. The housing-use market in particular is expected to witness strong growth buoyed by deregulation. Shipment volumes are anticipated to surge 33.8 times between fiscal 2014 and fiscal 2021.

Source: "2014 Stationary Power Storage System / Battery Storage System Market Trends Survey — A Look at Product Strategies and Business Models Aimed at Promoting Increased Use—" issued by Seed Planning, Inc.

**The following office equipment can be used simultaneously for roughly 4.0 hours.**

Application	No. of Units
Notebook PCs	6
Router, modem, hub	1
Server	1
UPS	1
Multi-function printer (one hour of operation)	1
Mobile phone charger	6
Straight-type LED lighting	10

**The following home equipment can be used simultaneously for about 6.5 hours.**

Application	No. of Units
Notebook PCs	2
Router, modem, hub	1
Refrigerator	1
Electric fans	2
37-inch LCD TV	1
Mobile phone chargers	2
LED lighting	2

Note 1: Equipment with a total of 1,500 VA or less can be connected.

Note 2: Operating time varies based on the power consumption of equipment and operating conditions.

Note 3: Do not use for medical equipment.





## Overview of Business Divisions (As of April 1, 2014)

### Appliances Company



Air-conditioners



TVs

#### 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 bakery, coffee maker, juicers, etc.) and electric irons

#### Home Entertainment Business Division

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

#### Motor Business Division

Development, manufacture and sale of motors for industrial use, motors for home appliance use, motors for automotive use, 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 exterior wall 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



Rugged smart phones



Surveillance cameras

#### 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 and SD memory cards

#### 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.

#### IT Products Business Division

Development, manufacture and sale of notebook PCs and tablet PCs

(Continued on the next page)





### 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, mobile phone base stations, etc.

### System Solutions Company (Japan)

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

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

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

(Transferred to the Automotive & Industrial Systems Company, effective from July 1, 2014.)

#### 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



Cylinder-type lithium ion batteries



Front Information Display

### Automotive Infotainment Systems Business Division

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

### Automotive Electronics Business Division

Development, manufacture and sale of DSRC/ETC engine control units, driving support control systems, smart keyless systems, chargers, etc.

### Energy Device Business Division

Development, manufacture and sale of dry batteries, micro batteries, nickel metal-hydrate 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.

### Portable Rechargeable Battery Business Division

Development, manufacture and sale of lithium ion batteries, Ni-Cd batteries, chargers, etc.

### Automotive Battery Business Division

Development, manufacture and sale of lithium ion and nickel metal hydrate batteries for eco-cars (HEV/PHV/EV)

### Capacitor Business Division

Development, manufacture and sale of conductive polymer capacitors, various capacitors (aluminum electrolytic /film), etc.

### Circuit Components Business Division

Development, manufacture and sale of anti-heat sheets, resistors, inductors, in-car and industrial-use sensors, etc.

### Electromechanical Components Business Division

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

### Electronic Materials Business Division

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

### Automation Controls Business Division

Development, manufacture and sale of relays, connectors, automotive devices, FA equipment, etc.

### Semiconductor Business Division

Development, manufacture and sale of power semiconductors, LSIs, image sensors, in-car camera modules, optical semiconductors, etc.

(Transferred to Panasonic Semiconductor Solutions Co., Ltd., effective from June 1, 2014.)

### Panasonic Precision Devices Co., Ltd.

Development, manufacture and sale of optical disk drives, industrial ink jet heads, etc.

### Panasonic Factory Solutions Co., Ltd.

Development, manufacture and sale of replacement machines, screen printing equipment, FPD bonders, electronic component inserting machines, etc.

### Panasonic Welding Systems Co., Ltd.

Development, manufacture and sale of welding systems, laser oscillator, etc.

### Panasonic Cycle Technology Co., Ltd.

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

(Transferred to the Appliances Company, effective from July 1, 2014.)

## Other



Detached 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

### System LSI Business Division

Development and sale of system LSIs that serve as backbone semiconductor components for consumer-use imaging equipment and network compatible information equipment



## Corporate Governance Structure

Prepared using excerpts from the Company's [PDF Annual Securities Report \(Yukashoken Hokokusho\)](#) submitted in June 2014. The following information is also published in the Annual Securities Report.

[PDF II-3-\(2\) Policy on Control of Panasonic Corporation](#)

[PDF IV-6-\(1\)-3 Basic Policy on Internal Control Systems and Status of the Development of the System](#)

[PDF IV-6-\(1\)-4 The status of the Company's internal system concerning timely disclosure of corporate information](#)

### Basic Policy of Corporate Governance

Under its basic philosophy "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.

In October, 2012, the Company established the Corporate Strategy Head Office, which is responsible for formulating and promoting group-wide strategies and other matters from the perspective of an investor. At the same time, the Company divided parts of functions such as the Corporate R&D Group and the Corporate Legal Affairs Division, which had previously been functions of the head office, and incorporated those functions into the Professional Business Support Sector in order to support the performance of business operations by the Divisional Companies and the business divisions.

In April, 2013, the Company introduced the business division system and positioned business divisions as basic management units. In FY2014, the Company has forty-three (43) business divisions and each of the business divisions is autonomously

managed to formulate its respective midterm management plans and business plans, and is responsible for R&D, production and sales as well as its cash and profit management on a global basis. In addition, four (4) Divisional Companies (Appliances, Eco Solutions, AVC Networks and Automotive & Industrial Systems), the aggregation of the business divisions, support the business division system. The Company has established the following corporate governance system suitable for the Company's business structure based on the four (4) Divisional Companies and forty-three (43) 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 Company Law of Japan and related laws and ordinances (collectively, the "Company Law"), 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 (20) 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, while Executive Officers have been delegated with the authority to handle responsibilities relating to day-to-day operations at each 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 Company Law, the Company has elected A&SBMs and established 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 nine (9) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SBMs of the Company, to the four (4) Divisional Companies. The Company also inaugurated regular Panasonic Divisional Companies Audit & Supervisory Officers' Meeting (comprising a total of eleven (11) members, of which two (2) are Senior A&SBMs of the Company and nine (9) 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-two (32) members, of which two (2) are Senior A&SBMs of the Company, nine (9) are A&SOs of each Divisional Company and twenty-one (21) are A&SBMs of the Group Companies) to enhance coordination among the Company's A&SBMs, A&SOs of the Divisional Companies and audit & supervisory board members of the 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 six (6) full-time staff under the direct control of the A&SB.

Mr. Yoshihiro Furuta, a Senior A&SBM of the Company, has substantial finance and accounting knowledge, having held the position of General Manager, Accounting, at Matsushita Electric Works, Ltd. 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 are notified to the Japanese stock exchanges as "independent directors/audit & supervisory board members" defined in the article 436, paragraph 2 of Securities Listing Regulations of the Tokyo Stock Exchange, and are unlikely to have any conflict of interests with Panasonic's shareholders.

**Group Executive Committee for Deliberating Important Matters**

In October 2012, the Company established and has operated the Group Executive Committee for Deliberating Important Matters, where discussions are conducted prior to the Board of Directors, with the aim of ensuring productive deliberations at the Board of Directors. At the Group Executive Committee for Deliberating Important

Matters, matters deemed to be important, such as investments over a certain amount and Group-wide management systems and measures are deliberated. The members of the Committee are the President and Executive Officers whose job functions are related to the matters to be discussed. The officers responsible for businesses or job functions related to the matters also join the meeting, if necessary.

**Group Strategy Meeting**

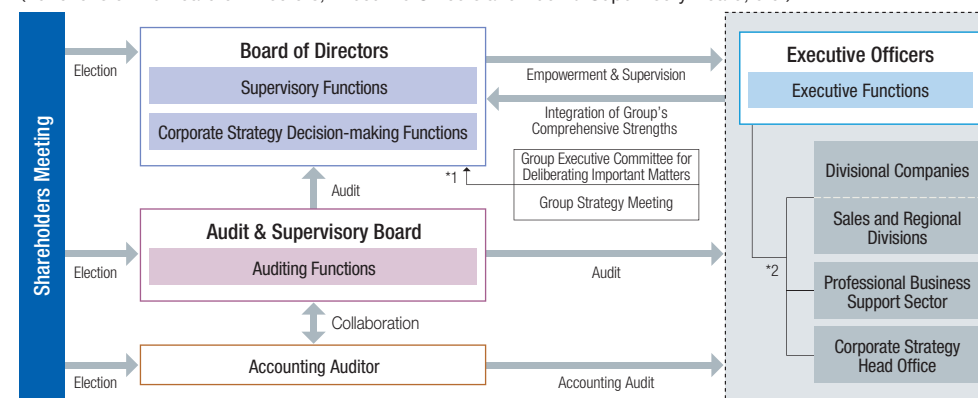
In July 2012, the Company established the Group Strategy Meeting to discuss the Company's mid-term and long-term strategies and certain important issues. The meeting is generally held twice a month. The attendees consist of approximately ten (10) people in managerial positions called as the Group Management 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. By integrating meetings for discussing and sharing information regarding group-wide issues into the Group Strategy Meeting, the Company is capable of prioritizing and promptly discussing important group-wide issues.

**Amount of compensation for Directors and Audit & Supervisory Board Members (A&SBMs)**

With respect to the remuneration for Directors and A&SBMs, the maximum total amounts of remuneration for all Directors and A&SBMs of the Company are respectively determined by a resolution at a general meeting of shareholders. The remuneration amount for each Director is determined by the Company's Representative Directors who have been delegated by the Board of Directors to make such determination based on a certain standard of the Company, and

**Corporate Governance Structure**

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



\*1 Complementing a decision-making in the Board of Directors Meeting \*2 Including the affiliate business divisions and companies (Japan and overseas), etc.

the remuneration amount for each A&SBM is determined upon discussions among the A&SBMs.

In order to align compensation for Directors according to their respective contribution to the management of the Company, the amounts of remuneration and bonuses for Directors are linked to individual

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

Classification	Number of persons	Amounts (million yen)	
			Basic salary
Directors (other than Outside Directors)	16	613	613
A&SBMs (other than Outside A&SBMs)	2	67	67
Outside Directors	3	30	30
Outside A&SBMs	3	34	34

The Company introduced a stock-type compensation stock option plan for Directors of the Company (excluding Outside Directors) by the resolution at the 107th Ordinary General Meeting of Shareholders of Panasonic which was held on June 26, 2014,

performance and based on the management control indices such as free cash flow and CCM. By implementing this performance evaluation criteria based on shareholder interests, the Company intends to promote continuous growth and enhance profitability on a long-term basis for the Group as a whole.

for the purpose of providing an incentive for Directors to further contribute to the improvement of long-term operating results and higher corporate value through sharing the benefits and risks of share price fluctuations with Panasonic's shareholders.





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

The Company elects three (3) Outside Directors and three (3) Outside A&SBMs. Mr. Ikuo Uno, an Outside Director of the Company, is an executive advisor to the Board of Nippon Life Insurance Company. Although Nippon Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Uno 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 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 the internal audit, audit by A&SBMs and accounting audit, receive reports from the Internal Control Department and conduct an 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 the internal audit, audit by A&SBMs and accounting audit, receive reports from the Internal Control Department and conduct an 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.

## Message from an Outside Director

### Promoting management reform from an external perspective while sharing with senior executive a sense of crisis

#### Hiroko Ota

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

2006-2008: Minister of State for Economic and Fiscal Policy  
2008: Returned to take up a position as a professor at GRIPS  
2013: Director of Panasonic Corporation



Large companies in Japan tend to prioritize internal practice feeling comfortable with what they have become accustomed to. As a result, it is common for these companies to base their understanding of the mindsets of others on conjecture and a position of imbalance. Since my appointment as an outside director at Panasonic, I have therefore made it a point to not consider internal circumstances.

As I see it, an important role of an outside director is to make comments and ask questions that may seem out of turn. These comments and questions will then force in-house personnel to rethink how to better explain their points of view. In the past, I have experienced this process on numerous occasions and have even witnessed the fine-tuning of established plans as a result of this exchange. I would hope that my comments will have this positive effect on Panasonic's business decisions and operations.

It is quite clear to me that Mr. Tsuga in his role as a president strives diligently

to ensure that each Board of Directors meeting functions as a forum for substantive discussion as well as the free exchange of opinions. With this ability to comment openly and the sharing of agenda items as well as related information in advance of each meeting, I have held no qualms in contributing to in-depth discussions despite my first year.

On another point, I have seen concrete progress in the management reforms undertaken by Panasonic. Regrettably, however, the intense sense of crisis held by top management is yet to filter through to every corner of the Company. Recognizing that these reforms require additional time to fully take hold, it is vital that this sense of crisis does not wane.

I have complete confidence in Mr. Tsuga's vision and leadership. While maintaining my independent stance from internal personnel, I plan to carry out my duties with a common sense of urgency and understanding with the president.



[▶ Corporate Governance Structure](#)[▶ Message from an Outside Director](#)[▶ Directors, Audit & Supervisory Board Members and Executive Officers](#)

## Directors, Audit & Supervisory Board Members and Executive Officers (As of June 26, 2014) (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 President

**Yoshihiko Yamada**

In charge of Strategic Regions

Senior Managing Directors

**Kazunori Takami**

President, Appliances Company

**Hideaki Kawai**

In charge of Accounting and Finance

**Yoshiyuki Miyabe**

President, AVC Networks Company

**Yoshio Ito**

President, Automotive &amp; 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, Legal Affairs,  
Risk Management, Information Security, Business Ethics  
and Information Systems**Mamoru Yoshida**

In charge of Technology and Intellectual Property

**Tsuyoshi Nomura**In charge of Manufacturing Innovation,  
Quality Administration and Environmental Affairs

Directors

**Ikuo Uno**

(Outside Director)

**Masayuki Oku**

(Outside Director)

**Hiroko Ota**

(Outside Director)

**Mototsugu Sato**

In charge of Planning

### [ Audit & Supervisory Board Members ]

Senior Audit &amp; Supervisory Board Members

**Seiichiro Sano****Yoshihiro Furuta**

Audit &amp; Supervisory Board Members

**Yoshio Sato**

(Outside Audit &amp; Supervisory Board Member)

**Ikuo Hata**

(Outside Audit &amp; Supervisory Board Member)

**Toshio Kinoshita**

(Outside Audit &amp; Supervisory Board Member)

[▶ Corporate Governance Structure](#)[▶ Message from an Outside Director](#)[▶ Directors, Audit & Supervisory Board Members and Executive Officers](#)**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

**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**

Director, Consumer Marketing Sector for Japan Region  
Director, Consumer Marketing Division (Japan)  
In charge of Design

**Masahisa Shibata**

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

## Executive Officers

**Shiro Nishiguchi**

Senior Vice President, Appliances Company  
In charge of Planning

**Yasutomo Fukui**

In charge of General Affairs, Social Relations and  
Facility Management

**Toshiyuki Takagi**

Senior Vice President, AVC Networks Company  
In charge of System Products Business  
President, Panasonic System Networks Co., Ltd.

**Masahiro Ido**

In charge of Solution Sales  
Director, Tokyo Olympic Enterprise Division

**Satoshi Takeyasu**

In charge of Corporate Communications

**Norihisa Mimura**

Senior Vice President, Appliances Company  
In charge of Air-Conditioner and Refrigeration,  
Air Conditioning & Heating Devices Business

**Yasuji Enokido**

Senior Vice President, AVC Networks Company  
In charge of System Solutions Business

**Paul Margis**

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

**Tetsuro Homma**

Senior Vice President, Appliances Company  
In charge of Cold Chain and Home Appliances Business

**Makoto Kitano**

Vice President, Eco Solutions Company  
Director, Lighting Business Division

**Junichiro Kitagawa**

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

**Daizo Ito**

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

**Shinji Sakamoto**

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

**Yuki Kusumi**

Senior Vice President, Appliances Company  
In charge of Home Entertainment,  
Beauty and Living Business



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

[PDF](#) Download the Company's Annual Securities Report



## Financial Review

 (Please refer to the following for details: [PDF Company's Annual Securities Report](#))

### Analyses of Operating Results

During the fiscal 2014 under review, despite some economic slowdown in emerging countries including India, the global economy moderately continued to recover with a pickup in Europe, a continuing stock market recovery and the robust consumer spending in the U.S., and a further stock market recovery, yen depreciation and a surge in consumer spending before Japanese consumption tax hike in Japan.

Under such business circumstances, Panasonic launched its new mid-term management plan, "Cross-Value Innovation 2015 (CV2015)" in fiscal 2014. Under its new basic group formation through business division system, the Company has been promoted four initiatives as follows. Under "Cross-Value Innovation," beyond the existing frameworks and combining various and unique strengths in the Group, Panasonic has come to enable more value creation for customers.

#### Eliminate Unprofitable Businesses

The Company outlined major decisions and directions on five major challenging businesses: TV set/panels, semiconductors, printed circuit boards, optical devices and mobile phones, assessing their future, shifting into new business areas, reducing assets, and reorganizing facilities. The Company also worked on the air conditioner and DSC businesses, which had been positioned as a challenging business, to return them to the black. However, a total operating loss of approximately 100.0 billion yen remained in fiscal 2014. Looking ahead, the Company will take every measure to eliminate these unprofitable businesses and complete restructuring.

#### Improve Financial Position

Having made recovery in its business and having worked to generate cash as a whole, Panasonic's net cash position was minus 47.6 billion yen, a dramatic improvement on the mid-term management plan target of minus 220.0 billion yen.

Also, shareholders' equity ratio greatly increased, from 23.4% in the previous fiscal year to 29.7%.

(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 deposits.

#### Expand Business and Improve Efficiency by Shifting from an In-house Approach

Among the five challenging businesses, Panasonic drastically restructured its semiconductor business. As a part of the restructuring, three plants in Hokuriku region, Japan, were transferred to form a joint venture with TowerJazz, an Israeli company, and three plants in Asia were transferred to UTAC Manufacturing Services Ltd., a Singaporean company, to promote fabless production.

Semiconductors are extremely important devices in the expansion of the Company's business in the automotive and industrial fields. Based on the shift from an in-house approach, Panasonic will collaborate with the partners and strengthen its competitiveness.

#### Growth Strategy from Customers' Viewpoint

Panasonic is gradually beginning to see tangible results from, for example, the experimental next-generation convenience store, a collaborative project, and the smart town business, Fujisawa sustainable smart town (SST). In addition to the introduction of environment-conscious equipment and systems as well as digital signage devices, the Company is working on the creation of advanced solutions by analyzing

purchase behavior at the experimental next-generation convenience store.

In the years to come, Panasonic will constantly create new value, working with the partners in various industries.

#### Sales

Consolidated group sales for fiscal 2014 increased by 6% to 7,736.5 billion yen from 7,303.0 billion yen in fiscal 2013. Yen depreciation contributed to sales increase. Automotive related business grew in sales with global market recovering, and sales of housing related business increased by capturing demand before the consumption tax hike in Japan. Meantime, sales in digital consumer-related business decreased, because the Company is focusing on profitability rather than sales volume. Consolidated group sales in real terms (excluding the effects of exchange rates) decreased by 3% from a year ago.

Sales in the domestic market amounted to 3,897.9 billion yen, up 3% from 3,790.4 billion yen in fiscal 2013. Overseas sales amounted to 3,838.6 billion yen, up 9% from 3,512.6 billion yen. Overseas sales in real terms decreased by 9% from a year ago. By region, sales in the Americas amounted to 1,134.6 billion yen, increasing from a year ago, but decreased by 7% in real terms. Sales in Europe amounted to 740.3 billion yen, increasing from a year ago, but decreased by 10% in real terms. In Asia and China, sales amounted to 1,963.7 billion yen increasing from a year ago, but decreased by 9% in real terms.

#### Operating Profit

In fiscal 2014, cost of sales amounted to 5,638.8 billion yen, up from 5,419.9 billion yen in the fiscal 2013. Selling, general and administrative expenses amounted to 1,792.6 billion yen, up from 1,722.2 billion yen in the

fiscal 2013. Accordingly operating profit increased to 305.1 billion yen from 160.9 billion yen a year ago due mainly to improving profitability in unprofitable businesses. Implementing corporate-wide fixed cost reduction and streamlining of material cost also contributed to profit. Operating profit to sales ratio improved to 3.9% from 2.2% a year ago.

#### Income before Income Taxes

In other income, interest income amounted to 10.6 billion yen, up from 9.3 billion yen a year ago. Dividends received amounted to 2.0 billion yen, down from 3.7 billion yen a year ago. A one-off gain of 79.8 billion yen from the pension scheme change and gain of 78.7 billion yen from transferring of healthcare business were also recorded.

In other deductions, interest expense amounted to 21.9 billion yen, down from 25.6 billion yen in fiscal 2013. The business restructuring expenses of 207.4 billion yen were incurred. The business restructuring expenses included impairment losses for long-lived assets of 103.8 billion yen and expenses associated with the implementation of early retirement programs of 32.0 billion yen. A 21.7 billion yen for circuit board-related assets and a 20.1 billion yen for semiconductor-related assets were included in impairment losses for long-lived assets.

As a result of the above-mentioned factors, other income (deductions), net amounted to a loss of 98.9 billion yen, improved from a loss of 559.3 billion yen a year ago, due mainly to incurring business restructuring expenses of 508.8 billion yen including goodwill impairment and expenses associated with impairment losses of long-lived assets in fiscal 2013. Accordingly, income before income taxes for fiscal 2014 amounted to 206.2 billion yen, compared with a loss of 398.4 billion yen in fiscal 2013.





## Net Income Attributable to Panasonic Corporation

Provision for income taxes for fiscal 2014 decreased to 89.7 billion yen, compared with 384.7 billion yen in fiscal 2013. In accordance with U.S. GAAP, the Company increased the valuation allowances to deferred tax assets in companies including Panasonic Corporation, and incurred provision for income taxes in fiscal 2013.

Equity in earnings of associated companies decreased to 5.1 billion yen in fiscal 2014, compared with 7.9 billion yen in fiscal 2013.

Net income attributable to noncontrolling interests amounted to 1.2 billion yen in fiscal 2014, compared with a loss of 20.9 billion yen in fiscal 2013.

As a result of the above-mentioned factors, the Company recorded a net income attributable to Panasonic Corporation of 120.4 billion yen in fiscal 2014, compared with a loss of 754.3 billion yen for fiscal 2013. Net income attributable to Panasonic Corporation per share, basic amounted to 52.10 yen in fiscal 2014, compared with a loss of 326.28 yen in fiscal 2013.

## Segment Information

Panasonic changed its group organization on April 1, 2013, resulting in five reportable segments from eight. The Company's annual sales and profits by segment for fiscal 2014 are summarized as follows. In accordance with the organizational change, segment information for fiscal 2013 has been reclassified to conform to the presentation for fiscal 2014.

### Appliances

Sales increased by 10% year on year to 1,196.6 billion yen.

In fiscal 2014, despite struggling sales of air conditioners overseas and weak growth in sales of vending machines, small kitchen appliances and others in Japan, overall

sales increased due mainly to a sales increase in Japan thanks to a surge in consumer spending before the Japanese consumption tax hike and the positive impact of yen depreciation.

Looking at the main Business Divisions (BDs) of this segment, although the Air-Conditioner BD suffered falls in sales in China, where there was a surplus of inventories, and Europe, where the economy was in recession, sales of this BD were healthy due mainly to sales growth in Japan and other areas of Asia. Sales of the Laundry Systems and Vacuum Cleaner BD increased due to the positive impact of yen depreciation, despite weak growth mainly reflecting intensified competition in the washing machines business in Asia. At the Kitchen Appliances BD, sales of induction heating (IH) cooking equipment, dish washer/dryers and rice cookers were strong, particularly in Japan. At the Refrigerator BD, in Japan, glass door models were well-received while sales expanded due to extremely hot summer conditions and a surge in consumer spending before the Japanese consumption tax hike, and sales were strong as a result.

Segment profit was 28.5 billion yen, down by 7.9 billion yen from a year ago. Streamlining and cost reduction were unable to offset the negative impact of yen depreciation on importing products manufactured overseas.

### Eco Solutions

Sales increased by 10% year on year to 1,846.6 billion yen.

In fiscal 2014, sales were strong in Japan due mainly to a surge in consumer spending before the Japanese consumption tax hike, while overseas sales grew primarily in the electrical materials business, mainly in China, India and other areas of Asia. As a result, overall sales increased.

Looking at the main BDs of this segment, at the Housing Systems BD, there were strong sales of water-related products such as modular kitchen systems as well as interior furnishing materials and exterior construction materials. The strong sales reflected increased activity in the domestic market. At the Energy Systems BD, sales increased primarily for solar photovoltaic systems, wiring devices and distribution panel boards, while sales of home energy management system products were also strong. Outside Japan, there was growth in sales of wiring devices and circuit breakers in China and India. At the Lighting BD, sales grew in Japan on the back of an expansion of the LED lighting product lineup. Outside Japan, sales of residential lighting were strong in China. At Panasonic Ecology Systems Co., Ltd., in Japan, sales of air purifiers declined but sales of ventilation fans and others were firm. Outside Japan, sales of air purifiers grew in China and sales of ventilation fans grew in the Middle East, North America, and Central and South America.

Segment profit was 95.0 billion yen, up by 32.2 billion yen from a year ago due mainly to an increase in sales and a reduction of fixed costs offsetting the negative impact of yen depreciation.

### AVC Networks

Sales decreased by 3% year on year to 1,573.4 billion yen.

In fiscal 2014, although there was a sales boost from the positive impact of yen depreciation, Panasonic pushed ahead with radical reform such as withdrawal from smartphones for consumers, plasma panels and plasma TV sets businesses, and overall sales declined as a result.

Looking at the main BDs of this segment, sales of the TV BD decreased as a result of focusing on profitability rather than sales volume including narrowing down the

product range in the U.S. and China.

At the Avionics BD, sales of BtoB businesses such as aircraft in-flight entertainment systems grew due mainly to the positive impact of yen depreciation. Sales of the IT Products BD were strong due mainly to increased sales of notebook PCs for corporate use in Europe and Japan, and the positive impact of yen depreciation. Sales of the Security Systems BD were boosted by strong sales of products and services tailored to the needs of corporate customers, such as surveillance cameras.

Segment profit was 21.5 billion yen, up by 13.2 billion yen from a year ago due mainly to increased sales in BtoB businesses as well as the effect of business restructuring.

### Automotive & Industrial Systems

Sales increased by 9% year on year to 2,737.6 billion yen.

In fiscal 2014, sales were down in the ICT (Information and Communication Technology) field due mainly to a decline in sales of devices for PCs. In the automotive field, on the other hand, sales were strong overall reflecting robust conditions in the automotive industry, while sales were firm in the industrial field reflecting a recovery in capital investment. As a result, overall sales in this segment increased.

Looking at the main BDs of this segment, sales of the Automotive Infotainment Systems BD grew substantially on the back of strong sales of display-audio systems in the European and U.S. markets and the Chinese market, and growth in sales of car navigation systems through car dealers in Japan. Sales of the Portable Rechargeable Battery BD increased in line with steady deliveries of lithium-ion batteries for power supply to U.S. electric vehicle manufacturers. Sales of the Automation Controls BD were firm on the back of growth in sales of



products including car relays for hybrid vehicles and electric vehicles, and industrial devices to assist with energy saving and automation at factories. At the Semiconductor BD, sales decreased as a result of a shrinkage in demand for semiconductors for AV equipment and others.

Segment profit was 85.7 billion yen, up by 56.2 billion yen from a year ago due mainly to favorable sales in automotive-related businesses, the return to profitability of the portable rechargeable battery business and the positive impact of yen depreciation.

#### Other

Sales decreased by 5% year on year to 958.0 billion yen.

In fiscal 2014, although PanaHome Corporation posted strong sales due to a surge in consumer spending before the Japanese consumption tax hike, overall sales of this segment decreased due mainly to the SANYO-related business transfers implemented in fiscal 2013.

At PanaHome Corporation, the Custom-built Detached Housing Business promoted sales of housing with roofing composed of photovoltaic panels, while the Property Development Business developed a town that is self-sufficient in energy and completed a large-scale smart condominium development, and these operations contributed to PanaHome Corporation's strong sales.

Sales of Panasonic Healthcare Co., Ltd. were firm due mainly to market expansion and a surge in consumer spending before the Japanese consumption tax hike.

Segment profit was 20.0 billion yen, up by 16.6 billion yen from a year ago due mainly to a thorough reduction of fixed costs.

## Financial Conditions and Liquidity

### Liquidity and Capital Resources

The Panasonic Group operates its business under its basic policy to generate necessary funds for its business activities through its own efforts. The generated funds 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 concerning its financial structure and financial market conditions.

#### Cash

Cash and cash equivalents totaled 592.5 billion yen as of March 31, 2014, increased from 496.3 billion yen a year ago.

#### Interest Bearing Debt

Short-term bond balance decreased to zero as of March 31, 2014, compared with 140.6 billion yen a year ago. Panasonic redeemed the eighteenth series of unsecured straight bonds totaling 10.0 billion yen issued in June 2003 by SANYO Electric Co., Ltd. and succeeded by the Company in January 2012; the second series of unsecured straight bonds totaling 20.0 billion yen issued in February 2004 by the former Matsushita Electric Works, Ltd. and succeeded by the Company in January 2012; and the seventh series of unsecured straight bonds totaling 200.0 billion yen issued in March 2009.

As a result, Interest bearing debt as of March 31, 2014 amounted to 642.1 billion yen, decreased from 1,143.4 billion yen a year ago.

Panasonic terminated the commitment line agreement in August 30, 2013 under which the upper limit of the unsecured borrowing was a total of 600.0 billion yen

which Panasonic had entered with several banks in October 1, 2012. No borrowing was carried out under the agreements.

#### Ratings

Panasonic obtains credit ratings from Rating and Investment Information, Inc. (R&I), Standard & Poor's Rating Japan (S&P) and Moody's Japan K.K. (Moody's). Panasonic's ratings as of March 31, 2014 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:

Baa3 (Long-term, outlook: stable)

#### Cash Flows

The Panasonic Group aims to improve free cash flows by enhancing business profitability and to expand its businesses steadily in the mid-to-long-term. The Company is also making every effort to implement measures to generate cash flows, including continuous reduction of inventories, screening capital investments and reviewing assets.

Free cash flow (net cash provided by operating activities plus net cash provided by investing activities) amounted to 594.1 billion yen, an increase of 238.9 billion yen from a year ago due primarily to an increase in operating profit, a decrease in capital expenditures and a gain from business transfer of healthcare business.

#### Capital Investment and Depreciations

Capital investment (tangible assets only) during fiscal 2014 decreased by 30% to 217.0 billion yen, compared with 310.9 billion yen in fiscal 2013. Major capital investments were directed to solar modules manufacturing

facilities (Malaysia) and manufacturing facilities for portable rechargeable batteries mainly used for in vehicles (Osaka).

Depreciation (tangible assets only) during fiscal 2014 amounted to 278.8 billion yen, almost unchanged from 277.6 billion yen a year ago.

#### Assets, Liabilities and Equity

The Company's consolidated total assets as of March 31, 2014 decreased by 184.8 billion yen to 5,213.0 billion yen from the end of fiscal 2013 due mainly to the impairment losses of property, plant and equipment and business transfers including healthcare business, despite the impact of the yen depreciation. Total liabilities decreased by 466.9 billion yen to 3,626.6 billion yen due to a decrease in retirement and severance benefits and a reduction in interest-bearing debt including redemption of short-term bond and the 7th unsecured straight bond. Panasonic Corporation shareholders' equity increased by 284.2 billion yen compared with the end of fiscal 2013 to 1,548.2 billion yen as of March 31, 2014. This was due mainly to net income for the year and an improvement in accumulated other comprehensive income (loss) along with yen depreciation. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,586.4 billion yen.



## Consolidated Financial Statements

### Consolidated Balance Sheets

March 31, 2013 and 2014

(Millions of yen)

	2013	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	496,283	<b>592,467</b>
Time deposits .....	1,674	—
Trade receivables:		
Notes .....	56,752	<b>73,458</b>
Accounts .....	905,973	<b>958,451</b>
Allowance for doubtful receivables .....	(23,398)	<b>(24,476)</b>
Net trade receivables .....	939,327	<b>1,007,433</b>
Inventories .....	786,845	<b>750,681</b>
Other current assets .....	269,954	<b>303,411</b>
Total current assets .....	2,494,083	<b>2,653,992</b>
Investments and advances .....	276,978	<b>271,804</b>
Property, plant and equipment:		
Land .....	313,991	<b>283,305</b>
Buildings .....	1,638,974	<b>1,453,550</b>
Machinery and equipment .....	2,723,993	<b>2,728,925</b>
Construction in progress .....	60,173	<b>44,220</b>
	4,737,131	<b>4,510,000</b>
Less accumulated depreciation .....	3,061,703	<b>3,084,551</b>
Net property, plant and equipment .....	1,675,428	<b>1,425,449</b>
Other assets:		
Goodwill .....	512,146	<b>461,191</b>
Intangible assets .....	223,013	<b>213,878</b>
Other assets .....	216,164	<b>186,680</b>
Total other assets .....	951,323	<b>861,749</b>
	5,397,812	<b>5,212,994</b>

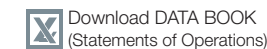
 Download DATA BOOK  
(Balance Sheets)

(Millions of yen)

	2013	2014
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt, including current portion of long-term debt .....	480,304	<b>84,738</b>
Trade payables:		
Notes .....	52,205	<b>200,363</b>
Accounts .....	739,581	<b>736,652</b>
Total trade payables .....	791,786	<b>937,015</b>
Accrued income taxes .....	32,162	<b>40,454</b>
Accrued payroll .....	201,460	<b>217,246</b>
Other accrued expenses .....	713,314	<b>799,959</b>
Deposits and advances from customers .....	75,669	<b>75,520</b>
Employees' deposits .....	6,610	<b>5,146</b>
Other current liabilities .....	297,854	<b>277,781</b>
Total current liabilities .....	2,599,159	<b>2,437,859</b>
Noncurrent liabilities:		
Long-term debt .....	663,091	<b>557,374</b>
Retirement and severance benefits .....	621,802	<b>430,701</b>
Other liabilities .....	209,487	<b>200,622</b>
Total noncurrent liabilities .....	1,494,380	<b>1,188,697</b>
Equity:		
Panasonic Corporation shareholders' equity:		
Common stock .....	258,740	<b>258,740</b>
Authorized — 4,950,000,000 shares		
Issued — 2,453,053,497 shares		
Capital surplus .....	1,110,686	<b>1,109,501</b>
Retained earnings .....	769,863	<b>878,742</b>
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments .....	(297,015)	<b>(167,219)</b>
Unrealized holding gains (losses) of available-for-sale securities .....	(218)	<b>6,027</b>
Unrealized gains (losses) of derivative instruments .....	(4,573)	<b>(237)</b>
Pension liability adjustments .....	(326,423)	<b>(290,270)</b>
Total accumulated other comprehensive income (loss) .....	(628,229)	<b>(451,699)</b>
Treasury stock, at cost .....	(247,028)	<b>(247,132)</b>
141,496,296 shares (141,394,374 shares in 2013)		
Total Panasonic Corporation shareholders' equity .....	1,264,032	<b>1,548,152</b>
Noncontrolling interests .....	40,241	<b>38,286</b>
Total equity .....	1,304,273	<b>1,586,438</b>
Commitments and contingent liabilities		
	5,397,812	<b>5,212,994</b>

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

Years ended March 31, 2013 and 2014

**Consolidated Statements of Operations**

(Millions of yen)

	2013	2014
Revenues, costs and expenses:		
Net sales .....	7,303,045	<b>7,736,541</b>
Cost of sales .....	(5,419,888)	<b>(5,638,869)</b>
Selling, general and administrative expenses .....	(1,722,221)	<b>(1,792,558)</b>
Interest income .....	9,326	<b>10,632</b>
Dividends received .....	3,686	<b>1,992</b>
Other income .....	91,807	<b>243,488</b>
Interest expense .....	(25,601)	<b>(21,911)</b>
Impairment losses of long-lived assets .....	(138,138)	<b>(103,763)</b>
Goodwill impairment .....	(250,583)	<b>(8,069)</b>
Other deductions .....	(249,819)	<b>(221,258)</b>
Income (Loss) before income taxes .....	(398,386)	<b>206,225</b>
Provision for income taxes:		
Current .....	66,532	<b>92,817</b>
Deferred .....	318,141	<b>(3,152)</b>
	384,673	<b>89,665</b>
Equity in earnings of associated companies .....	7,891	<b>5,085</b>
Net income (loss) .....	(775,168)	<b>121,645</b>
Less net income (loss) attributable to noncontrolling interests .....	(20,918)	<b>1,203</b>
Net income (loss) attributable to Panasonic Corporation .....	(754,250)	<b>120,442</b>

**Consolidated Statements of Comprehensive Income (Loss)**

(Millions of yen)

	2013	2014
Net income (loss) .....	(775,168)	<b>121,645</b>
Other comprehensive income (loss), net of tax:		
Translation adjustments .....	198,287	<b>136,633</b>
Unrealized holding gains (losses) of available-for-sale securities .....	(13,416)	<b>6,201</b>
Unrealized gains (losses) of derivative instruments .....	(845)	<b>4,300</b>
Pension liability adjustments .....	(62,481)	<b>38,551</b>
	121,545	<b>185,685</b>
Comprehensive income (loss) .....	(653,623)	<b>307,330</b>
Less comprehensive income (loss) attributable to noncontrolling interests .....	(6,299)	<b>10,358</b>
Comprehensive income (loss) attributable to Panasonic Corporation .....	(647,324)	<b>296,972</b>





## Consolidated Statements of Equity

Year ended March 31, 2013

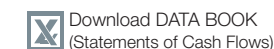
(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Non-controlling interests	Total equity
Balance at beginning of period .....	258,740	1,117,530	1,535,689	(735,155)	(247,018)	1,929,786	47,780	1,977,566
Sale of treasury stock .....			(17)			(17)		(17)
Cash dividends to Panasonic Corporation shareholders .....			(11,559)			(11,559)	(10,549)	(22,108)
Equity transactions with noncontrolling interests and others .....		(6,844)				(6,844)	9,309	2,465
Disclosure of comprehensive income (loss):								
Net income (loss) attributable to Panasonic Corporation .....			(754,250)			(754,250)	(20,918)	(775,168)
Other comprehensive income, net of tax .....				106,926		106,926	14,619	121,545
Comprehensive income (loss) .....			(754,250)	106,926		(647,324)	(6,299)	(653,623)
Repurchase of common stock .....					(35)	(35)		(35)
Sale of treasury stock .....					25	25		25
Balance at end of period .....	258,740	1,110,686	769,863	(628,229)	(247,028)	1,264,032	40,241	1,304,273

Year ended March 31, 2014

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Non-controlling interests	Total equity
Balance at beginning of period .....	258,740	1,110,686	769,863	(628,229)	(247,028)	1,264,032	40,241	1,304,273
Sale of treasury stock .....			(5)			(5)		(5)
Cash dividends to Panasonic Corporation shareholders .....			(11,558)			(11,558)	(13,628)	(25,186)
Equity transactions with noncontrolling interests and others .....		(1,185)				(1,185)	1,315	130
Disclosure of comprehensive income:								
Net income attributable to Panasonic Corporation .....			120,442			120,442	1,203	121,645
Other comprehensive income, net of tax .....				176,530		176,530	9,155	185,685
Comprehensive income .....			120,442	176,530		296,972	10,358	307,330
Repurchase of common stock .....					(116)	(116)		(116)
Sale of treasury stock .....					12	12		12
Balance at end of period .....	258,740	1,109,501	878,742	(451,699)	(247,132)	1,548,152	38,286	1,586,438

**Consolidated Statements of Cash Flows** Years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Cash flows from operating activities:		
Net income (loss) .....	(775,168)	<b>121,645</b>
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization .....	339,367	<b>331,083</b>
Net gain on sale of investments .....	(29,125)	<b>(25,769)</b>
Provision for doubtful receivables .....	6,641	<b>8,218</b>
Deferred income taxes .....	318,141	<b>(3,152)</b>
Write-down of investment securities .....	4,017	<b>142</b>
Impairment losses on long-lived assets and goodwill .....	388,721	<b>111,832</b>
Cash effects of changes in, excluding acquisition:		
Trade receivables .....	128,088	<b>(34,882)</b>
Inventories .....	64,625	<b>64,601</b>
Other current assets .....	51,168	<b>35,714</b>
Trade payables .....	(68,282)	<b>124,467</b>
Accrued income taxes .....	4,817	<b>11,572</b>
Accrued expenses and other current liabilities .....	(117,098)	<b>32,875</b>
Retirement and severance benefits .....	(8,811)	<b>(140,422)</b>
Deposits and advances from customers .....	3,247	<b>1,363</b>
Other, net .....	28,402	<b>(57,337)</b>
Net cash provided by operating activities .....	338,750	<b>581,950</b>
Cash flows from investing activities:		
Proceeds from disposition of investments and advances .....	195,401	<b>63,185</b>
Increase in investments and advances .....	(4,144)	<b>(18,226)</b>
Capital expenditures .....	(320,168)	<b>(201,735)</b>
Proceeds from disposals of property, plant and equipment .....	146,562	<b>53,321</b>
Decrease in time deposits, net .....	36,795	<b>1,674</b>
Proceeds from sales of consolidated subsidiaries .....	6,685	<b>176,489</b>
Purchase of shares of newly consolidated subsidiaries .....	(3,383)	<b>(45,455)</b>
Other, net .....	(41,342)	<b>(17,125)</b>
Net cash provided by investing activities .....	16,406	<b>12,128</b>

(Millions of yen)

	2013	2014
Cash flows from financing activities:		
Increase (decrease) in short-term debt with maturities of three months or less, net .....	(25,168)	<b>(135,699)</b>
Proceeds from short-term debt with maturities longer than three months .....	433,820	<b>11,469</b>
Repayments of short-term debt with maturities longer than three months .....	(650,938)	<b>(35,163)</b>
Proceeds from long-term debt .....	648	<b>—</b>
Repayments of long-term debt .....	(226,320)	<b>(342,761)</b>
Dividends paid to Panasonic Corporation shareholders .....	(11,559)	<b>(11,558)</b>
Dividends paid to noncontrolling interests .....	(10,549)	<b>(13,628)</b>
Repurchase of common stock .....	(35)	<b>(116)</b>
Sale of treasury stock .....	8	<b>7</b>
Purchase of noncontrolling interests .....	(940)	<b>(4,025)</b>
Other, net .....	(25)	<b>(841)</b>
Net cash used in financing activities .....	(491,058)	<b>(532,315)</b>
Effect of exchange rate changes on cash and cash equivalents .....	57,774	<b>34,421</b>
Net increase (decrease) in cash and cash equivalents .....	(78,128)	<b>96,184</b>
Cash and cash equivalents at beginning of year .....	574,411	<b>496,283</b>
Cash and cash equivalents at end of year .....	496,283	<b>592,467</b>



▶ Financial Review

▶ Consolidated Financial Statements

▶ **Stock Information**

▶ Company Information

▶ Quarterly Financial Results /  
Investor Relations Offices▶ Management Philosophy /  
Founder Konosuke Matsushita

## Stock Information

 (As of March 31, 2014)

### Share Data

**Number of Shares Issued**2,453,053,497 shares  
(Including 141,496,296 shares held by  
Panasonic)**Number of Shareholders**

499,728 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  
Depository 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 Share Holdings** (Years ended March 31)

	2010	2011	2012	2013	2014
Number of shares issued at year-end	2,453,053	2,453,053	2,453,053	2,453,053	<b>2,453,053</b>
Treasury stock at year-end	382,448	382,760	141,351	141,394	<b>141,496</b>
Average common shares outstanding	2,070,623	2,070,341	2,312,167	2,311,683	<b>2,311,618</b>

Note: Amounts less than one thousand have been discarded.

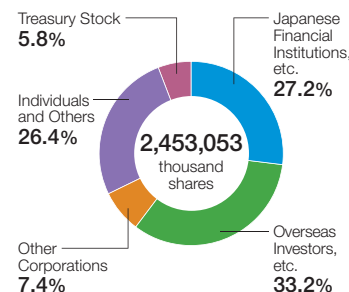
**Breakdown of Issued Shares by Type of Shareholders**

(March 31 of each year)

	2010	2011	2012	2013	2014
Japanese Financial Institutions, etc.	30.8	30.9	34.2	28.3	<b>27.2</b>
Overseas Investors, etc.	25.3	22.7	21.9	25.3	<b>33.2</b>
Other Corporations	7.1	7.1	8.4	8.3	<b>7.4</b>
Individuals and Others	21.2	23.7	29.7	32.3	<b>26.4</b>
Treasury Stock	15.6	15.6	5.8	5.8	<b>5.8</b>
Total	100.0	100.0	100.0	100.0	<b>100.0</b>

**Breakdown of Issued Shares  
by Type of Shareholders**

(As of March 31, 2014)

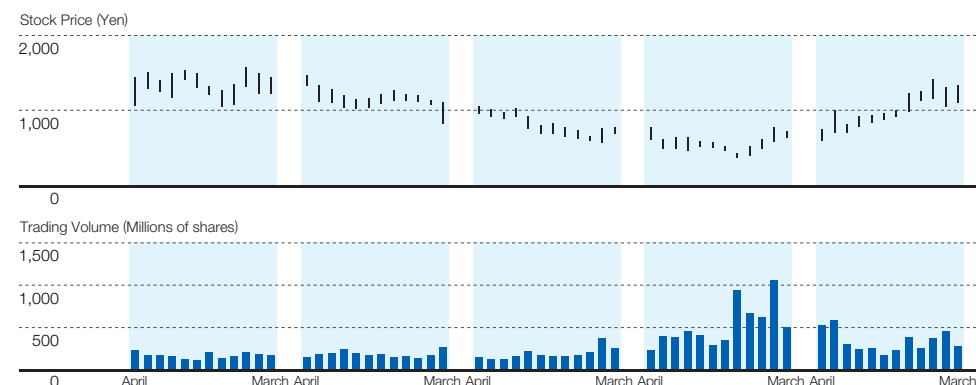


### Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	114,846	4.68
The Master Trust Bank of Japan, Ltd. (trust account)	109,938	4.48
State Street Bank and Trust Co.	99,245	4.04
The Bank of New York Mellon SA/NV 10	78,860	3.21
Nippon Life Insurance Company	72,892	2.97
Moxley & Co. LLC	52,660	2.14
Panasonic Corporation Employee Shareholding Association	51,606	2.10
Sumitomo Life Insurance Co.	37,408	1.52
Deutsche Bank AG London 609	29,491	1.20
Matsushita Real Estate Co., Ltd.	29,121	1.18

Notes: 1. Amounts less than one thousand have been discarded.  
2. The number of treasury stock is 141,496 thousand shares.

### Company Stock Price and Trading Volume

 (Years ended March 31) Tokyo Stock Exchange Monthly basis

	2010	2011	2012	2013	2014
High	1,585	1,480	1,070	781	<b>1,408</b>
Low	1,062	826	582	376	<b>594</b>
Period-End	1,430	1,058	761	654	<b>1,173</b>



## Company Information (As of March 31, 2014)

### 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)**

505 companies

**Associated Companies  
under the Equity Method**

92 companies

**Corporate HP**

Panasonic Corporate Site

<http://panasonic.net>

IR Site

<http://panasonic.net/ir/>**Number of Employees** (March 31 of each year)(Persons)

	2010	2011	2012	2013	2014
Domestic	152,853	145,512	133,605	125,067	<b>115,320</b>
Overseas	231,733	221,425	197,162	168,675	<b>156,469</b>
Total	384,586	366,937	330,767	293,742	<b>271,789</b>

### Corporate Bonds Information

**Unsecured Straight Bonds in Japan**

	Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Panasonic	8th	10	2.050%	100 billion yen	March 20, 2019
	10th	5	0.752%	200 billion yen	March 18, 2016
	11th	7	1.081%	150 billion yen	March 20, 2018
Panasonic Electric Works*	3rd	7	1.66%	40 billion yen	June 19, 2015
	4th	10	1.593%	30 billion yen	June 20, 2019
SANYO*	20th	10	2.02%	30 billion yen	August 26, 2014

\* Panasonic succeeded corporate bonds of Panasonic Electric Works and SANYO on January 1, 2012.

### Basic History of the Company

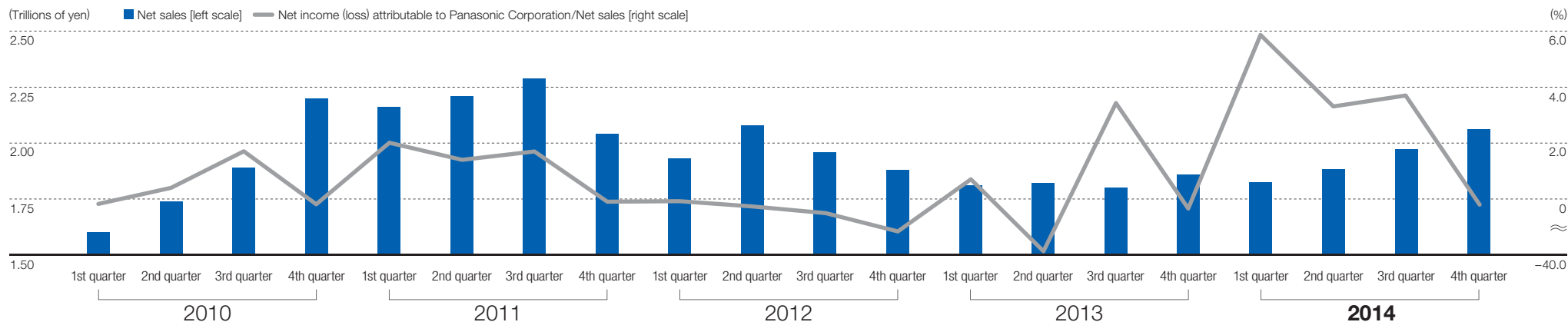
- 1918** Konosuke Matsushita founded Matsushita Electric Housewares Manufacturing Works. Sales of the Company's first product, an improved attachment plug, began.
- 1927** The "National" brand name was registered.
- 1933** A divisional system was instituted.
- 1935** The Company was reorganized and renamed Matsushita Electric Industrial Co., Ltd.
- 1949** The Company's shares were listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.\*
- 1951** The Company's shares were listed on the Nagoya Stock Exchange.
- 1959** Matsushita Electric Corporation of America was established. Following this move, the Company established bases in other parts of the world.
- 2002** The Company made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries.
- 2003** The Company adopted a business domain-based organizational style through restructuring. The Company made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries.
- 2004** The Company made Matsushita Electric Works, Ltd. (later renamed Panasonic Electric Works Co., Ltd.), PanaHome Corporation and their subsidiaries into consolidated subsidiaries.
- 2008** The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. The Company planned to unify its corporate brands under the "Panasonic" name across the world.
- 2009** The Company made SANYO Electric Co., Ltd. and its subsidiaries into consolidated subsidiaries.
- 2011** The Company made Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd. into wholly-owned subsidiaries.
- 2013** The Company restructured its Group organization, and introduced divisional management and a 4 Divisional Company system.

\* The cash equity markets of the Osaka Securities Exchange was integrated with those of the Tokyo Stock Exchange on July 16, 2013.



## Quarterly Financial Results / Investor Relations Offices

### Quarterly Financial Results (Years ended March 31)



(Millions of yen)

	2010	2011	2012	2013	2014
<b>Net sales</b>					
1st quarter	1,595,458	2,161,126	1,929,548	1,814,498	<b>1,824,515</b>
2nd quarter	1,737,838	2,206,822	2,075,650	1,823,662	<b>1,881,805</b>
3rd quarter	1,886,588	2,285,413	1,960,200	1,801,503	<b>1,973,491</b>
4th quarter	2,198,096	2,039,311	1,880,818	1,863,382	<b>2,056,730</b>
Total	7,417,980	8,692,672	7,846,216	7,303,045	<b>7,736,541</b>
<b>Net income (loss) attributable to Panasonic Corporation</b>					
1st quarter	(52,977)	43,678	(30,351)	12,809	<b>107,831</b>
2nd quarter	6,109	31,040	(105,800)	(697,979)	<b>61,503</b>
3rd quarter	32,259	39,983	(197,668)	61,340	<b>73,680</b>
4th quarter	(88,856)	(40,684)	(438,353)	(130,420)	<b>(122,572)</b>
Total	(103,465)	74,017	(772,172)	(754,250)	<b>120,442</b>

Note: Quarterly financial data is unaudited and has not been reviewed by Panasonic's independent registered public accounting firm in accordance with U.S. GAAS, generally accepted auditing standards in the United States of America.

### Investor Relations Offices

#### Japan

##### Osaka

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

##### Tokyo

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

#### U.S.

Panasonic Finance (America), Inc.  
1270 Avenue of the Americas,  
Suite 2330, New York, NY10020, U.S.A.  
Phone: +1-212-698-1360

#### Europe

Panasonic Finance (Europe) plc  
5th Floor 9 Devonshire Square,  
London, EC2M 4YF, U.K.  
Phone: +44-20-3008-6887

[▶ Financial Review](#)[▶ Consolidated Financial Statements](#)[▶ Stock Information](#)[▶ Company Information](#)[▶ Quarterly Financial Results /  
Investor Relations Offices](#)[▶ Management Philosophy /  
Founder Konosuke Matsushita](#)

## 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. In expanding business overseas, Panasonic has also placed the utmost emphasis on ensuring that its activities serve a useful purpose and are welcomed by each country.

Today, when every aspect of social, economic and industrial life is confronting a critical turning point, Panasonic will remain devoted to its Basic Management Objective while opening the way to a bright future in order to continuously support the development of society.

綱領  
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

In 1910, streetcars were beginning to appear on the main boulevards of Osaka, Japan. Recognizing that electricity would become the new wave of the future, Konosuke took up a position as a wireman at an electric light company at the age of 15. Later he left this position to forge an independent path, to pursue practical application of an improved electrical socket the he himself had designed. In 1918, he then set up his own small company, Matsushita Electric Housewares Manufacturing Works. Through painstaking work, Konosuke developed an innovative attachment plug and two-way socket. These new products proved immensely popular and laid the foundation for what was to become Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation).

As his business expanded into a variety of areas including lamps, electric irons, and radios, Konosuke took the time to again reflect on the purpose of his work in general. It was at this time, that he came to realize his true calling and mission to bring an abundance of essential household items and everyday products to the market in an effort to improve people’s lifestyles. After overcoming the difficulties of the post-war period, Konosuke again took the lead to drive Japan’s electrification age forward providing consumers with the opportunity to purchase what was popularly referred to as the “three holy grails” of a TV, refrigerator, and washing machine.

With abounding energy, Konosuke was also aggressive in developing his business overseas. Guided by the desire to contribute to the prosperity of each country, he led the charge into offshore markets by Japanese companies with the establishment of Matsushita Electric Corporation of America, a sales company in 1959, and National Thai Company, a manufacturing company in 1961.



# Panasonic

Corporate Site

<http://panasonic.net/>

IR Site

<http://panasonic.net/ir/>

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