Annual Securities Report
for the fiscal year ended March 31, 2013
(the 106th Business Term)

Panasonic Corporation

[Cover]

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Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

Certain References and Information

This is an English translation of the Annual Securities Report ("Yukashoken Hokokusho") submitted to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network ("EDINET") on June 27, 2013, pursuant to the Financial Instruments and Exchange Act of Japan.

This document incorporates independent auditor's report instead of the English translation of the Annual Securities Report. The translation of the confirmation letter and the internal control report are included at the end of this document.

In this document, "fiscal 2013" refers to the year ended March 31, 2013. All information contained in this document is as of March 31, 2013 or for fiscal 2013, unless otherwise indicated. "The Company" is used to indicate Panasonic Corporation and its subsidiaries, unless otherwise indicated. "4 Divisional Companies" or "Divisional Companies" are used to indicate the four companies newly established on April 1, 2013; Appliances Company, Eco Solutions Company, AVC Networks Company and Automotive & Industrial Systems Company.

Disclaimer Regarding Forward-Looking Statements

This report includes forward-looking statements (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 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 Notice. 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 version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.

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Part Ⅰ Information on Panasonic Group

Ⅰ Overview of Panasonic Group

1. Key Financial Data

(Millions of yen, unless otherwise stated)

Fiscal year	102nd business term	103rd business term	104th business term	105th business term	106th business term
Year end	March 2009	March 2010	March 2011	March 2012	March 2013
Net sales	7,765,507	7,417,980	8,692,672	7,846,216	7,303,045
Income (loss) before income taxes	(382,634)	(29,315)	178,807	(812,844)	(398,386)
Net income (loss) attributable to Panasonic Corporation	(378,961)	(103,465)	74,017	(772,172)	(754,250)
Comprehensive income (loss) attributable to Panasonic Corporation	(725,870)	42,680	(97,166)	(881,189)	(647,324)
Total Panasonic Corporation shareholders' equity	2,783,980	2,792,488	2,558,992	1,929,786	1,264,032
Total equity	3,212,581	3,679,773	2,946,335	1,977,566	1,304,273
Total assets	6,403,316	8,358,057	7,822,870	6,601,055	5,397,812
Panasonic Corporation shareholders' equity per share (yen)	1,344.50	1,348.63	1,236.05	834.79	546.81
Net income (loss) per share attributable to Panasonic Corporation common shareholders, basic (yen)	(182.25)	(49.97)	35.75	(333.96)	(326.28)
Net income (loss) per share attributable to Panasonic Corporation common shareholders, diluted (yen)	(182.25)	―	―	―	―
Total Panasonic Corporation shareholders' equity to total assets ratio (%)	43.5	33.4	32.7	29.2	23.4
Return on equity (%)	(11.8)	(3.7)	2.8	(34.4)	(47.2)
Price earnings ratio (times)	―	―	29.59	―	―
Net cash provided by operating activities	182,823	566,879	516,606	1,983	338,750
Net cash provided by (used in) investing activities	(535,653)	(368,205)	(250,356)	(341,876)	16,406
Net cash provided by (used in) financing activities	148,712	(56,973)	(354,627)	(53,094)	(491,058)
Cash and cash equivalents at end of year	973,867	1,109,912	974,826	574,411	496,283
Number of employees (persons)	292,250	384,586	366,937	330,767	293,742

(Notes)

1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Total Panasonic Corporation shareholders' equity, Panasonic Corporation shareholders' equity per share (yen), Total Panasonic Corporation shareholders' equity to total assets ratio and Return on equity are calculated based on U.S. GAAP.
2. Net sales do not include the consumption tax, etc.

3. Total assets increased by 2,046.1 billion yen in accordance with SANYO Electric Co., Ltd. and its subsidiaries becoming Panasonic’s consolidated subsidiaries in December 2009. The operating results of SANYO Electric Co., Ltd. and its subsidiaries after January 2010 are included in the Company’s consolidated financial statements.
4. Diluted net income (loss), attributable to Panasonic Corporation common shareholders per share, for 103rd through 106th business term has been omitted because the Company did not have potentially common shares that were outstanding for the period.
5. Effective from the beginning of 106th business term, investments in molding dies are included in "Capital investment". Accordingly, the amounts of "Net cash provided by operating activities" and "Net cash provided by (used in) investing activities" before 105th business term are changed.

2. History

Month/Year	Events
March, 1918	Konosuke Matsushita founded Matsushita Denkikigu Seisakusho at Daikai-cho, Fukushima-ku, Osaka and started to manufacture wiring instrument.
March, 1923	Bullet-shaped bicycle lamp developed and marketed.
April, 1927	Established "National" brand.
May, 1933	Relocated new head office and factory in Kadoma. Instituted divisional system.
August, 1935	Established Matsushita Electric Trading Co., Ltd.
December, 1935	Incorporated as Matsushita Electric Industrial Co., Ltd. on December 15, 1935 (10 million yen in capital).
May, 1949	Listed on Tokyo Stock Exchange and Osaka Securities Exchange.
September, 1951	Listed on Nagoya Stock Exchange.
January, 1952	Formed a capital alliance with Nakagawa Kikai Kabushiki Kaisha (subsequently renamed Matsushita Refrigeration Company).
December, 1952	Established Matsushita Electronics Corporation through a technology alliance with Philips in Netherlands, and split up and transferred four lamp manufacturing factories.
May, 1953	Established the Central Research Laboratory.
February, 1954	Formed a capital alliance with Victor Company of Japan Ltd. (JVC).
December, 1955	Established Kyushu Matsushita Electric Co., Ltd. (subsequently renamed Panasonic Communications Co., Ltd.).
May, 1956	Established Osaka Denki Seiki Kabushiki Kaisha (subsequently renamed Matsushita Seiko Co., Ltd.).
January, 1958	Established Matsushita Communication Industrial Co., Ltd. (subsequently renamed Panasonic Mobile Communications Co., Ltd.), and split up and transferred communication equipment manufacturing section.
September, 1959	Established Matsushita Electric Corporation of America (currently Panasonic Corporation of North America). (Since then, established manufacturing and sales sites at various locations in the world.)
January, 1961	Masaharu Matsushita became President of the Company.
August, 1962	Formed a capital alliance with Toho Denki Kabushiki Kaisha (subsequently renamed Matsushita Graphic Communication Systems, Inc.).
November, 1969	Established Matsushita Kotobuki Electronics Industries, Ltd. (currently Panasonic Healthcare Co., Ltd.).
December, 1971	Listed on New York Stock Exchange.
December, 1975	Issued U.S. dollar-denominated convertible bonds (100 million U.S. dollars at face value).
January, 1976	Established Matsushita Electronic Components Co., Ltd. (subsequently renamed Panasonic Electronic Devices Co., Ltd.), and split up and transferred electronic device manufacturing section.
January, 1977	Established Matsushita Household Equipment Co., Ltd., and split up and transferred household equipment manufacturing section. Established Matsushita Industrial Equipment Co., Ltd. (subsequently renamed Matsushita Industrial Information Equipment Co., Ltd.), and split up and transferred industrial equipment manufacturing section.
February, 1977	Toshihiko Yamashita became President of the Company.
January, 1979	Established Matsushita Battery Industrial Co., Ltd., and split up and transferred battery manufacturing section.
July, 1985	Established a finance subsidiary in U.S. (In May, 1986, established two finance subsidiaries in Europe.)
October, 1985	Established Semiconductor Fundamental Research Laboratory.

Month/Year	Events
February, 1986	Akio Tanii became President of the Company.
March, 1987	Changed the fiscal year end from November 20 to March 31.
April, 1988	Absorbed Matsushita Electric Trading Co., Ltd.
April, 1989	The Company's founder Konosuke Matsushita passed away.
December, 1990	Acquired MCA INC. (MCA), a leading entertainment company (subsequently renamed Universal Studios).
February, 1993	Yoichi Morishita became President of the Company.
May, 1993	Dissolved partnership with Philips regarding Matsushita Electronics Corporation and purchased all shares of Matsushita Electronics Corporation which Philips held.
April, 1995	Absorbed Matsushita Household Equipment Co., Ltd.
June, 1995	Sold 80% equity interest in MCA shares, which a subsidiary of the Company in U.S. held, to Seagram Company Ltd. (subsequently renamed Vivendi Universal S.A.).
February, 1999	Cancelled 50 million shares of treasury stock by 98.8 billion yen of retained earnings decided by resolution of 91st Ordinary Generally Meeting of Shareholders.
April, 2000	Made Matsushita Refrigeration Company into a wholly-owned subsidiary through share-exchange.
June, 2000	Kunio Nakamura became President of the Company.
April, 2001	Absorbed Matsushita Electronics Corporation.
April, 2002	Established a joint venture liquid crystal display panel manufacturing company, Toshiba Matsushita Display Technology Co., Ltd. with Toshiba Corporation.
October, 2002	Made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd. (currently Panasonic Ecology Systems Co., Ltd.), Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries through share-exchanges.
January, 2003	Instituted business domain system through business restructuring. Kyushu Matsushita Electric Co., Ltd. merged Matsushita Graphic Communication Systems, Inc.
April, 2003	Established a joint venture cathode ray tubes manufacturing company, Matsushita Toshiba Picture Display Co., Ltd. (currently MT Picture Display Co., Ltd.) with Toshiba Corporation. Made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries through share-exchanges. Unified a global brand to "Panasonic."
April, 2004	Made Matsushita Electric Works, Ltd. (subsequently renamed Panasonic Electric Works Co., Ltd. (PEW)), PanaHome Corporation and their subsidiaries into consolidated subsidiaries of the Company through additional purchase of shares of Matsushita Electric Works, Ltd.
April, 2005	Absorbed Matsushita Industrial Information Equipment Co., Ltd.
February, 2006	Sold the remaining shares of affiliated company of Universal Studios (formerly MCA), which a subsidiary of the Company in U.S. held, to Vivendi Universal.
June, 2006	Fumio Ohtsubo became President of the Company.
March, 2007	Made Matsushita Toshiba Picture Display Co., Ltd. into a wholly-owned subsidiary.
August, 2007	Excluded JVC and its subsidiaries from consolidated subsidiaries of the Company due to JVC's issuance of new shares and third party allotments. As a result, JVC became an associated company under the equity method. (Furthermore, in January, 2011, JVC was excluded from an associated company under the equity method)
April, 2008	Absorbed Matsushita Refrigeration Company.

Month/Year	Events
October, 2008	The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. Merged Matsushita Battery Industrial Co., Ltd.
April, 2009	Sold all the shares of Toshiba Matsushita Display Technology Co., Ltd., which the Company held, to Toshiba Corporation.
December, 2009	Acquired majority of the voting rights in SANYO Electric Co., Ltd. (SANYO) and made SANYO and its subsidiaries into consolidated subsidiaries of the Company.
January, 2010	Transferred the business of System Solutions Company, the Company's internal division company, to Panasonic Communications Co., Ltd., which at the same time renamed Panasonic System Networks Co., Ltd.
April, 2011	Made PEW and SANYO into wholly-owned subsidiaries through share-exchanges.
January, 2012	Absorbed PEW. Reorganized domain system to 9 domains and 1 marketing section through business restructuring.
April, 2012	Absorbed companies including Panasonic Electronic Devices Co., Ltd.
June, 2012	Kazuhiro Tsuga became President of the Company.
October, 2012	Established the Corporate Strategy Head Office.
March, 2013	Panasonic System Solutions Japan Co., Ltd. absorbed companies including Panasonic System Networks Co., Ltd., and at the same time renamed Panasonic System Networks Co., Ltd.

3. Description of Business

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 537 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the following eight segments: AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Energy, and Other.
"AVC Networks" provides imaging equipment such as flat-panel TVs, AVC network equipment including Blu-ray Disc recorders, digital cameras and PCs as well as in-flight entertainment systems and other business-use AV equipment; "Appliances" delivers the homemaking, cooking, beauty and grooming, health, air-conditioning equipment, and cooling and heating equipment; "Systems & Communications" delivers products and services of the system networks and mobile communications; "Eco Solutions" is comprised of four business groups, which are the lighting business, the energy systems business, the housing systems business, and the environmental systems business; "Automotive Systems" operates car-use-multimedia-related equipment, eco-car-related equipment and electrical component; "Industrial Devices" covers a wide range of products such as electronic components, semiconductors and optical devices; "Energy" develops a broad energy-based business including solar photovoltaic systems and lithium-ion batteries; and "Other" consists of Healthcare Company, Manufacturing Solutions Company, PanaHome and others.

For production, the Company and its subsidiaries and affiliates are responsible as a manufacturer for each product. In recent years, the Company operates its business globally and has expanded production at overseas affiliates in particular. For sales in Japan, distributors and sales company with offices all over Japan are responsible as a vendor for each sales channels. The Company has a direct sales for large consumers of government agencies and private companies. For exports, the Company primarily sells products through dealers and distributors located around the world. The Company purchases products manufactured by the domestic affiliates and sells them in the above route as well as the Company's products. In addition, products manufactured in overseas affiliates are sold worldwide through sales company primarily. On the other hand, the Company itself is engaged in imports and committed to its expansion in order to promote international economic cooperation.

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and affiliates are disclosed based on the definition of those accounting principles. The same applies to "Ⅱ. Business Overview" and "Ⅲ. Property, Plants and Equipment."

(Panasonic Group)

As of March 31, 2013

(Segments, main products and services)	(Manufacturing companies)
AVC Networks LCD and Plasma TVs, aircraft in-flight entertainment systems, digital cameras, PCs, home audio equipment, Blu-ray Disc and DVD recorders, etc.	(Japan) Panasonic Corporation Panasonic Liquid Crystal Display Co., Ltd. Panasonic Plasma Display Co., Ltd., etc. (Overseas) Panasonic Corporation of North America Panasonic Avionics Corporation Panasonic AVC Networks Czech, s.r.o., etc.
Appliances Air conditioners, refrigerators, washing machines and clothes dryers, personal-care products, compressors, showcases, microwave ovens, electric motors, electric hot water supply equipment, sanitary equipment, dish washer/dryers, vacuum cleaners, rice cookers, etc.	(Japan) Panasonic Corporation, etc. (Overseas) Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd., etc.
Systems & Communications Mobile phones, surveillance camera, settlement and construction verification terminals, IP-related equipment, social infrastructure systems equipment, systems integration, construction and maintenance services, etc.	(Japan) Panasonic System Networks Co., Ltd. Panasonic Mobile Communications Co., Ltd., etc. (Overseas) Panasonic System Networks Malaysia Sdn. Bhd., etc.
Eco Solutions Lighting fixtures and electric lamps (including LED lighting), wiring devices, interior furnishing materials, modular kitchen systems, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.	(Japan) Panasonic Corporation Panasonic Ecology Systems Co., Ltd., etc. (Overseas) Panasonic Lighting Europe GmbH, etc.
Automotive Systems Car-use-multimedia-related equipment (car AVC equipment, car navigation systems, etc.), eco-car-related equipment, electrical components, etc.	(Japan) Panasonic Corporation, etc. (Overseas) Panasonic Automotive Systems Dalian Co., Ltd., etc.
Industrial Devices Electronic components (capacitors, circuit boards, circuit components, electromechanical components, automation controls), semiconductors, optical devices, electronic materials, etc.	(Japan) Panasonic Corporation, etc. (Overseas) Panasonic Asia Pacific Pte. Ltd., etc.
Energy Solar photovoltaic systems, lithium-ion batteries (consumer and in-car use), dry batteries, etc.	(Japan) Panasonic Corporation SANYO Electric Co., Ltd., etc. (Overseas) SANYO Energy (Suzhou) Co., Ltd., etc.
Other Healthcare equipment and services, electronic-components-mounting machines, industrial robots, welding equipment, detached housing, rental apartment housing, land and buildings for sale, home remodeling, imported materials and components, bicycles, etc.	(Japan) Panasonic Healthcare Co., Ltd. Panasonic Factory Solutions Co., Ltd. Panasonic Welding Systems Co., Ltd. PanaHome Corporation, etc. (Overseas) Panasonic Asia Pacific Pte. Ltd. Panasonic Welding Systems (Tangshan) Co., Ltd., etc.

(Sales companies)

(Japan)
Panasonic Consumer Marketing Co., Ltd., etc.

(Overseas)
Panasonic Corporation of North America
Panasonic Marketing Europe GmbH
Panasonic Asia Pacific Pte. Ltd.
Panasonic Corporation of China, etc.

Customers

(Notes)

1. The Company absorbed companies including Panasonic Electronic Devices Co., Ltd. on April 1, 2012.
2. Panasonic Asia Pacific Pte. Ltd. absorbed companies including Panasonic Semiconductor Asia Pte. Ltd. and Panasonic Factory Solutions Asia Pacific Pte. Ltd. on April 1, 2012.

3. Panasonic System Solutions Japan Co., Ltd. absorbed companies including Panasonic System Networks Co., Ltd. on March 1, 2013. Accordingly Panasonic System Solutions Japan Co., Ltd. changed its company name to Panasonic System Networks Co., Ltd.
4. Panasonic Mobile Communications Co., Ltd. (PMC) transferred the mobile phone terminal business through a corporate split to a newly established company. At the same time, the mobile phone base station business was split and transferred to Panasonic System Networks Co., Ltd. Then Panasonic absorbed the remaining PMC through a merger on April 1, 2013. Upon this transfer, the newly established company was incorporated as Panasonic Mobile Communications Co., Ltd.

4. Information on Affiliates

(1) Principal Consolidated subsidiaries

(As of March 31, 2013)

Name	Location in Japan	Capital stock (millions of yen)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate	Advances to	Business transaction	
Panasonic Liquid Crystal Display Co., Ltd.	Himeji-shi, Hyogo	50,225	AVC Networks	92.0		Yes	Manufacture of Panasonic products	*1 *3
Panasonic Plasma Display Co., Ltd.	Ibaraki-shi, Osaka	35,600	AVC Networks	75.0		Yes	Manufacture of Panasonic products	*1 *3
PanaHome Corporation	Toyonaka-shi, Osaka	28,375	Other	54.5			Sale of Panasonic products and purchase of materials	*1 *2
Panasonic Mobile Communications Co., Ltd.	Tsuzuki-ku, Yokohama-shi	22,856	Systems & Communications	100.0			Manufacture of Panasonic products	*7
Panasonic Factory Solutions Co., Ltd.	Kadoma-shi, Osaka	15,000	Other	100.0			Manufacture of Panasonic products	
Panasonic Ecology Systems Co., Ltd.	Kasugai-shi, Aichi	12,092	Eco Solutions	100.0			Manufacture of Panasonic products	
Panasonic Healthcare Co., Ltd.	Tohon-shi, Ehime	7,907	Other	100.0			Manufacture of Panasonic products	
SANYO Electric Co., Ltd.	Moriguchi-shi, Osaka	400	Appliances, Industrial Devices, Energy, Other	100.0		Yes	Sale of Panasonic products and supply of materials and merchandise	*3 *5
Panasonic System Networks Co., Ltd.	Hakata-ku, Fukuoka-shi	350	Systems & Communications	100.0			Manufacture and sale of Panasonic products and provision of IT services	*6 *7

Name	Location	Capital stock (millions)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate	Advances to	Business transaction	
Panasonic Corporation of North America	New Jersey, U.S.A.	US$ 537	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Other, Corporate	100.0	Yes		Manufacture and sale of Panasonic products and management service to Panasonic affiliates	*1
Panasonic Avionics Corporation	California, U.S.A.	US$ 22	AVC Networks	100.0 (100.0)			Manufacture and sale of Panasonic products in the U.S.A	
Panasonic do Brasil Limitada	Amazonas, Brazil	R 456	AVC Networks, Appliances, Systems & Communications, Energy	100.0			Manufacture and sale of Panasonic products in Brazil	*1
Panasonic Europe Ltd.	Berkshire, U.K.	Stg£ 200	Corporate	100.0			Management service to Panasonic affiliates	*1
Panasonic AVC Networks Czech s.r.o.	Plzen, Czech Republic	CZK 2,414	AVC Networks	100.0 (100.0)			Manufacture of Panasonic products in Europe	
Panasonic Asia Pacific Pte. Ltd.	Singapore	US$ 1,478	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Industrial Devices, Other, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	*1
Panasonic India Pvt. Ltd.	Chennai, India	INR 7,738	AVC Networks, Appliances, Automotive Systems, Industrial Devices, Other	100.0 (100.0)			Manufacture and sale of Panasonic products in India	
Panasonic Taiwan Co., Ltd.	New Taipei, Taiwan	NT$ 3,422	AVC Networks, Appliances, Eco Solutions, Automotive Systems, Industrial Devices	69.8			Manufacture and sale of Panasonic products in Taiwan	
Panasonic Corporation of China	Beijing, China	RMB 8,127	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Industrial Devices, Other, Corporate	100.0			Sale of Panasonic products and management service to Panasonic affiliates	*1
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Guangzhou, China	RMB 282	Appliances	67.8 (28.2)			Manufacture of Panasonic products in China	

(2) Principal Associated Company under the Equity Method

(As of March 31, 2013)

Name	Location	Capital stock (millions of yen)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate	Advances to	Business transaction	
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Chiyoda-ku, Tokyo	25,584	Total financial services	15.1			Lease and credit sale of Panasonic products	*4

(Notes)

1. Parenthesis notation in the "% of voting rights interests" column shows the % of indirect voting interests, included in the % of upper low.
2. The name of segment in which the companies classified is shown in the "Principal businesses" column of consolidated subsidiaries.
3. Regarding interlocking directorate, the Company's employees concurrently hold position of directors or officers in many consolidated subsidiaries and associated companies under the equity method.
4. *1: Companies correspond to specified subsidiaries or "Tokutei Kogaisha," total amount of sales or purchase of which exceeds the 10% of each amount of the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
5. *2: Companies submit Annual Securities Report.
6. *3: Material companies with insolvency. The amount of liabilities in excess of assets as of March 31, 2013 are shown below.

Panasonic Liquid Crystal Display Co., Ltd.	¥455,055 million
Panasonic Plasma Display Co., Ltd.	¥399,170 million
SANYO Electric Co., Ltd.	¥196,229 million

7. *4: Although % of voting rights interests are 15.1, this company are treated as associated company under the equity method in accordance with the provisions of Accounting Standards Codification (ASC) 323, “Investments-equity method and joint ventures” because the Company holds significant influence over operating and financial policies.
8. On April 1, 2012, the Company absorbed and merged Panasonic Electronic Devices Co., Ltd.
9. *5: On February 3, 2013, a reduction of the amount of capital stock of SANYO Electric Co., Ltd. was carried out with the purpose of covering its deficit. As a result, its capital stock decreased to ¥400 million.
10. *6: On March 1, 2013, Panasonic System Solutions Japan Co., Ltd. absorbed and merged companies including Panasonic System Networks Co., Ltd. and changed its name to Panasonic System Networks Co., Ltd.
11. *7: On April 1, 2013, Panasonic Mobile Communications Co., Ltd. carried out an incorporation-type company split of its mobile phone terminal business and succeeded its mobile phone base station business to Panasonic System Networks Co., Ltd. in a company split, and was subsequently absorbed and merged into the Company. The company established through the incorporation-type company split is currently named as Panasonic Mobile Communications Co., Ltd.

5. Employees

(1) Consolidated basis

As of March 31, 2013

Segment	Number of employees
AVC Networks	30,252
Appliances	49,644
Systems & Communications	23,316
Eco Solutions	44,975
Automotive Systems	11,752
Industrial Devices	72,666
Energy	23,248
Other	36,105
Corporate	1,784
Total	293,742

(Notes)

1. The number of employees refers solely to full-time employees of the Company on a consolidated basis.
2. The number of employees decreased by 37,025 persons (mainly in overseas of Industrial Devices segment) compared with the end of last fiscal year.

(2) Parent-alone basis

As of March 31, 2013

Number of employees	Average age	Average tenure (years)	Average annual salary (yen)
57,597	44.5	22.6	7,313,141

Segment	Number of employees
AVC Networks	10,973
Appliances	9,261
Systems & Communications	540
Eco Solutions	10,840
Automotive Systems	2,306
Industrial Devices	18,976
Energy	2,065
Other	852
Corporate	1,784
Total	57,597

(Notes)

1. The number of employees refers solely to full-time employees of the parent company.
2. Average annual salary includes bonuses and extra wages.
3. The number of employees increased by 5,986 persons compared with the end of last fiscal year, due mainly to the absorption of Panasonic Electronic Devices Co., Ltd. and Panasonic Electronic Devices Japan Co., Ltd.

(3) Relationship with labor union

The total number of union members belonging to the federation of Panasonic group labor union is 104,230 as of March 31, 2013. They belong to the Japanese Electrical Electronic & Information Union except some labor unions.

The following is main labor unions which belong to federation of Panasonic group labor union.

Panasonic AVC Networks labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Appliances labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Industrial Devices labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Eco Solutions labor union (Belongs to the Japanese Electrical Electronic & Information Union)
SANYO Electric labor union (Belongs to the Japanese Electrical Electronic & Information Union)
※Became a member in July 2012

The relationship between management and labor unions is quite stable and smooth.

Ⅱ Business Overview

1. Summary of Business Results

(1) Consolidated Results

During the fiscal 2013 under review, the business environment for Japanese companies improved as a result of factors including the depreciating yen against U.S. dollar and Euro after a period of extreme yen appreciation, and the recovering U.S. stock market, towards the end of the fiscal 2013. However, the electronics industry continued to be in a severe business situation including sluggish demand in flat-panel TVs mainly in Japan.

Under such business circumstances, consolidated group sales for the fiscal 2013 decreased by 7% to 7,303.0 billion yen from 7,846.2 billion yen in the year ended March 31, 2012 (fiscal 2012). Pre-tax loss totaled 398.4 billion yen, compared with the loss of 812.8 billion yen a year ago, due mainly to the business restructuring expense of 508.8 billion yen including impairment losses of goodwill and intangible assets, and losses related to buildings etc in other deduction for solar, consumer-use lithium-ion batteries and mobile phone businesses. Taking into consideration significant sales decrease in Japan and a severe business environment, in accordance with U.S. GAAP, the Company increased the valuation allowances for deferred tax assets in Panasonic Corporation and Panasonic Mobile Communications Co., Ltd., and incurred provision for income tax of 412.5 billion yen in the second quarter. Accordingly, net loss attributable to Panasonic Corporation amounted to a loss of 754.3 billion yen from the loss of 772.2 billion yen in the fiscal 2012.

The Company's annual consolidated sales and profit by segment comparing with the previous year are summarized as follows:

<u>AVC Networks</u>
Sales decreased by 20% to 1,373.9 billion yen from 1,713.5 billion yen a year ago. Despite steady sales in the solutions business including aircraft in-flight entertainment systems, sales significantly decreased due mainly to sales decline in the digital AV networks business including TVs and the display devices business including panels. Segment profit significantly improved to 19.9 billion yen compared with the loss of 67.8 billion yen a year ago due mainly to fixed cost reduction and restructuring benefit.

<u>Appliances</u>
Sales increased by 1% to 1,554.4 billion yen from 1,534.2 billion yen a year ago. Despite flat global demand particularly for air conditioners in China, which is one of its main products, sales increased due mainly to favorable sales in refrigerators and rice cookers. Segment profit decreased to 66.5 billion yen compared with 81.5 billion yen a year ago due mainly to sales decrease in air conditioners.

<u>Systems & Communications</u>
Sales decreased by 12% to 740.9 billion yen from 840.8 billion yen a year ago due mainly to sales decrease in mobile phones and office equipment, although sales in security business including surveillance cameras were strong. Segment profit decreased to 12.4 billion yen due mainly to sales decrease compared with 17.3 billion yen a year ago.

<u>Eco Solutions</u>
Sales increased by 1% to 1,547.9 billion yen from 1,525.8 billion yen a year ago. Despite weak sales in Europe, sales increased due mainly to sales growth in LED lighting and energy management system products with backing from power conservation demand. Despite a drop in product prices, segment profit slightly increased to 59.1 billion yen from 58.9 billion yen a year ago due mainly to streamlining material costs.

<u>Automotive Systems</u>
Sales increased by 20% to 782.9 billion yen from 653.2 billion yen a year ago. Despite sales decreases due mainly to demand slowdown in the Chinese market, market recovery in North America and South Asia as well as Japanese vehicle sales volume increases with backing from eco-car subsidies contributed to overall sales increase. Segment profit significantly improved to 16.6 billion yen from 4.9 billion yen a year ago due mainly to sales increases.

Industrial Devices

Sales decreased by 3% to 1,361.4 billion yen from 1,404.6 billion yen a year ago due mainly to lower sales for notebook PCs and digital household products, although demand for smartphones and tablets grew. Segment profit significantly improved to 19.2 billion yen compared with the loss of 16.6 billion yen a year ago due mainly to fixed cost reductions.

Energy

Sales decreased by 4% to 592.3 billion yen from 614.9 billion yen a year ago due mainly to sales decrease in lithium-ion batteries affected by stagnant demand for notebook PCs, and in solar photovoltaic systems affected by the shrinkage in the European market. Segment profit significantly improved to 8.3 billion yen compared with a loss of 20.9 billion yen a year ago due mainly to fixed cost reduction and streamlining material cost.

Other

Sales decreased by 23% to 1,442.8 billion yen from 1,880.9 billion yen a year ago due mainly to sales decrease owing to the SANYO-related business transfers implemented in the fiscal 2012. Segment profit increased to 25.0 billion yen from 23.6 billion yen a year ago due mainly to restructuring benefits.

(2) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the year ended March 31, 2013 amounted to 338.8 billion yen, an increase of 336.8 billion yen from a year ago due to an increase in operating profit and a decrease in trade receivables.

Cash flows from investing activities

Net cash related to investing activities amounted to an inflow of 16.4 billion yen, compared with the outflow of 341.9 billion yen a year ago due primarily to a decrease in capital expenditures and an increase in proceeds from disposals of investments and property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities amounted to 491.1 billion yen, an increase of 438.0 billion yen from a year ago due mainly to a decrease in short-term bonds.

Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 496.3 billion yen as of March 31, 2013, a decrease of 78.1 billion yen compared with the end of the last fiscal year.

2. Production, Orders Received and Sales

The Company's production and sale of items is extensive and diverse. Even the products are categorized in the same type, their capacity, structure and format are not necessarily uniform. Due to the nature of the products, the Company in principle takes a production system that is based on production. Since the Company is engaged in production activities in a way that the product inventories are kept at a certain level, production trend is generally similar to the sales trend.

3. Challenges of Panasonic Group

(1) Challenges of Panasonic Group

The Company expects global economy in the fiscal 2014 to show modest growth with Abenomics, a surge in consumer spending before Japanese consumption tax hike, and steady growth in the U.S., despite sluggish demand in Europe and some emerging countries.

Under such circumstances, the Company has launched its three-year midterm management plan "Cross-Value Innovation 2015 (CV2015)" covering fiscal 2014, 2015 and 2016. In CV2015, the Company will determine to achieve the following two targets: to immediately eliminate unprofitable businesses and to simultaneously provide a new corporate direction looking forward the future.

In April 2013, the Company reorganized its structure to enhance individual business, ending nine business domains and reclassifying 88 business units under the old domains into 49 business divisions as the "cores of business." These business divisions are in charge of not only global development, manufacturing and sales but also sustainable increase in cash and profit through their business activities. The four newly established Divisional Companies, Appliances Company, Eco Solutions Company, AVC Networks Company and Automotive & Industrial Systems Company, support the business divisions by developing significant business operations and new businesses, and strengthening core devices.

In this new group formation with this business division structure as its core, the Company promotes the following initiatives as major measures of CV2015.

1) Eliminate unprofitable businesses

The Company will restructure TV, semiconductor, mobile phone, circuit board and optical product (drive, pickup) businesses to return to the black in the fiscal 2016.

2) Expand business and improve efficiency by shifting from in-house approach

The Company will enhance nonlinear growth, and operational efficiency through cooperation with external partners that maximizes the Company's strength, which are more effective than conducting independently. For example, the Company has decided to inject external capital to Panasonic Healthcare Co., Ltd., and transfer some portion of shares of Panasonic Logistics Co., Ltd. to Nippon Express Co., Ltd.

3) Improve financial position

Striving to make profit through its business, the Company will streamline capital investment and thoroughly promote working capital reduction, assets disposal and inventory reductions to generate free cash flow under the company-wide cash flow project.

4) Growth strategy from customers' viewpoint

The Company will pursue "A better life, A better world" for each and every one of its customers in four spaces where they live: residential, non-residential, mobility and personal. The Company will strengthen its four strategic fields: "residential space network," "eco and smart business solutions," "mobility systems and services," and "connected and personal." The Company will shift its strategy from the business selling individual products and focusing on digital consumer products to "space solutions" business with diverse corporate partners and the business closely and continuously connected with customers.

The most important to promote these initiatives is "Cross-Value Innovation" working beyond the organizations, business areas and Divisional Companies and combining diverse strengths which complement business division management. In the fiscal 2014, the first year of the midterm management plan, the Company will leverage its major strategy of business division management and company-wide management, and accelerate prompt business recovery to improve profitability through its business with Cross-Value Innovation.

(2) Policy on Control of Panasonic Corporation

1) Basic Policy

Since its foundation, the Company has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is to contribute to the progress and development of society and the wellbeing of people through its business activities, thereby enhancing the quality of life throughout the world. Aiming to grow further to become a global excellent company that contributes to solving global environment issues, the Company will work to deliver sustained growth in corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders.

The Company has a basic policy that shareholders should make final decisions in the event of a Large-scale Purchase of the Company's shares, regarding whether or not the Large-scale Purchase should be accepted. However, there is a possibility that such Large-scale Purchaser may not provide shareholders with sufficient information for making appropriate decisions. There is also concern that any Large-scale Purchase may damage corporate value and shareholder interest. In this event, the Company believes that it needs to take adequate and appropriate countermeasures in order to protect the interests of all shareholders.

2) Measures to Realize Basic Policy

a) Specific measures to realize basic policy

While Panasonic aims to continue its long-standing heritage of staying close to the lives of customers through succeeding its DNA of consumer electronics, it also aims to pursue "better life" for its customers to a wider extent with a variety of partners. To this end, Panasonic is implementing its new mid-term management plan, "Cross-Value Innovation 2015 (CV2015)," which starts in fiscal 2014. Under CV2015, the Company will work to achieve the following two targets: to immediately eliminate unprofitable businesses and to simultaneously provide a new corporate direction looking forward the future. Specifically, Panasonic has positioned eliminate unprofitable businesses," "expand business and improve efficiency by shifting from in-house approach," "improve financial position," and "a growth strategy from customers' viewpoint" as the key initiatives in the plan, with the aim of creating a closer relationship with its customers and providing greater value.

In October 2012, Panasonic undertook a drastic reform of its Head Office functions, creating a Head Office that focuses on corporate strategy with a streamlined number of personnel. Furthermore, Panasonic introduced a new business division system in April 2013. Under the new Group structure introduced through these changes, Panasonic will push forward with the initiatives in CV2015 with greater speed.

b) Measures based on the basic policy to prevent control by inappropriate parties

On April 28, 2005, the Board of Directors resolved to adopt a policy related to a Large-scale Purchase of the Company's shares (the "Large-scale Purchase Rule") called the Enhancement of Shareholder Value Plan (the "ESV Plan"). The ESV Plan has been approved at Board of Directors' meetings annually. On May 11, 2012, the Board of Directors resolved to continue the ESV plan. At the May 2013 meeting of the Board of Directors, the ESV Plan was approved again.

With respect to a Large-scale Purchaser (a "Large-scale Purchaser") who intends to acquire 20% or more of all voting rights of the Company (the "Large-scale Purchase"), this policy requires that (i) the Large-scale Purchaser provide sufficient information, such as its outline, purposes or conditions, the basis for determination of the purchase price and funds for purchase, and management policies and business plans which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase, to the Board of Directors before the Large-scale Purchase is to be conducted and (ii) after all required information is provided, the Board of Directors should be allowed a sufficient period of time (a sixty (60)-day period or a ninety (90)-day period) for consideration. The Board of Directors intends to assess and examine any proposed Large-scale Purchase from the perspective of the interests of shareholders as a whole after the information on such purchase is provided, and subsequently to disclose the opinion of the Board of Directors and any other information needed to assist shareholders in making their decisions. The Board of Directors may negotiate with the Large-scale Purchaser regarding purchase conditions or suggest alternative plans to shareholders, if it is deemed necessary.

If a Large-scale Purchaser does not comply with the rules laid out in the Large-scale Purchase Rule, the Company's Board of Directors may take countermeasures against the Large-scale Purchase to protect the interests of all shareholders. Countermeasures include the implementation of stock splits, issuance of stock acquisition rights (including allotment of share options without contribution) or any other measures that the Board of Directors is permitted to take under the Company Law of Japan, other laws and the Company's Articles of Incorporation. If a Large-scale Purchaser complies with the Large-scale Purchase Rule, the Board of Directors does not intend to prevent the Large-scale Purchase at its own discretion, unless it is clear that such Large-scale Purchase will cause irreparable damage or loss to the Company.

The Board of Directors will make decisions relating to countermeasures by referring to advice from outside professionals, such as lawyers and financial advisers, and fully respect the opinions of Outside Directors and Corporate Auditors.

When invoking the aforementioned countermeasures, if the Company's Board of Directors decides that it is appropriate to confirm the will of shareholders from the perspective of the interest of all shareholders, a general meeting of shareholders will be held. If the Company's Board of Directors decides to hold a general meeting of shareholders, it will give notice to that effect as well as the reasons for such a meeting at that time.

The Board of Directors will adopt specific countermeasures which it deems appropriate at that time. If the Board of Directors elects to make a stock split for shareholders as of a certain record date, the maximum ratio of the stock split shall be five-for-one. If the Board of Directors elects to issue stock acquisition rights to shareholders, the Company will issue one (1) stock acquisition right for every share held by shareholders on a specified record date. One (1) share shall be issued on the exercise of each stock acquisition right. If the Board of Directors elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and exercise conditions of the stock acquisition rights, such as the conditions that shareholders who belong to a specific group of shareholders including a Large-scale Purchaser may not exercise stock acquisition rights in consideration of the effectiveness thereof as a countermeasure, as well as the conditions that allow the Company to acquire share options by swapping the Company stock with a party other than the Large-scale Purchaser.

The Company recognizes that the aforementioned countermeasures may cause damage or loss, economic or otherwise, to a prospective Large-scale Purchaser who does not comply with the Large-scale Purchase Rule. The Company does not anticipate that taking such countermeasures will cause shareholders, other than the Large-scale Purchaser, economic damage or loss of any rights. However, in the event that the Board of Directors determines to take a specific countermeasure, the Board of Directors will disclose such countermeasure in a timely and appropriate manner, pursuant to relevant laws and stock exchange regulations.

The term of office for all Directors is one (1) year, and Directors are elected at the Ordinary General Meeting of Shareholders held in June every year. The Company's Board of Directors intends to review the ESV Plan, as necessary, for reasons including amendments to applicable legislation. Any such review would be conducted in the interests of all shareholders.

For further details about the ESV Plan, please see the press release "Panasonic Announces Continuation of Policy toward Large-scale Purchases of Company's Shares [ESV plan]" issued on May 10, 2013 at the Company's Web site:
http://panasonic.co.jp/corp/news/official.data/data.dir/2013/05/en130510-6/en130510-6.pdf

3) Evaluation of Measures by the Board of Directors and Rationale for Evaluation
The Company's midterm management plan was formulated as a specific measure to increase the Company's corporate value in a sustained manner. The ESV Plan was formulated from the perspective of protecting the interest of shareholders as a whole, and is aimed at ensuring shareholders receive sufficient information to make decisions on share purchase proposals by allowing those responsible for the management of the Company, the Board of Directors, to provide their evaluation of any proposed Large-scale Purchase, and providing the opportunity for alternative proposals to be submitted.

Consequently, these measures, in accordance with (1) Basic Policy, are intended to protect the interests of all the Company's shareholders.

(Reference) Outline of issuance of stock acquisition rights (In case the Board of Directors elects to issue stock acquisition rights in a rights offering)

1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:
One (1) stock acquisition right shall be granted to a shareholder, per one (1) share held by such shareholder

(excluding the shares held by Panasonic as treasury stock), whose name is recorded in the register of shareholders as of the record date to be specified and published by the Board of Directors. In this regard, Panasonic may either (i) grant to each of the shareholders holding a share of common stock a right to subscribe for a stock acquisition right and to make an offering for subscription of the offered stock acquisition rights, or (ii) distribute stock acquisition rights to the shareholders without consideration.

2. Type and number of shares to be acquired upon exercise of stock acquisition rights:
The type of shares to be acquired upon exercise of stock acquisition rights shall be the Company's common stock, and the number of shares to be acquired upon exercise of one (1) stock acquisition right shall be one (1) share.

3. Total number of stock acquisition rights to be issued:
The total number of stock acquisition rights to be issued shall be determined by the Board of Directors up to five (5) billion stock acquisition rights. The Board of Directors may issue stock acquisition rights more than once within the maximum number of five (5) billion stock acquisition rights to be issued in total.

4. Payment amount of each stock acquisition right in the case of item 1, (i) above:
No payment is required.

5. Price of assets to be invested upon exercise of each stock acquisition right:
The price of assets to be invested upon exercise of a stock acquisition right shall be one (1) Japanese yen or more to be determined by the Board of Directors.

6. Restriction on transfer of stock acquisition rights:
Acquisition of stock acquisition rights by way of assignment thereof requires the approval of the Board of Directors.

7. Conditions of exercise of stock acquisition rights:
The Board of Directors may prohibit a person or company belonging to a group of shareholders (tokutei-kabunushi group) including a Large-scale Purchaser (excluding the case where the Board of Directors approves that an acquisition or shareholding of shares and other securities of the Company by the person or the company does not conflict with the benefit of all shareholders of the Company) from exercising stock acquisition rights. The details shall be otherwise determined by the Board of Directors.

8. Exercise period and other conditions of stock acquisition rights:
Exercise period, conditions of acquisitions and other conditions of stock acquisition rights shall be determined by the Board of Directors. The Board of Directors may determine that the Company may repurchase stock acquisition rights ("Qualified Stock Acquisition Rights") that are not held by a holder of a stock acquisition right who is prohibited from exercising stock acquisition rights due to the exercise conditions mentioned in item 7 above, and deliver one (1) share of common stock to be determined by the Board of Directors per one Qualified Stock Acquisition Right to each of the holders thereof.

4. Risk Factors

Once a year, Panasonic implements a Groupwide risk assessment survey to identify potential risks in an integrated and comprehensive manner. By identifying, evaluating and prioritizing these risks, Panasonic specifies risks at the Corporate Strategy Head Office, Professional Business Support Sector, Divisional Companies, Business Divisions and Group affiliates, takes countermeasures that correspond to the materiality of each risk, and seeks continuous improvements through the monitoring of the progress of such countermeasures. Primarily because of the business areas and geographical areas where it operates, and the highly competitive nature of the industry to which it belongs, Panasonic is exposed to a variety of risks and uncertainties in conducting its businesses, including, but not limited to, the following. These risks may adversely affect Panasonic's business, operating results and financial condition. This section includes forward-looking statements and future expectations as of June 27, 2013, the filing date of this annual securities report.

(1)Risks Related to Economic Conditions

Continued or further weakness in Japanese and global economies may cause reduced demand for Panasonic's products

Demand for Panasonic's products and services may be affected by general economic trends in the countries or regions in which Panasonic's products and services are sold. Economic downturns and resulting declines in demand in Panasonic's major markets worldwide may thus adversely affect the Company's business, operating results and financial condition. For fiscal 2014, ending March 31, 2014, although U.S. economy is expected to be steady, the Company anticipates that uncertainty of the business environment will continue due to weak economic condition in Europe and sluggish market in certain emerging countries as well as ever-intensified global competition. Panasonic may incur increased costs for business restructuring that exceeds Panasonic's expectations in order to cope with the business environment. If global market conditions worsen beyond expectations, the business environment of Panasonic may deteriorate more than currently anticipated, which may adversely affect the Company's business, operating results and financial condition.

Currency exchange rate fluctuations may adversely affect Panasonic's operating results

Foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results and financial condition, because costs and prices of its products and services and certain other transactions that are denominated in a foreign currency are affected by foreign exchange rate changes. In addition, foreign exchange rate changes can also affect the yen value of Panasonic's investments in overseas assets and liabilities because Panasonic's consolidated financial statements are presented in Japanese yen. Generally, an appreciation of the yen against other major currencies such as the U.S. dollar and the euro may adversely affect Panasonic's operating results. Meanwhile, a depreciation of the yen against the aforementioned major currencies may have a favorable impact on Panasonic's operating results. In fiscal 2013, the extreme appreciation of the yen against other major currencies was put brakes and the effect to Panasonic's operating results was limited. However the resurgence of the yen may adversely affect the Company's business, operating results and financial condition.

Interest rate fluctuations may adversely affect Panasonic's financial condition, etc.

Panasonic is exposed to interest rate fluctuation risks which may affect the Company's operational costs, interest expenses, interest income and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may adversely affect the Company's business, operating results and financial condition.

Continuation or deterioration of financial market instability may adversely affect Panasonic's ability to raise funds or may increase the cost of fund raising

Panasonic raises funds for its business through methods such as borrowing from financial institutions and issuance of bonds and commercial paper. Where, among other events, financial market continues to be instable or deteriorates, financial institutions reduce lending to Panasonic, or rating agencies further downgrade Panasonic's credit ratings, Panasonic may not be able to raise funds in the time and amount necessary for Panasonic, or under conditions which Panasonic deems appropriate, and Panasonic may incur additional costs of raising funds, which may adversely affect the Company's business, operating results and financial condition.

Decreases in the value of Japanese stocks may adversely affect Panasonic's financial results

Panasonic holds mostly Japanese stocks as part of its investment securities. Decreases in the value of Japanese stocks may cause losses due to decreases in the valuation of investment securities, thereby adversely affecting Panasonic's operating results and financial condition. The decrease in the value of Japanese stocks may also reduce stockholders' equity on the balance sheet, as unrealized holding gains (losses) of available-for-sale securities are included as part of accumulated other comprehensive income (loss).

(2)Risks Related to Panasonic's Business

Competition in the industry may adversely affect Panasonic's ability to maintain profitability

Panasonic develops, produces and sells a broad range of products and services and therefore faces many different types of competitors, from large international companies to relatively small, rapidly growing, and highly specialized organizations. Panasonic may choose not to fund or invest in one or more of its businesses to the same degree as its competitors in those businesses do, or it may not be able to do so in a timely manner or even at all. These competitors may have greater financial strength, technological capability, and marketing resources than Panasonic in the respective businesses in which they compete.

Declines in product prices may adversely affect Panasonic's financial condition

Panasonic's business is subject to intense price competition worldwide, which makes it difficult for the Company to determine product prices and maintain adequate profits. Such intensified price competition may adversely affect Panasonic's profits, especially in terms of possible decreases in demand. Amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, and expansion of multifunctional smartphones, Panasonic's product prices in digital electronics and other business areas may continue to decline.

Panasonic's business is, and will continue to be, subject to risks generally associated with international business operations

One of Panasonic's business strategies is business expansion in overseas markets. In many of these markets, Panasonic may face risks generally associated with international manufacturing and other business operations, such as political instability, including war, civil war, conflict, riot and terrorist attacks, cultural and religious differences and labor relations, as well as economic uncertainty and foreign currency exchange risks. Panasonic may also face barriers in commercial and business customs in foreign countries, including difficulties in timely collection of accounts receivable or in building and expanding relationships with customers, subcontractors or parts suppliers. Panasonic may also experience various political, legal or other restrictions in investment, trade, manufacturing, labor or other aspects of operations, including restrictions on foreign investment or the repatriation of profits on invested capital, nationalization of local industry, changes in export or import restrictions or foreign exchange controls, and changes in the tax system or the rate of taxation in countries where Panasonic operates businesses. With respect to products exported overseas, tariffs, other barriers or shipping costs may make Panasonic's products less competitive in terms of price. Expanding its overseas business may require significant investments long before Panasonic realizes returns on such investments, and increased investments may result in expenses growing at a faster rate than revenues.

Panasonic may not be able to keep pace with technological changes and develop new products or services in a timely manner to remain competitive

Panasonic may fail to introduce new products or services in response to technological changes in a timely manner. Some of Panasonic's core businesses in both BtoC (business-to-consumer) and BtoB (business-to-business) areas are concentrated in industries where technological innovation is the central competitive factor. Panasonic continuously faces the challenge of developing and introducing viable and innovative new products. Panasonic must predict with reasonable accuracy both future demand and new technologies that will be available to meet such demand. If Panasonic fails to do so, it will not be able to compete effectively in new markets.

Panasonic may not be able to develop product formats that can prevail as de facto standards

Panasonic has been forming alliances and partnerships with other major manufacturers to strengthen technologies and the development of product formats, such as next-generation home and mobile networking products, data storage devices, and software systems. Despite these efforts, Panasonic's competitors may succeed in developing de facto standards for future products before Panasonic can. In such cases, the Company's competitive position, business, operating results and financial condition could be adversely affected.

Panasonic may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals

Panasonic's future success depends largely on its ability to attract and retain certain key personnel, including professionals in the fields of research, development, technology and management. However, the number of qualified personnel is limited, and the competition for attracting and retaining these employees is intense. Because of this intense competition for skilled employees, Panasonic may be unable to retain its existing personnel or attract additional qualified employees to keep up with future business needs. If this should happen, Panasonic's business, operating results and financial condition could be adversely affected.

Alliances with, and strategic investments in, third parties, and mergers and acquisitions undertaken by Panasonic, may not produce positive or expected results

Panasonic develops its businesses by forming alliances or joint ventures with, and making strategic investments in, other companies, including investments in start-up companies. Furthermore, the strategic importance of partnering with third parties is increasing. In some cases, such partnerships are crucial to Panasonic's goal of introducing new products and services, but Panasonic may not be able to successfully collaborate or achieve expected synergies with its partners. Furthermore, Panasonic does not control these partners, who may make decisions regarding their business undertakings with Panasonic that may be contrary to Panasonic's interests. In addition, if these partners change their business strategies, Panasonic may fail to maintain these partnerships. On April 1, 2011, Panasonic made Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd. its wholly-owned subsidiaries through share exchanges, respectively, and restructured its groupwide business organization on January 1, 2012 and April 1, 2013. However, Panasonic may fail to fully achieve the expected results, such as promotion of rapid decision-making and maximization of group synergies.

Panasonic is dependent on the ability of third parties to deliver parts, components and services in adequate quality and quantity in a timely manner, and at a reasonable price

Panasonic's manufacturing operations depend on obtaining raw materials, parts and components, equipment and other supplies including services from reliable suppliers at adequate quality and quantity in a timely manner. It may be difficult for Panasonic to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the shortage or interruption of supply caused by, among other things, natural disasters, the bankruptcy of suppliers or increased industry demand. This may adversely affect the Panasonic Group's operations. Although Panasonic decides purchase prices by contract, the prices of raw materials, including iron and steel, resin, and non-ferrous metals, and parts and components, may increase due to changes in supply and demand and the inflow of investment funds. Some components are only available from a limited number of suppliers, which also may adversely affect Panasonic's business, operating results and financial condition.

Panasonic is exposed to the risk that its customers may encounter financial difficulties

Many of Panasonic's customers purchase products and services from Panasonic on payment terms that do not provide for immediate payment. If customers from whom Panasonic has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, Panasonic's business, operating results and financial condition could be adversely affected.

(3)Risks Related to Panasonic's Management Plans

Panasonic announced a midterm management plan called "Cross-Value Innovation 2015" (CV2015), on March 28, 2013, which runs from fiscal 2014 to fiscal 2016 and implements specific measures to achieve the targets. However, Panasonic may not be successful in realizing the expected benefits because of various external and internal factors such as deterioration of the business environment and increased costs of business restructuring such as additional business reorganization, the impairment of fixed assets and employment adjustment in order to cope with the business environment.

(4)Risks Related to Legal Restrictions and Litigations

Panasonic may be subject to product liability or warranty claims that could result in significant direct or indirect costs

The occurrence of quality problems due to product defects, including safety incidents, in Panasonic products could make Panasonic liable for damages not covered by product and completed operation liability insurance, whereby the Company could incur significant expenses. Due to negative publicity concerning these problems, Panasonic's business, operating results and financial condition may be adversely affected.

Panasonic may fail to protect its proprietary intellectual properties, or face claims of intellectual property infringement by a third party, and may lose its intellectual property rights on key technologies or be liable for significant damages

Panasonic's success depends on its ability to obtain intellectual property rights covering its products and product design. Patents may not be granted or may not be of sufficient scope or force to provide Panasonic with adequate protection or commercial advantage. In addition, effective copyright and trade secret protections may be unavailable or limited in some countries in which Panasonic operates. Competitors or other third parties may also develop technologies that are protected by patents and other intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to Panasonic. The Company obtains licenses for intellectual property rights from other parties; however, such licenses may not be available on acceptable terms or at all, and the terms of such licenses may be modified unfavorably if Panasonic is found to have in the future. Litigation may also be necessary to enforce Panasonic's intellectual property rights or to defend against intellectual property infringement claims brought against Panasonic by third parties. In such cases, Panasonic may incur significant expenses and management resources in connection with such lawsuits. Furthermore, Panasonic may be prohibited from using certain important technologies or be found liable for damages in cases of admitted violations of intellectual property rights of others.

Changes in accounting standards and tax systems may adversely affect Panasonic's financial results and condition

Introduction of new accounting standards or tax systems, or changes thereof, which Panasonic cannot predict, may have a material adverse effect on the Company's operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on the Company's tax declarations, Panasonic may need to make larger tax payments than estimated.

Payments or compensation related to environmental regulations or issues may adversely affect Panasonic's business, operating results and financial condition

Panasonic is subject to environmental regulations such as those relating to climate change, air pollution, water pollution, hazardous substances, waste materials, product recycling, and soil and groundwater contamination, and may be held responsible for certain related payments or compensation. Furthermore, if these regulations become stricter and an additional duty of eliminating the use of environmentally hazardous materials is imposed, or if the Company determines that it is necessary and appropriate, from the viewpoint of corporate social responsibility, to respond to environmental issues, the payment of penalties for the violation of these regulations or the payment of compensation for consolation to parties affected by such issues may adversely affect Panasonic's business, operating results and financial condition.

Leaks of confidential information, including personal information, or trade secrets may adversely affect Panasonic's business

In the normal course of business, Panasonic holds confidential information mainly about customers regarding credit worthiness and other information, as well as confidential information about companies and other third parties. Such information may be leaked due to an accident or other inevitable cause, and any material leakage of confidential information may result in significant expense for related lawsuits and adversely affect Panasonic's business and image. Moreover, other than customer information, there is a risk that Panasonic's trade secrets, such as technology information, may be leaked due to illegal conduct of external parties, mere negligence or other causes. If such is the case, Panasonic's business, operating results and financial condition may be adversely affected.

Governmental laws and regulations may limit Panasonic's activities, increase its operating costs or subject it to sanctions and lawsuits

Panasonic is subject to governmental regulations in Japan and other countries in which it conducts its business, including governmental approvals required for conducting business and investments, laws and regulations governing the telecommunications businesses and electric product safety, national security-related laws and regulations and export/import laws and regulations, as well as commercial, antitrust, patent, product liability, environmental laws and regulations, consumer protection, financial and business taxation laws and regulations, and internal control regulations. If, due to the implementation of stricter laws and regulations and stricter interpretations, Panasonic cannot comply with these laws and regulations from technical and economic perspectives, or Panasonic determines that it will not be economical to continue to comply with them, Panasonic will need to limit its activities in the affected business areas. These laws and regulations could increase Panasonic's operating costs. In addition, in the event that governmental authorities find or determine that Panasonic has violated these laws and regulations, Panasonic could become subject to regulatory sanctions, including monetary penalties, as well as criminal sanctions or civil lawsuits for damages, and could also suffer reputational harm.

(5)Risks Related to Disasters or Unpredictable Events

Panasonic's facilities and information systems could be damaged as a result of disasters or unpredictable events, which could have an adverse effect on its business operations

Panasonic expands its manufacturing sales, and research and development activities globally and has facilities all over the world. If major disasters, such as earthquakes, tsunamis, fires, floods, including those caused by climate change, wars, terrorist attacks, computer viruses or other events occur, or Panasonic's information system or communications network breaks down or operates improperly as a result of such events, Panasonic's facilities and other assets may be seriously damaged, or the Company may have to stop or delay production and shipment. Panasonic may incur expenses relating to such damages. In addition, if an infectious disease, such as a new highly-pathogenic flu strain, becomes prevalent throughout the world, Panasonic's manufacturing and sales may be materially disrupted. In addition, in the case where these natural disasters or other unpredictable events disrupt the supply chain of Panasonic including suppliers of parts or components and manufacturers to which Panasonic sells its products, the production and sales activities of Panasonic may be adversely and significantly affected due to the shortage or interruption in the supply of parts or components from such suppliers, or suspension of or decline in production activities of such manufacturers. Furthermore, if limitations on electricity use or rolling blackouts are implemented due to the shortage in the electricity supply caused by the closedown of certain nuclear power stations in the wake of the accidents at the Fukushima Daiichi Nuclear Power Station, the production at certain of Panasonic's manufacturing plants in Japan may decline or be suspended. The rise in electricity costs may be leading to an increase in procurement cost for electricity. The production and sales activities of Panasonic may be adversely and significantly affected by the aforementioned matters.

(6)Other Risks

External economic conditions may adversely affect Panasonic's pension plans

Panasonic has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. A decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

Some long-lived assets may not produce adequate returns

Panasonic has many long-lived assets, such as property, plant and equipment, and goodwill, that generate returns. The Company periodically reviews the recorded value of its long-lived assets to determine if the fair value will be sufficient to support the asset book values. If these long-lived assets do not generate sufficient cash flows, impairment losses will have to be recognized, adversely affecting Panasonic's results of operations and financial condition.

Realizability of deferred tax assets and uncertain tax positions may increase Panasonic's provision for income tax

In assessing the realizability of deferred tax assets and uncertain tax positions based on the expected future generation of taxable income or assessed sustainability of uncertain tax positions, Panasonic considers whether it is more likely than not that any portion or all of the deferred tax assets or recognized tax position benefit will not be realized. If Panasonic determines that temporary differences and loss carryforwards or recognized tax benefits cannot be realized upon the generation of future taxable income during the deductible periods due to deteriorating business conditions or tax position benefits may not be realized upon settlement, valuation allowance against deferred tax assets or unrecognized tax benefit reserves could be recognized and Panasonic's provision for income tax may increase.

Financial results and condition of associated companies may adversely affect Panasonic's operating results and financial condition

Panasonic holds equities of several associated companies. Panasonic can exercise influence over operating and financing policies of these companies. However, Panasonic does not have the right to make decisions for them since the companies operate independently. Some of these companies may record losses. If these associated companies do not generate profits, Panasonic's business results and financial condition may be adversely affected.

5. Material Agreements, etc.

(1) As Licensee

Licensor	Country	Contract description	Contract period
MPEG LA LLC.	U.S.A	License of patents relating to MPEG-2	From January 2011 to the expiration of the patents under contracts
QUALCOMM INC.	U.S.A	License of patents relating to 3G mobile phone and base station	From March 2001 to the expiration of the patents under contracts

(2) As Licensor

Licensee	Country	Contract description	Contract period
MPEG LA LLC.	U.S.A	License of patents relating to MPEG-2	From July 1997 to the expiration of the patents under contracts
		License of patents relating to MPEG-4 Visual	From January 2000 to the expiration of the patents under contracts

(3) Cross License Agreement

Party	Country	Contract description	Contract period
Texas Instruments Inc.	U.S.A	Cross license of patents relating to semiconductor and other products	From April 2006 to March 2016
Eastman Kodak Company	U.S.A	Cross license of patents relating to digital still camera	From December 2007 to December 2017
Koninklijke Philips Electronics N.V.	Netherlands	Cross license of patents relating to mobile phone and AV products	From March 2007 to the expiration of the patents under contracts
SAMSUNG Electronics Co., Ltd.	South Korea	Cross license of patents relating to semiconductor	From January 2008 to the expiration of the patents under contracts
Pioneer Corporation	Japan	Cross license of patents relating to major AV products	From April 2006 to March 2018

(4) Reorganization of Systems & Communications Company

The Company's Board of Directors decided on October 31, 2012 to conduct mergers ("PSSJ Mergers") where Panasonic System Solutions Japan Co., Ltd ("PSSJ"), a wholly-owned consolidated subsidiary of Panasonic, would absorb Panasonic System Networks Co., Ltd.("PSN"), a wholly-owned consolidated subsidiary of Panasonic, and Panasonic System Solutions Infrastructure Co., Ltd. ("PSSIS"), a wholly-owned subsidiary of PSN.

It was also decided that the mobile phone terminal business of Panasonic Mobile Communications Co., Ltd. ("PMC"), a wholly-owned consolidated subsidiary of Panasonic, would be transferred to a new mobile phone terminal business company which will be newly incorporated through a corporate split of PMC ("PMC Terminal Business Transfer"). At the same time, the mobile phone base station business of PMC will be transferred, through a corporate split ("PMC Station Business Transfer"), to the newly merged company after implementation of PSSJ Mergers. Then, Panasonic will absorb the remaining PMC (having only a function to hold and manage its assets) through a merger ("PMC Merger").

<u>PSSJ Mergers</u>

1) Purpose of PSSJ Mergers
By unifying the system solution businesses which are currently divided into the company for development and manufacture, and the company for sales and solution, we ensure such business closely connected to the market and customers. At the same time, through unification of several functions for system solution, we will aim for expansion of the solution business.

2) Method of PSSJ mergers
PSSJ, as the continuing company, will absorb PSN and PSSIS, which will be dissolved upon the merger. There shall be no allotment of shares or any consideration upon PSSJ mergers.

3) Effective date of the merger
March 1, 2013

4) The amount of absorbed assets and liabilities
PSN Total assets 132,891 million yen, Total liabilities 57,782 million yen
PSSIS Total assets 19,327 million yen, Total liabilities 13,803 million yen

5) Basic information of PSSJ
Stated capital: 350 million yen
Principal lines of business:
Sales of system equipment and AV equipment, plan, development and manufacture of software, etc., design and management of constructions, providing repair, maintenance and management support, and sales of information service, etc.
Head office: Chuo-ku, Tokyo, Japan

Based on above, PSSJ absorbed PSN and PSSIS on March 1, 2013.

<u>PMC Terminal Business Transfer</u>

1) Purpose of PMC Terminal Business Transfer
Panasonic intends to build a business structure which is specialized in the mobile phone terminal business in order to concentrate on such business and quickly respond to changes, thereby aiming to enhance business capability and to maintain and expand business in the relevant market.

2) Method of PMC Terminal Business Transfer
Upon changing its corporate name, PMC will transfer its mobile phone terminal business to Panasonic Mobile Communications Co., Ltd., which will be newly incorporated by a corporate split.

3) Effective date of the transfer
April 1, 2013

Based on above, Panasonic Mobile Communications Co., Ltd., succeeded to the mobile phone terminal business of PMC and was established on April 1, 2013.

PMC Station Business Transfer

1) Purpose of PMC Station Business Transfer

Panasonic intends to improve development and other business capabilities with respect to the mobile phone base station business of PMC by transferring to the newly merged company after implementation of PSSJ Mergers with the wireless-related system business.

2) Method of PMC Station Business Transfer

The mobile phone base station business of PMC will be transferred to the newly merged company after implementation of PSSJ Mergers through a corporate split.

3) Effective date of the transfer

April 1, 2013

Based on above, the mobile phone base station business of PMC was transferred to the company after implementation of PSSJ Mergers on April 1, 2013.

PMC Merger

1) Purpose of the PMC Merger

Panasonic intends to effectively utilize assets by absorbing the PMC entity, which will only have the function to hold and manage those assets, after the implementation of PMC Station Business Transfer and PMC Terminal Business Transfer.

2) Method of the PMC Merger

Panasonic, as the continuing company, will absorb PMC, which will be dissolved upon the merger. There shall be no allotment of shares or any other consideration upon the merger.

3) Effect date of the merger

April 1, 2013

4) The amount of merged assets and liabilities

Total assets 140,277 million yen, Total liabilities 13,433million yen

5) Basic information of continuing company

Stated capital: 258,740 million yen

Principal lines of business: Manufacture and sale of electronic and electric equipment, etc.

Head office: Kadoma City, Osaka, Japan

Based on above, Panasonic absorbed PMC on April 1, 2013

Conditions of newly merged company

1) Basic information of newly merged company

Corporate name: Panasonic System Networks Co., Ltd.

(The corporate name of continuing company, PSSJ, will be changed)

Principal lines of business:

Development, manufacture and sales of surveillance and monitoring camera, verification and settlement systems, PBX, IP related equipment, business phone, document related equipment and mobile phone base stations, etc.

Stated capital: 350 million yen

2) Basic information of new mobile phone terminal business company

Corporate name: Panasonic Mobile Communications Co., Ltd.

Principal lines of business: Development, manufacture and sales of mobile phone.

Stated capital: 5,700 million yen

(5)Transfer of digital camera and digital movie camera businesses

The Company's Board of Directors decided on December 21, 2012 to make the transfer of all the shares of SANYO DI Solutions Co., Ltd., ("SDI") which operates the digital camera and digital movie camera businesses to the special purpose company AP26, which has a capital subscription from a fund with services provided by Advantage Partners, LLP, as of March 31, 2013, and SANYO Electric Co., Ltd., a wholly-owned subsidiary of Panasonic and AP26 have formed an agreement on the transfer of the businesses.

Based on above, SANYO Electric Co., LTD transferred all the shares of SDI to AP26 on March 31, 2013.

6. Research and Development

The Panasonic Group focused on developing technologies that anticipate the future, ranging from solutions and systems that make society and businesses “eco & smart” to materials, devices and processes for a recycling-oriented energy society.

Key development themes during fiscal 2013 were as follows:

(1) Development of smart home appliance series controlled and managed by smartphones
The “touch-to-operate” manner with smartphones has been expanded to various kinds of household appliances by the development of an LSI for “smart IC tags” which can send signals even in the power-off state. By way of example, this technology now allows users to search recipes according to the food in their fridges and give the best cooking setup to their microwaves, as well as add new washing cycles to their washing machines in accordance with new detergents. Users can also check how to respond when errors occur. Accordingly, through such capabilities as the addition of new functions that match individual customer preferences in line with changes in lifestyles and general trends, this technology allows for the continued enhancing of household appliances even after purchase.

(2) Development of 56-inch organic LED panel with three primary colors all-printing method
With the development of a printing process that enables the separate application of organic electroluminescent (EL) materials of the three primary colors, it is now possible to use the same print head regardless of the panel size. Since the process does not require a vacuum environment or high temperature processing, it is suitable for producing larger panels. Furthermore, by combining separate application of the three primary colors with a color filter, this technology ensures color reproduction with higher color purity, while the transparent cathode extracts light more efficiently, thus ensuring a wide viewing angle.
As a result of the above, this technology has realized a next-generation display that incorporates a 56-inch panel with 3,840 x 2,160 resolution (8.29 million pixels), and it has enabled new developments in a wide variety of fields in addition to home use, including monitors for medical and broadcast applications as well as use in aircraft.

(3) Development of artificial photosynthesis technology by applying a nitride semiconductor as an electrode
Panasonic has developed a technology that absorbs CO_2 and converts it into energy in a similar way to photosynthesis in plants. With this technology, hydrogen ion and oxygen are created underwater by sunlight exposed nitride semiconductor similar to those used in LED lighting. Furthermore, through the use of a highly conductive metal catalyst in an electrode that generates organic material, the technology has realized the successful conversion of hydrogen ion and CO_2 into formic acid ($HCOOH$), which generates energy, with a level of conversion efficiency comparable with that of plants.
This development enables us to realize an artificial photosynthesis which converts CO_2, one of the substances considered to be responsible for global warming, into an energy source. Thus, it is one of the milestones towards the realization of zero emission society.

R&D expenditures totaled ¥502.2 billion in fiscal 2013 encompassing the aforementioned and other development themes.

7. Analyses of Consolidated Financial Position, Operating Results and Cash Flows

Operating results for fiscal 2013 ended March 31, 2013 compared with fiscal 2012 were as follows:

During the fiscal 2013 under review, the business environment for Japanese companies improved as a result of factors including the depreciating yen against U.S. dollar and Euro after a period of extreme yen appreciation, and the recovering U.S. stock market, towards the end of the fiscal 2013. However, the electronics industry continued to be in a severe business situation including sluggish demand in flat-panel TVs mainly in Japan. Under such business circumstances, the three-year midterm management plan "Green Transformation 2012 (GT12)", which ended in the fiscal 2013, achieved results far below target.

In addition to the severe business environment, the Company recognized its deteriorating profitability following Lehman's fall was substantially due to structural issues. During the fiscal 2013 under the new management structure, the Company, therefore, implemented the following initiatives with a deep sense of crises among employees: 'reforming Head Office functions and decision-making processes', 'providing countermeasures for underperforming business' and 'introducing BU (business unit) based management.' In reforming the structure of the Panasonic Group and providing a new direction, the Company has developed its corporate structure to create new customer value and a foundation for its recovery. These initiatives, however, have not yet to achieve any result and the fiscal 2013 annual results ended with poor outcomes.

(1) Sales

Consolidated group sales for the fiscal 2013 decreased by 7% to 7,303.0 billion yen from 7,846.2 billion yen in the year ended March 31, 2012 (fiscal 2012).

(2) Cost of Sales and Selling, General and Administrative Expenses

In fiscal 2013, cost of sales amounted to 5,419.9 billion yen, down from 5,864.5 billion yen in the fiscal 2012. Selling, general and administrative expenses amounted to 1,722.2 billion yen, down from 1,938.0 billion yen in the fiscal 2012. These results are due mainly to the effects of sales decrease.

(3) Interest Income, Dividends Received and Other Income

In fiscal 2013, interest income amounted to 9.3 billion yen, down from 13.4 billion yen. Dividends received amounted to 3.7 billion yen, down from 6.1 billion yen. Other income amounted to 91.8 billion yen, increased from 44.1 billion yen in the fiscal 2012.

(4) Interest Expense, Goodwill Impairment and Other Deductions

In fiscal 2013, interest expense amounted to 25.6 billion yen, down from 28.4 billion yen in fiscal 2012. The Company incurred 250.6 billion yen of goodwill impairment and 138.1 billion yen as expenses associated with impairment losses of fixed assets, which were primarily related to solar, consumer-use lithium-ion batteries and mobile phone businesses.

(5) Income (loss) before Income Taxes

As a result of the above-mentioned factors, income (loss) before income taxes for fiscal 2013 amounted a loss of 398.4 billion yen, compared with a loss of 812.8 billion yen in fiscal 2012, due mainly to incurring goodwill impairment and expenses associated with impairment losses of fixed assets.

(6) Provision for Income Taxes

Provision for income taxes for fiscal 2013 increased to 384.7 billion yen, compared with 9.8 billion yen in fiscal 2012.
Taking into consideration significant sales decreases in Japan and other factors, in accordance with U.S. GAAP, the Company increased the valuation allowances to deferred tax assets in Panasonic Corporation

and Panasonic Mobile Communications Co., Ltd., and incurred provision for income taxes of 412.5 billion yen, in the second quarter of fiscal 2013.

(7) Equity in Earnings of Associated Companies

In fiscal 2013, equity in earnings of associated companies amounted to 7.9 billion yen, compared with 6.5 billion yen in fiscal 2012.

(8) Net Income (Loss)

Net income (loss) amounted to a loss of 775.2 billion yen for fiscal 2013, compared with a loss of 816.1 billion yen in fiscal 2012.

(9) Net Income (Loss) attributable to noncontrolling interests

Net income (loss) attributable to noncontrolling interests amounted to a loss of 20.9 billion yen for fiscal 2013, compared with a loss of 43.9 billion yen in fiscal 2012.

(10) Net Income (Loss) attributable to Panasonic Corporation

As a result of all the factors stated in the preceding paragraphs, the Company recorded a net loss attributable to Panasonic Corporation of 754.3 billion yen for fiscal 2013, compared with a loss of 772.2 billion yen in fiscal 2012. Net income (loss) attributable to Panasonic Corporation per share, basic amounted to a loss of 326.28 yen in fiscal 2013, compared with a loss of 333.96 yen in fiscal 2012.

(11) Results of Operations by Segment

Regarding results of operations by segment for fiscal 2013, see Item 1 of “Summary of Business Results” in Section 2 of Business Overview.

Liquidity and Capital Resources

(1) Assets, Debts and Equities

The Company’s consolidated total assets as of March 31, 2013 decreased by 1,203.2 billion yen to 5,397.8 billion yen from the end of the fiscal 2012 due mainly to decreases in other assets and other current assets affected by the impairment losses of goodwill and intangible assets, and increases in valuation allowances for deferred tax assets, as well as a decrease in property, plant and equipment, and investments and advances affected by disposals of investments. Total liabilities decreased by 530.0 billion yen to 4,093.5 billion yen due to the 9th unsecured straight bond redemption and a decrease in short-term bond. Panasonic Corporation shareholders’ equity decreased by 665.8 billion yen compared with the end of the fiscal 2012 to 1,264.0 billion yen as of March 31, 2013. Despite an improvement in accumulated other comprehensive income (loss) due to the yen depreciation, this decrease in shareholders’ equity was primarily due to a decrease in retained earnings corresponding to the net loss attributable to Panasonic Corporation. Noncontrolling interests decreased by 7.5 billion yen to 40.3 billion yen as of March 31, 2013.

(2) Dividend Policy

The Company recorded a significant net loss for the second consecutive year, and global business condition surrounding the Company is expected to be continuously uncertain. Under these circumstances, the Company recognizes that it is one of the most important and urgent to improve its financial position. The board of Directors of Panasonic resolved not to distribute a year-end dividend, resulting in non-dividend for the fiscal 2013.

(3) Capital Investment and Depreciations

Capital investment (tangible assets) during fiscal 2013 decreased by 7% to 310.9 billion yen, compared with 333.7 billion yen in fiscal 2012. Principal capital investments were directed to solar cell manufacturing facilities in Malaysia, rechargeable batteries manufacturing facilities in China, and facilities related to organic LED panels in Japan. Depreciations (tangible assets) during fiscal 2013 decreased by 6% to 277.6 billion yen compared with 295.8 billion yen in fiscal 2012. Effective from the beginning of fiscal 2013, investments and depreciation expenses in molding dies are included in "Capital investment (tangible assets)" and "Depreciation (tangible assets)," respectively. Accordingly, the amount of "Capital investment (tangible assets)" and "Depreciation (tangible assets)" for fiscal 2012 are changed.

(4) Cash Flows

Regarding Cash flows, See Item 1 of "Summary of Business Results" in Section 2 of Business Overview. Cash and cash equivalents as of March 31, 2013 decreased by 78.1 billion yen to 496.3 billion yen compared with 574.4 billion yen as of the end of fiscal 2012.

Ⅲ Property, Plants and Equipment

1. Summary of Capital Investment

Capital Investment by segment for the year ended March 31, 2013 is shown in the tables below.

Segment	Amount (Millions of yen)	Change from last fiscal year (%)	Main purpose of investment
AVC Networks	56,491	(6.4)	Production of new video equipment and audio-video equipment such as flat-panel TV and digital camera
Appliances	50,010	(2.7)	Production increase and streamlining of electric appliances for home use
Systems & Communications	8,770	(34.2)	Production of new products and streamlining of communication and security related equipment
Eco Solutions	29,657	(10.5)	Production of new products and production increase of electronic material and building material, etc.
Automotive Systems	8,605	(2.8)	Production of new products and production increase of car-use-multimedia equipment, electrical components and eco-related equipment
Industrial Devices	64,433	(17.5)	Production of new products and production increase of semiconductors and electronic components
Energy	64,643	20.1	Production of new products and production increase of solar batteries and rechargeable batteries, etc.
Other	18,504	(17.9)	Production of new products and production increase of factory-automation equipment and healthcare equipment, etc.
Subtotal	301,113	(6.3)	―――
Corporate	9,753	(20.0)	―――
Total	310,866	(6.8)	―――

(Note) Effective from the beginning of fiscal 2013, investments in molding dies are included in capital investment. In calculating percentage above, prior year's figures have been revised to conform with the presentation for molding dies for fiscal 2013.

2. Major Property, Plants and Equipment

(1) Panasonic Corporation

(As of March 31, 2013)

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m²)	Lease assets	Others	Total	
Kadoma Plant (Kadoma-shi, Osaka)	AVC Networks	Manufacturing facilities for video and audio equipment	4,450	4,532	563 (207)	84	1,361	10,990	5,730
Kobe Plant (Nishi-ku, Kobe-shi, Hyogo)	AVC Networks Appliances	Manufacturing facilities for information equipment and cooking appliances	3,358	1,545	4,924 (185)	66	76	9,969	648
Kusatsu Plant (Kusatsu-shi, Shiga)	Appliances	Manufacturing facilities for room air-conditions and refrigerators	15,859	15,584	5,923 (539)	3,233	363	40,962	4,878
Hikone Plant (Hikone-shi, Shiga)	Appliances	Manufacturing facilities for personal-care equipment and healthcare equipment	5,564	3,975	1,323 (88) [4]	8	259	11,129	938
Takatsuki Plant (Takatsuki-shi, Osaka)	Eco Solutions	Manufacturing facilities for lighting	4,548	3,204	304 (175)	32	99	8,187	1,577
Niigata Plant (Tsubame-shi, Niigata)	Eco Solutions	Manufacturing facilities for lighting fixture	2,714	2,349	2,035 (143)	−	90	7,188	510
Tsu Plant (Tsu-shi, Mie)	Eco Solutions Industrial Devices	Manufacturing facilities for wiring devices and security equipment	4,882	4,168	2,136 (102) [10]	−	71	11,257	1,511
Saedo Plant (Tsuzuki-ku, Yokohama-shi, Kanagawa)	Automotive Systems	Manufacturing facilities for car AVC equipment	4,030	2,178	− −	297	444	6,949	1,848
Arai Plant (Myoko-shi, Niigata)	Industrial Devices	Manufacturing facilities for semiconductors	5,814	480	2,553 (161)	3	6	8,856	746
Uozu Plant (Uozu-shi, Toyama)	Industrial Devices	Manufacturing facilities for semiconductors	9,207	3,469	1,938 (250)	5	1	14,620	1,236
Tonami Plant (Tonami-shi, Toyama)	Industrial Devices	Manufacturing facilities for semiconductors	15,059	1,625	2,068 (228)	1	1	18,754	644
Ise Plant (Watarai-gun, Mie)	Industrial Devices	Manufacturing facilities for automation controls	4,495	8,104	555 (152)	−	959	14,113	1,360

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Osaka Plant (Moriguchi-shi, Osaka)	Energy	Manufacturing facilities for batteries	5,034	1,348	777 (91) [4]	7	657	7,823	1,528
Suminoe Plant (Suminoe-ku, Osaka-shi, Osaka)	Energy	Manufacturing facilities for batteries	24,491	9,784	― (116) [116]	1,788	1,836	37,899	258
Device Solutions Center, etc. (Minami-ku, Kyoto-shi, Kyoto)	Industrial Devices	R&D facilities	1,475	767	8,731 (12)	―	0	10,973	22
Energy Solutions Center, etc. (Moriguchi-shi, Osaka)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Energy, Other	R&D facilities	3,116	2,547	197 (38)	819	1	6,680	1,053
Production Engineering Laboratory, etc. (Kadoma-shi, Osaka)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Energy, Other	R&D facilities	5,747	3,334	2,056 (139)	51	17	11,205	1,141
Advanced Technology Research Laboratories (Soraku-gun, Kyoto)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Energy, Other	R&D facilities	2,583	540	3,706 (53)	―	―	6,829	93
Branch Office and Sales Office (Chuo-ku, Sapporo-shi, Hokkaido, etc.)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Industrial Devices	Equipment for sales and marketing	21,370	564	11,218 (137) [20]	157	723	34,032	3,768
Management department of Eco Solutions Company (Moriguchi-shi, Osaka, etc.)	Eco Solutions	Other facilities	26,785	3,807	28,451 (525) [65]	―	62	59,105	1,841
Management department of Industrial Devices Company, etc. (Kadoma-shi, Osaka, etc.)	Industrial Devices	Other facilities	2,906	4,060	907 (78)	22	750	8,645	3,616
Head Office, etc. (Kadoma-shi, Osaka etc.)	Industrial Devices, Other, Corporate, etc.	Corporate administration, employee housing and welfare facilities, etc.	13,249	2,991	20,760 (502)	1,092	29	38,121	3,675

(2) Domestic subsidiaries

(As of March 31, 2013)

Company	Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
				Buildings	Machinery and equipment	Land (Area in thousands of m²)	Others	Total	
Panasonic Liquid Crystal Display Co., Ltd.	Himeji Plant (Himeji-shi, Hyogo)	AVC Networks	Manufacturing facilities for LCD panels, etc.	57,567	21,326	— (361) [361]	311	79,204	778
Panasonic Plasma Display Co., Ltd.	Amagasaki Plant, etc. (Amagasaki-shi, Hyogo, etc.)	AVC Networks	Manufacturing facilities for plasma TVs, etc.	40,943	3,456	— (329) [329]	4	44,403	827
Panasonic System Networks Co., Ltd.	(Hakata-ku, Fukuoka-shi, etc.)	Systems & Communications	Manufacturing facilities for information communication equipment, etc.	10,651	2,664	2,580 (307) [50]	151	16,046	7,752 <786>
Panasonic Mobile Communications Co., Ltd.	(Tsuzuki-ku, Yokohama-shi, etc.)	Systems & Communications	Manufacturing facilities for communication equipment and R&D facilities	7,352	2,440	5,284 (353) [66]	107	15,183	1,586 <932>
Panasonic Ecology Systems Co., Ltd	(Kasugai-shi, Aichi)	Eco Solutions	Manufacturing facilities for equipment relates to ecology system business	5,581	2,380	11,703 (255)	116	19,780	1,106
SANYO Electric Co., Ltd.	Tokyo plant (Ora-gun, Gunma, etc.)	Appliances, Industrial Devices, Other	Manufacturing facilities for industrial equipment, etc.	11,330	2,033	2,638 (1,099)	523	16,524	405
	Kasai plant (Kasai-shi, Hyogo)	Energy	Manufacturing facilities for batteries	14,165	20,946	3,427 (202)	678	39,216	621
	Sumoto plant (Sumoto-shi, Hyogo, etc.)	Energy	Manufacturing facilities for batteries	5,978	6,408	4,066 (116)	57	16,509	1,011
	Tokushima plant (Itano-gun, Tokushima)	Energy	Manufacturing facilities for batteries	9,103	13,395	3,739 (177)	1,758	27,995	986
Panasonic Healthcare Co., Ltd.	(Tohon-shi, Ehime, etc.)	Other	Manufacturing facilities for healthcare equipment	5,950	5,077	1,929 (363)	420	13,376	2,992 <937>
Panasonic Factory Solutions Co., Ltd.	(Kadoma-shi, Osaka, etc.)	Other	Manufacturing facilities for mounter, etc.	2,023	651	433 (68)	23	3,130	1,245
PanaHome Corporation	Head plant (Higashiomi-shi, Shiga)	Other	Manufacturing and logistics facilities for materials and components of housing system	2,672	1,623	5,822 (320)	44	10,161	309
	Tsukuba plant (Tsukubamirai-shi, Ibaraki)	Other	Manufacturing and logistics facilities for materials and components of housing system	1,365	769	2,990 (131)	34	5,158	223

(3) Overseas subsidiaries

(As of March 31, 2013)

Company (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
Panasonic Corporation of North America (New Jersey, U.S.A.)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	2,830	2,091	1,281 (369)	1,288	7,490	5,778
Panasonic Avionics Corporation (California, U.S.A.)	AVC Networks	Manufacturing facilities for aircraft-in-flight entertainment systems	1,240	6,551	― (14) [14]	326	8,117	3,303
Panasonic do Brasil Limitada (Amazonas, Brazil)	AVC Networks, Appliances, Systems & Communications, Energy	Manufacturing and sales facilities for various electric and electronic products	3,969	4,158	501 (540)	1,044	9,672	1,610
Panasonic AVC Networks Czech s.r.o. (Plzen, Czech Republic)	AVC Networks	Manufacturing facilities for plasma and LCD TVs	5,286	450	235 (166)	13	5,984	1,142
Panasonic Asia Pacific Pte. Ltd. (Singapore)	AVC Networks, Appliances, Systems & Communications, Eco Solutions, Industrial Devices, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	3,660	14,969	614 (333) [196]	4,497	23,740	7,385
Panasonic Taiwan Co., Ltd. (New Taipei, Taiwan)	AVC Networks, Appliances, Eco Solutions, Automotive Systems, Industrial Devices	Manufacturing and sales facilities for various electric and electronic products	610	11,399	857 (112)	―	12,866	1,510
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. (Guangzhou, China)	Appliances	Manufacturing facilities for air conditioner-related products	1,803	8,879	― (126) [126]	22	10,704	2,091

(Notes) 1. The above amounts do not include the consumption tax, etc.

2. There are no major inactive properties, plants and equipment.

3. Some plants or offices are rented to affiliated companies.
   Panasonic Plasma Display Co., Ltd. rents 34,000 square meters of land from Panasonic Corporation.
   Regarding rented plants and offices to affiliated companies, number of employees of renting company are shown with parenthesis notation of < > in the "Number of employees" column.

4. Parenthesis notation of [ ] in the "Land" column shows the size of land rented from someone except for consolidated companies.

5. The Company transferred the Mobara plant of Panasonic Liquid Crystal Display Co., Ltd., to Japan Display Inc. in April 2012.

6. The Company classified certain buildings of plasma display panel fifth factory of Panasonic Plasma Display Co., Ltd. as “Other current assets” in the consolidated balance sheet at March 31, 2013, in accordance with the provision of ASC 360, “Property, Plant, and Equipment.” These buildings are not included in the above book value of Panasonic Plasma Display Co., Ltd.

7. From fiscal 2013, balances of molding dies are included in "Book value."

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The capital investment for the fiscal year ending March 31, 2014 will be 205.0 billion, a decrease of 34.1% compared with the previous fiscal year, and a breakdown by segment is as follows.

Segment	Amount (Millions of yen)	Main purpose of investment	Capital resource
Appliances	30,000	Production of new products and production increase of electric appliances for home use	Own capital, etc.
Eco Solutions	41,000	Production increase and streamlining of electronic material, building material and solar photovoltaic system, etc.	Own capital, etc.
AVC Networks	40,000	Production of new products and streamlining of video equipment, AV equipment, and communication and security related equipment, etc.	Own capital, etc.
Automotive & Industrial Systems	83,000	Production of new products and production increase of car-use-multimedia equipment, electronic components and rechargeable batteries, etc.	Own capital, etc.
Other	11,000	―――	Own capital, etc.
Total	205,000	―――	―――

(Notes) 1. The above amounts do not include the consumption tax, etc.
2. There is no plan to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.
3. Panasonic restructured its Group organization in April 2013, under which the Company changed the number of segments from eight to five.

Ⅳ Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	4,950,000,000
Total	4,950,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2013)	Number of shares issued as of the filling date (shares) (June 27, 2013)	Stock exchange on which the Company is listed	Description
Common stock	2,453,053,497	2,453,053,497	Tokyo, Osaka, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	2,453,053,497	2,453,053,497	—	—

(Note) The Company delisted its American Depositary Shares from the New York Stock Exchange on April 22, 2013.

(2) Information on the stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Details of rights plans

Not applicable.

(5) Changes in the total number of issued shares and the amount of common stock, etc.

Date	Change in the total number of issued shares (Thousands)	Balance of the total number of issued shares (Thousands)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
April 1, 2005*	—	2,453,053	—	258,740	798	568,212

* Change in capital reserve described above was due to the merger of Matsushita Industrial Information Equipment Co., Ltd., which was a wholly-owned subsidiary of the Company.

(6) Composition of Issued Shares by Type of Shareholders

As of March 31, 2013

Class	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other institutions	Foreign shareholders		Individual and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	2	185	108	4,513	572	376	516,636	522,392	—
Share ownership (units)	66	6,615,002	336,298	2,028,165	6,209,563	7,251	9,229,659	24,426,004	10,453,097
Percentage of shares (%)	0.00	27.08	1.38	8.30	25.42	0.03	37.79	100.00	—

(Notes) 1. Of 141,394,374 shares of treasury stock, 1,413,943 units are included in "Individual and others," and 74 shares are included in "Number of shares less than one unit."

2. Of the shares registered in the name of Japan Securities Depository Center, Inc., 121 units are included in "Other institutions," and 9 shares are included in "Number of shares less than one unit."

(7) Major shareholders

As of March 31, 2013

Name	Address	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account) Note 2	11-3, Hamamatsucho 2-chome, Minato-ku,Tokyo	101,244	4.12
Japan Trustee Services Bank, Ltd. (trust account) Note 3	8-11, Harumi 1-chome, Chuo-ku, Tokyo	82,259	3.35
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	76,728	3.12
State Street Bank and Trust Co. （Standing proxy: The Hongkong and Shanghai Banking Corporation, Ltd., Tokyo）	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. （11-1, Nihombashi 3-chome, Chuo-ku, Tokyo）	70,639	2.87
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	66,817	2.72
SSBT OD05 Omnibus Account - Treaty Clients （Standing proxy: The Hongkong and Shanghai Banking Corporation, Ltd., Tokyo）	338 PITT STREET SYDNEY NSW 2000 AUSTRALIA （11-1, Nihombashi 3-chome, Chuo-ku, Tokyo）	60,943	2.48
Moxley & Co. LLC （Standing proxy: Sumitomo Mitsui Banking Corporation)	270 PARK AVENUE，NEW YORK，N.Y. 10017-2070 U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	60,641	2.47
Panasonic Corporation Employee Shareholding Association	1006, Oaza Kadoma, Kadoma-shi, Osaka	54,465	2.22
Sumitomo Life Insurance Co.	4-35, Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka	37,408	1.52
Matsushita Real Estate Co., Ltd.	6-8, Koraibashi 1-chome, Chuo-ku, Osaka-shi, Osaka	29,121	1.18
Total	—	640,270	26.10

(Notes) 1. Holdings of less than 1,000 shares have been omitted.
2. The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) reflects the shares entrusted by Mitsubishi UFJ Trust and Banking Corporation and other corporations, which have been originally entrusted with such shares in their trust services.
3. The number of shares held by Japan Trustee Services Bank, Ltd. (trust account) reflects the shares entrusted by Sumitomo Mitsui Trust Holdings, Inc. and other corporations, which have been originally entrusted with such shares in their trust services.
4. The Company has 141,394 thousands shares of treasury stock, 5.76% to the total number of issued shares.

(8) Information on voting rights

1) Total number of shares

As of March 31, 2013

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	(Treasury stock) Common stock 141,394,300	—	Standard of the Company's common stock without any restriction
	(Crossholding stock) Common stock 14,994,900	—	Same as above
Shares with full voting right (others)	Common stock 2,286,211,200	22,862,112	Same as above
Shares less than one unit	Common stock 10,453,097	—	Shares less than one unit (100 shares)
Number of issued shares	2,453,053,497	—	—
Total number of voting rights	—	22,862,112	—

(Notes) 1. 12,100 shares (121 units) and 9 shares registered in the name of Japan Securities Depository Center, Inc. are included in "Shares with full voting right (others) " and "Shares less than one unit," respectively.

2. Treasury stock and crossholding stock described below are included in "Shares less than one unit"

Treasury stock : Panasonic Corporation (74 shares)

Crossholding stock : Panasonic Employee Cooperation Society, Inc. (7 shares), Tomita Electric Co., Ltd. (77 shares), Asahi Plating Co., Ltd. (71 shares), Osaka National Electric Works Co., Ltd. (50 shares), AC Techno SANYO Co., Ltd. (75 shares)

2) Treasury stock, etc.

As of March 31, 2013

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (Shares)	Percentage of total issued shares (%)
(Treasury stock) Panasonic Corporation	1006, Oaza Kadoma, Kadoma-shi, Osaka	141,394,300	—	141,394,300	5.76
(Crossholding stock) Panasonic Employee Cooperation Society, Inc.	1006, Oaza Kadoma, Kadoma-shi, Osaka	14,798,800	—	14,798,800	0.60
Sanin Panasonic Co., Ltd.	416, Watarihashicho, Izumo-shi, Shimane	100,000	—	100,000	0.00
Tomita Electric Co., Ltd.	2479, Hongo Yoshidaaza Oaza Oizumimachi, Oura-gun, Gunma	46,900	—	46,900	0.00
Asahi Plating Co., Ltd.	5-16, Shinmori 4-chome, Asahi-ku, Osaka-shi, Osaka	23,400	—	23,400	0.00
STC Co., Ltd.	1038, Hinodecho, Isesaki-shi, Gunma	11,500	—	11,500	0.00
Osaka National Electric Works Co., Ltd.	7-21, Imagawa 8-chome, Higashisumiyoshi-ku, Osaka-shi, Osaka	9,200	—	9,200	0.00
AC Techno SANYO Co., Ltd.	597-1, Nisshincho 3-chome, Kita-ku, Saitama-shi, Saitama	5,100	—	5,100	0.00
Crossholding stock Total	—	14,994,900	—	14,994,900	0.61
Total	—	156,389,200	—	156,389,200	6.37

(9) Stock option plans

Not applicable.

2. Information on Acquisition of Treasury Stock, etc.

Class of shares

Acquisition of common stock under Article 155, Item 7 of the Company Law and acquisition of common stock under Article 155, Item 13 of the Company Law.

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Not applicable.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2013	57,369	34,608,061
Treasury stock acquired during the current period	12,631	9,324,018

(Note) With regard to "Treasury stock acquired during the current period," the number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2013 to filing date is not included.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2013		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange or company split	—	—	—	—
Others (Acquired treasury stock which was sold due to requests from shareholders holding shares less than one unit shares to sell additional shares)	14,291	24,994,959	1,380	2,413,620
Total numbers of treasury stock held	141,394,374	—	141,405,625	—

(Note) With regard to "Number of shares (shares)" and "Total disposition amount (yen)" of the current period, the number of treasury stock which was sold due to requests from shareholders holding less than one unit shares to sell additional shares from June 1, 2013 to filing date and that of treasury stock acquired due to purchase requests from shareholders holding shares less than one unit shares from June 1, 2013 to the filing date are not included.

3. Dividend Policy

Since its establishment, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

Panasonic pays dividends twice a year, an interim and a year-end. Dividends are resolved at the Board of Directors meeting under articles of incorporation.

However, the Company recorded a significant net loss for the second consecutive year due mainly to business restructuring expense and an increase in valuation allowances to deferred tax assets with business depression especially in digital consumer related products. Global business condition surrounding the Company is expected to be continuously uncertain. Under this circumstance, the Company decided not to distribute a dividend for the fiscal 2013 to improve its financial position from the perspective of the mid to long term shareholders' profit.

4. Stock Prices

(1) Highest and lowest stock prices in the recent five fiscal years

Fiscal year	102nd business term	103rd business term	104th business term	105th business term	106th business term
Year end	March 2009	March 2010	March 2011	March 2012	March 2013
Highest (yen)	2,515	1,585	1,480	1,070	781
Lowest (yen)	1,000	1,062	826	582	376

(Note) The stock prices are market prices on the first section of the Tokyo Stock Exchange.

(2) Highest and lowest stock prices in the recent six months

Month	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
Highest (yen)	530	432	530	622	781	731
Lowest (yen)	470	376	401	502	592	648

(Note) The stock prices are market prices on the first section of the Tokyo Stock Exchange.

5. Member of the Board of Directors and Corporate Auditors

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Chairman of the Board of Directors		Shusaku Nagae	January 30, 1950	Apr. 1972 Dec. 2004 June 2007 June 2010 Apr. 2011 Jan. 2012 June 2012 June 2013	Joined Matsushita Electric Works, Ltd. (MEW); Managing Executive Officer, MEW; Managing Director, MEW; President, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.; In charge of Solution Business / President, Eco Solutions Company; Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business; Chairman of the Board of Directors (incumbent).	Note 5	100
Vice Chairman of the Board of Directors		Masayuki Matsushita	October 16, 1945	Apr. 1968 Oct. 1981 Feb. 1986 June 1990 June 1992 Aug. 1993 July 1995 June 1996 June 2000	Joined the Company; General Manager, Washing Machine Business Unit; Director of the Company; Managing Director of the Company; Senior Managing Director of the Company; Division Director, Corporate Industrial Marketing & Sales Division; In charge of Overseas Operations; Executive Vice President of the Company; Vice Chairman of the Board of Directors (incumbent).	Note 5	127,231

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
President and Director		Kazuhiro Tsuga	November 14, 1956	Apr. 1979 June 2001 June 2004 Apr. 2008 Apr. 2011 June 2011 June 2012	Joined the Company; Director, Multimedia Development Center; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company; Senior Managing Executive Officer of the Company / President, AVC Networks Company; Senior Managing Director of the Company; President of the Company (incumbent).	Note 5	434
Senior Managing Director	In charge of Legal Affairs, Risk Management, Information Security and Business Ethics	Ikusaburo Kashima	October 8, 1948	July 1971 July 1999 Jan. 2001 Apr. 2001 June 2003 June 2004 June 2005 Apr. 2007 Apr. 2009 Apr. 2010 Apr. 2011	Joined Ministry of International Trade and Industry; Director General, Price Bureau of Economic Planning Agency; Retired from office at Ministry of Economy, Trade and Industry; Vice-President, the National Institute of Advanced Industrial Science and Technology; Vice Chairman, Information-technology Promotion Agency; Joined the Company; Director of the Company / Deputy Chief of Overseas Operations; Managing Director of the Company / In charge of Legal Affairs (incumbent), Corporate Risk Management, Corporate Information Security and Corporate Business Ethics (incumbent); In charge of Intellectual Property; Senior Managing Director of the Company (incumbent); In charge of Corporate Risk Management and Corporate Information Security (incumbent).	Note 5	342

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Managing Director	President, Automotive & Industrial Systems Company	Yoshihiko Yamada	May 11, 1951	Apr. 1974 Apr. 2003 June 2004 Apr. 2007 Apr. 2010 June 2010 Apr. 2011 Jan. 2012 Apr. 2013	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, System Solutions Business Group; Executive Officer of the Company / Director, Corporate Management Division for North America / Chairman, Matsushita Electric Corporation of America; Managing Executive Officer of the Company; In charge of Industrial Sales; Managing Director of the Company; Senior Managing Director of the Company (incumbent); In charge of Industrial Devices Business; President, Automotive & Industrial Systems Company (incumbent).	Note 5	438
Senior Managing Director	Representa-tive in Tokyo	Yoshiiku Miyata	April 24, 1953	Apr. 1977 Apr. 2004 Apr. 2007 Apr. 2009 Apr. 2011 June 2011 Jan. 2012 Apr. 2013	Joined the Company; Managing Director, Panasonic Marketing Europe GmbH; Executive Officer of the Company / Director, Corporate Management Division for Europe / Chairman, Panasonic Europe Ltd.; Managing Executive Officer of the Company / Senior Vice President, AVC Networks Company / Director, Visual Products and Display Devices Business Group; Senior Managing Executive Officer of the Company / In charge of Overseas Operations; Senior Managing Director of the Company (incumbent); Director, Global Consumer Marketing Sector / In charge of Design; Representative in Tokyo (incumbent).	Note 5	307

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Managing Director	President, Appliances Company	Kazunori Takami	June 12, 1954	Apr. 1978 June 2002 Apr. 2005 Apr. 2006 Apr. 2008 Apr. 2009 June 2009 Apr. 2012	Joined the Company; Director, Matsushita Refrigeration Company; 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; Executive Officer of the Company; Managing Executive Officer of the Company; President, Home Appliances Company (currently Appliances Company) (incumbent) / In charge of Lighting Company; Managing Director of the Company; Senior Managing Director of the Company (incumbent).	Note 5	243
Managing Director	In charge of Planning	Takashi Toyama	September 28, 1955	Apr. 1978 Apr. 2006 Apr. 2007 Jan. 2010 June 2010 Apr. 2011 June 2012	Joined the Company; President, Panasonic System Solutions Company / Director, Corporate Construction Business Promotion Division; Executive Officer of the Company; President, System Networks Company / President, Panasonic System Networks Co., Ltd.; Director of the Company; Managing Director of the Company (incumbent) / President, Systems & Communications Company; In charge of Planning (incumbent) and Information Systems.	Note 5	397

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Managing Director	In charge of Accounting and Finance	Hideaki Kawai	September 1, 1954	Apr. 1977 July 2004 Apr. 2008 Apr. 2011 June 2012	Joined the Company; General Manager, Corporate Finance & IR Group; Executive Officer of the Company; Managing Executive Officer of the Company / General Manager, Corporate Planning Group; Managing Director of the Company (incumbent) / In charge of Accounting and Finance (incumbent).	Note 5	615
Managing Director	President, AVC Networks Company	Yoshiyuki Miyabe	December 5, 1957	Apr. 1983 Jan. 2003 Apr. 2008 Apr. 2011 June 2011 Oct. 2012 Apr. 2013	Joined the Company; Manager, R&D Planning Office; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / In charge of Technology; Managing Director of the Company (incumbent); In charge of Intellectual Property; President, AVC Networks Company (incumbent).	Note 5	451
Managing Director	In charge of Human Resources, General Affairs and Facility Management	Yoshiaki Nakagawa	February 14, 1954	Apr. 1976 Apr. 2007 Apr. 2009 Apr. 2011 June 2011 Apr. 2012	Joined the Company; General Manager, Corporate Accounting Group; Executive Officer of the Company / General Manager, Corporate Planning Group; Managing Executive Officer of the Company / In charge of Human Resources and General Affairs (incumbent); Managing Director of the Company (incumbent); In charge of Facility Management (incumbent).	Note 5	321

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Managing Director	In charge of Technology, Intellectual Property and Information Systems	Mamoru Yoshida	May 21, 1956	Apr. 1979 Apr. 2008 Apr. 2009 Apr. 2012 June 2012 Apr. 2013	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, Newtwork Business Group; Executive Officer of the Company / Senior Vice President, AVC Networks Company; Managing Executive Officer of the Company / President, AVC Networks Company; Managing Director of the Company (incumbent); In charge of Technology (incumbent), Intellectual Property (incumbent) and Information Systems (incumbent).	Note 5	235
Managing Director	In charge of Manufactu-ring Innovation, Quality Administ-ration and Environmental Affairs	Tsuyoshi Nomura	December 7, 1952	Jan. 1990 Apr. 2007 Apr. 2009 Apr. 2012 June 2013	Joined the Company; President, Advanced Production Systems Development Company; Executive Officer of the Company; Managing Executive Officer of the Company / In charge of Manufacturing Innovation (incumbent), Quality Administration (incumbent) and Environmental Affairs (incumbent) ; Managing Director of the Company (incumbent).	Note 5	161
Director		Ikuo Uno	January 4, 1935	Apr. 1997 Apr. 2005 June 2005 Apr. 2011 July 2011	President, Nippon Life Insurance Company; Chairman, Nippon Life Insurance Company; Director of the Company (incumbent); Director and Executive Advisor to the Board, Nippon Life Insurance Company; Executive Advisor to the Board, Nippon Life Insurance Company (incumbent).	Note 5	—

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director		Masayuki Oku	December 2, 1944	June 2005 June 2008	President, Sumitomo Mitsui Banking Corporation / Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. (incumbent); Director of the Company (incumbent).	Note 5	10
Director		Hiroko Ota	February 2, 1954	Sep. 2006 Aug. 2008 June 2013	The minister of Japan's Economic and Fiscal Policy; Professor of National Graduate Institute for Policy Studies (incumbent); Director of the Company (incumbent).	Note 5	50
Director	President, Eco Solutions Company	Tamio Yoshioka	March 25, 1955	Apr. 1977 Apr. 2006 June 2011 Apr. 2013 June 2013	Joined Matsushita Electric Works, Ltd. (MEW); Executive Officer, MEW; Director, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Officer, Eco Solutions Company; Director of the Company (incumbent) / President, Eco Solutions Company (incumbent).	Note 5	83

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Corporate Auditor		Seiichiro Sano	November 20, 1952	Apr. 1977 Apr. 2005 Apr. 2007 June 2007 Apr. 2011 Jan. 2012 June 2012	Joined SANYO Electric Co., Ltd. (SANYO); Officer, SANYO; President, SANYO; Executive Director & President, SANYO; Senior Managing Executive Officer of the Company; In charge of Special Task; Senior Corporate Auditor of the Company (incumbent).	Note 6	51
Senior Corporate Auditor		Yoshihiro Furuta	September 22, 1954	Apr. 1978 June 2008 Apr. 2009 June 2011	Joined Matsushita Electric Works, Ltd. (MEW); Managing Director, MEW; Associate Director, Corporate Division for Promoting Systems and Equipment Business; Senior Corporate Auditor of the Company (incumbent).	Note 7	123
Corporate Auditor		Yasuo Yoshino	October 5, 1939	July 2001 June 2003 July 2007	Chairman, Sumitomo Life Insurance Company; Corporate Auditor of the Company (incumbent); Advisory of Sumitomo Life Insurance Company (incumbent).	Note 7	30
Corporate Auditor		Ikuo Hata	August 6, 1931	Apr. 1957 Apr. 1992 Sep. 1995 June 1998 July 2001 June 2004	Appointed to the Bench; President of the Osaka District Court; Registered as Attorney at law (member of Osaka Bar Association) (incumbent); Vice President of the Japan Federation of Conciliation Associations; Member of the Supreme Court's Building-Related Litigation Commission (incumbent); Corporate Auditor of the Company (incumbent).	Note 6	—

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Corporate Auditor		Hiroyuki Takahashi	March 1, 1937	Apr. 1959	Joined Mitsui & Co., Ltd.;	Note 8	—
				June 1997	Full-time Corporate Auditor, Mitsui & Co., Ltd.;		
				Oct. 2000	Executive Managing Director and Secretary-General, Japan Corporate Auditors Association;		
				June 2006	Corporate Auditor of the Company (incumbent).		
Total							131,626

(Notes)

1. These with the title of Senior Managing Director or above are Representative Directors.
2. "Share ownership" of less than 100 shares has been omitted.
3. Ikuo Uno, Masayuki Oku and Hiroko Ota are outside directors.
4. Yasuo Yoshino, Ikuo Hata and Hiroyuki Takahashi are outside corporate auditors.
5. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2014 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2013.
6. The term of office of Seiichiro Sano and Ikuo Hata, Corporate Auditors, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2016 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2012.
7. The term of office of Yoshihiro Furuta and Yasuo Yoshino, Corporate Auditors, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2015 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2011.
8. The term of office of Hiroyuki Takahashi, Corporate Auditor, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2014 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2010.

9. Effective June 27, 2003, Panasonic's Executive Officer System was introduced to address the diversity of business operations over the entire Group through delegation of authority and to help integrate the comprehensive strengths of all Group companies. Directors who concurrently serve as Executive officers are not included in the following list.

Position	Name	Responsibility
Senior Managing Executive Officer	Takumi Kajisha	In charge of Corporate Communications
Managing Executive Officer	Masatoshi Harada	Representative in Kansai
Managing Executive Officer	Laurent Abadie	Regional Head for Europe & CIS Chairman & CEO, Panasonic Europe Ltd. Managing Director, Panasonic Marketing Europe GmbH
Managing Executive Officer	Yorihisa Shiokawa	Regional Head for Asia, the Middle East & Africa Managing Director, Panasonic Asia Pacific Pte. Ltd.
Managing Executive Officer	Jun Ishii	Director, Government and External Relations Division
Managing Executive Officer	Joseph Taylor	Regional Head for North America Chairman & CEO, Panasonic Corporation of North America President, Panasonic Consumer Marketing Company of North America
Managing Executive Officer	Yoshio Ito	Senior Vice President, Automotive & Industrial Systems Company In charge of Industrial Business, Automotive & Industrial Systems Company
Managing Executive Officer	Hidetoshi Osawa	Regional Head for China & Northeast Asia Chairman, Panasonic Corporation of China
Managing Executive Officer	Yukio Nakashima	Director, Consumer Marketing Sector for Japan Region In charge of Design
Executive Officer	Shiro Nishiguchi	Senior Vice President, AVC Networks Company In charge of Consumer Business, AVC Networks Company
Executive Officer	Kenji Yamane	President, Panasonic Healthcare Co., Ltd.
Executive Officer	Yasutomo Fukui	In charge of Information Systems
Executive Officer	Katsuhiko Fujiwara	Senior Vice President, Appliances Company In charge of Devices Business, New Business and Quality Operations
Executive Officer	Masahisa Shibata	Senior Vice President, Automotive & Industrial Systems Company In charge of Automotive Business, Automotive & Industrial Systems Company
Executive Officer	Toshiyuki Takagi	Senior Vice President, AVC Networks Company In charge of System Products Business President, Panasonic System Networks Co., Ltd.
Executive Officer	Machiko Miyai	In charge of Lifestyle Research for New Markets, R&D Division
Executive Officer	Masahiro Ido	Vice President, Eco Solutions Company In charge of Planning, Eco Solutions Company

Position	Name	Responsibility
Executive Officer	Satoshi Takeyasu	Associate Director, Groupwide Brand Communications Division
Executive Officer	Norihisa Mimura	Senior Vice President, Appliances Company In charge of Cold Chain Business, Appliances Company
Executive Officer	Yasuji Enokido	Senior Vice President, AVC Networks Company In charge of System Solutions Business, AVC Networks Company
Executive Officer	Paul Margis	Senior Vice President, AVC Networks Company In charge of Avionics Business Division, AVC Networks Company Director, Avionics Business Division

6. Corporate Governance, etc.

This section includes the matters of consolidated companies. This section is as of June 27, 2013, the date of the filing of this annual securities report, unless otherwise indicated.

(1) Corporate Governance

1) 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 Corporate Auditors and the Board of Corporate Auditors, 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 Division 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 some functions such as those of the Corporate R&D Group and the Corporate Legal Affairs Division, which had previously been a function 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 addition, the Company reorganized its business structure as described in II Business Overview 3. Challenges of Panasonic Group in April 2013. Nine (9) business domain companies were constructively dissolved and eighty-eight (88) business units under those business domain companies were consolidated into forty-nine (49) business divisions as basic management units. The Company also established four (4) Divisional Companies (Appliances, Eco Solutions, AVC Networks and Automotive & Industrial Systems) to support the business division system. The Divisional Companies are the aggregation of the business divisions, each of which is a basic unit that is autonomously managed to formulate its respective midterm plans and business plans, and each unit is responsible for R&D, production and sales as well as its cash and profit management, on a global basis. The Company has established the following the corporate governance system suitable for the Company’s business structure based on the 4 Divisional Companies and business divisions.

2) 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 the 4 Divisional Company-based management structures. Under this structure, the Company has empowered each of 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-one (21) Executive Officers (excluding those who concurrently serve as Directors), which include top managements of each of 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, as well as sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on corporate strategies and the supervision of 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 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' meetings. Moreover, to clarify the responsibilities of Directors and create a more agile organization of the Board of Directors, the Company has limited the term of each Director to one year.

＜Corporate Auditors and the Board of Corporate Auditors＞

Pursuant to the Company Law, the Company has elected Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors 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) Corporate Auditors, including three (3) Outside Corporate Auditors. Additionally, the Company elected Corporate Auditors who have substantial finance and accounting knowledge. Corporate Auditors participate in the general meetings of shareholders and the Board of Directors' meetings, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority permitted to Corporate Auditors under the law. Full-time Senior Corporate Auditors also attend important meetings and conduct visiting audits of business offices in order to ensure effective audit. In order to augment internal auditing functions in the Group with 4 Divisional Companies' structure from April 2013, the Company assigns eight (8) non-statutory full-time senior auditors who directly report to the Senior Corporate Auditors of the Company to each of the Divisional Companies in the same manner as the Company had assigned full time auditors to the business domain companies, etc. to assist Corporate Auditors in audits. The Company also inaugurated regular Panasonic Group Auditor Meetings (comprising a total of eighteen (18) members, of which two (2) were Senior Corporate Auditors of the Company, eight (8) were non-statutory full-time senior auditors of the Divisional Companies and eight (8) non-statutory full-time senior auditors of the Group Companies) chaired by the Senior Corporate Auditors of the Company to enhance collaboration among the Company's Corporate Auditors, non-statutory full-time senior auditors of the Divisional Companies and corporate auditors of the Group companies. In addition, as part of their audit duties, Corporate Auditors maintain close contacts with the Internal Audit Group, which performs business audits and internal control audits, to ensure the efficiency of audits. Corporate Auditors regularly receive from the Internal Audit Group or other sections a regular report regarding the status involving the internal control system and results of audits. Corporate Auditors may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Moreover, in order to enhance the effectiveness of the audits conducted by Corporate Auditors and ensure the smooth implementation of audits, the Company has established a Corporate Auditor's Office with a full-time staff of six (6) under the direct control of the Board of Corporate Auditors.

Mr. Yoshihiro Furuta, a Senior Corporate Auditor of the Company, has substantial finance and accounting knowledge, having held the position of General Manager, Accounting, at Matsushita Electric Works, Ltd.

All of the Outside Directors and Outside Corporate Auditors are notified to the Japanese stock exchanges as "independent directors/corporate auditors" pursuant to article 436, paragraph 2 of Securities Listing Regulations of the Tokyo stock exchange and are unlikely to have any conflict of interests with our shareholders.

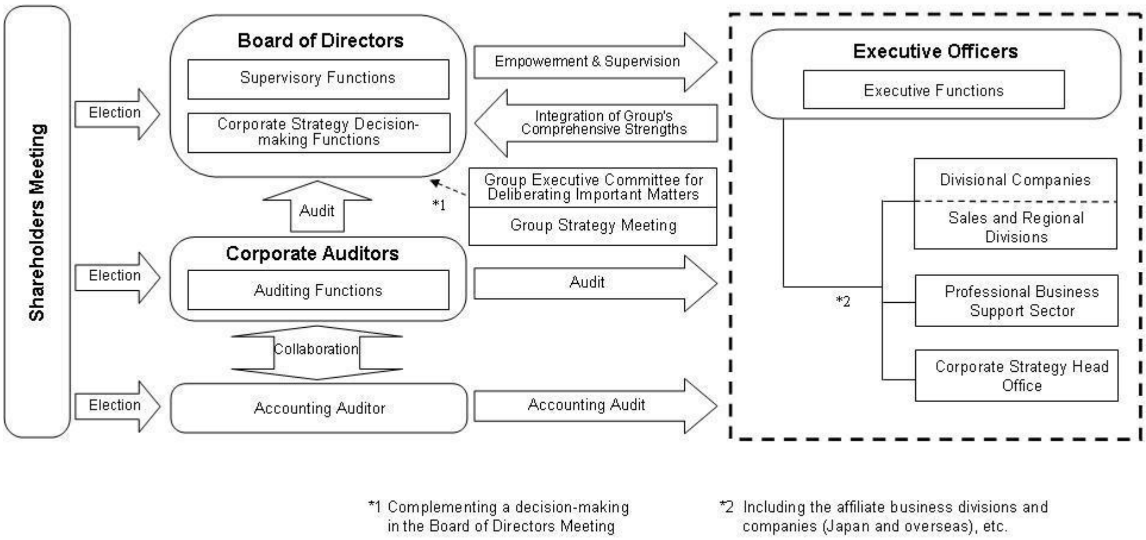
<Group Executive Committee for Deliberating Important Matters>

In October 2012, the Company established and has operated the Group Executive Committee for Deliberating Important Matters, where discussions are conducted prior to a meeting of the Board of Directors, with the aim of ensuring productive deliberations at the Board of Directors' meetings. 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 discussed and approved by the President. This Committee was established by integrating the Group Management Committee, the Approval Meeting and the Investment and Borrowing Committee. 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 those being discussed 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- and long-term strategies and certain important issues. The meeting is generally held twice a month. The attendants consist of approximately ten (10) people in managerial positions, including the President and the top management officers of the major businesses (currently, the presidents of the 4 Divisional Companies), called the Group Management Team. The officers of related businesses and functions being discussed also join the meeting, if necessary. 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.

Corporate Governance Structure
(Functions of the Board of Directors, Executive Officers and Corporate Auditors, etc.)



3) Basic Policy on Internal Control Systems and Status of the Development of the System

The Company's Board of Directors has determined the Company's basic policy regarding the development of internal control systems, as outlined below. It was decided at the Board of Directors' meeting held on July 31, 2012 that this basic policy should be retained. The details are as follows:

＜Basic Policy Regarding Development of Internal Control Systems＞

(a) System for ensuring legitimacy of the execution of duties by Directors

The Company shall ensure legitimacy of the execution of duties by Directors by developing effective corporate governance and monitoring systems, as well as increasing awareness about compliance.

(b) System for retention and management of information on the execution of duties by Directors

The Company shall retain and manage information on the execution of duties by Directors in accordance with laws and ordinances and the internal regulations of the Company.

(c) Regulations and other systems for risk management

The Company shall establish regulations for risk management, collect and assess information on risks in an integrated and comprehensive fashion in order to identify material risks, take countermeasures that match the materiality of each risk and seek continuous improvements through monitoring the progress of such countermeasures.

(d) System for ensuring efficiency of the execution of duties by Directors

The Company shall ensure efficiency of the execution of duties by Directors by clarifying business goals through business plans and other measures, and examining the status of achievement of such goals, while seeking to expedite decision-making.

(e) System for ensuring legitimacy of the execution of duties by employees

The Company shall seek to increase awareness of compliance by employees by clarifying the Company's policy regarding compliance. The Company shall also ensure legitimacy of the execution of duties by employees by developing effective monitoring systems.

(f) Matters concerning employees who assist Corporate Auditors in auditing, and matters concerning independence of such employees from Directors

The Company shall establish an organization independent from Directors and maintain a staff for Corporate Auditors in order to enhance the effectiveness of audits by Corporate Auditors and facilitate the effective performance of audits.

(g) System for making reports to Corporate Auditors

The Company shall ensure opportunities and a system by which Directors and employees, etc. can make reports to Corporate Auditors.

(h) System for ensuring effectiveness of audits by Corporate Auditors

The Company shall develop a system in which effective audits may be executed in accordance with the audit plan established by Corporate Auditors each year.

(i) System for ensuring the properness of operations of the Group

The Company shall ensure that the Group companies follow the management policy and management philosophy of the Company and the basic policy in (a) through (h) above, in order to ensure the proper execution of businesses for the Group as a whole, while at the same time respecting the Group companies' autonomous management.

＜Status of Development＞

(a) System for ensuring legitimacy of the execution of duties by Directors

The Company established internal regulations such as the Panasonic Code of Conduct, which provides specific guidelines for the implementation of management philosophy, the Code of Ethics for Directors and Executive Officers, and other internal rules. The Company also delegates responsibility relating to execution of business to Executive Officers, pursuant to resolutions of the Board of Directors. The Company also realigned the role and structure of the Board of Directors to concentrate on corporate strategies and the supervision of business domain companies and under such system the responsibility of Directors is clarified. Moreover, audits are conducted by Corporate Auditors and the Board of Corporate Auditors. The Company also has a management committee and a non-statutory full-time senior auditor at each of business domain companies, etc. corresponding to the Board of Directors and the Corporate Auditors at the Company, respectively.

(b) System for retention and management of information on the execution of duties by Directors

The minutes of meetings of the Board of Directors are recorded for each meeting of the Board of Directors and retained permanently by the Secretariat of the Board of Directors. The records of final decisions by the President are also retained permanently by the department in charge.

(c) Regulations and other systems for risk management

Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee and takes countermeasures that match the materiality of each risk.

(d) System for ensuring efficiency of the execution of duties by Directors

The Company expedites decision-making through the Group Executive Committee for Deliberating Important Matters, the operation of the approval procedures of material matters, clear separation of roles for Directors and Executive Officers, the bold transfer of authority to each of business domain companies and the implementation of an IT system that ensures the rapid and accurate collection and transmission of vital management information. Also, the Company established the midterm management plan, the business plan and other measures, and planned and implemented the measures by confirming and examining the status of achievement at the time of financial settlement of monthly accounts.

(e) System for ensuring legitimacy of the execution of duties by employees

The Company makes efforts to detect fraudulent acts at an early stage through performing operational and internal control audits, operating the corporate whistleblower hotline and other measures, as well as establishing internal rules such as the Panasonic Code of Conduct and conducting various activities including the operations of the corporate compliance committee. Also regarding to antisocial forces, the Company thoroughly prevents any relationships with antisocial forces by assigning persons-in-charge for preventing undue claims at the department overseeing measures against antisocial forces.

(f) Matters concerning employees who assist Corporate Auditors in auditing and matters concerning independence of such employees from Directors
The Company established the Corporate Auditor's Office to which the full-time staff for Corporate Auditors belong, under the direct control of the Board of Corporate Auditors, which is separate from other executive departments.

(g) System for making reports to Corporate Auditors
Directors and employees, etc. make reports on business operations and problems to Corporate Auditors at regular meetings held by Corporate Auditors or at other important meetings by requesting Corporate Auditors to attend, as necessary. The Company also established a system by which employees, etc. can report directly to the Board of Corporate Auditors about concerns in regards to accounting or auditing irregularities.

(h) System for ensuring effectiveness of audits by Corporate Auditors
The Company has a non-statutory full-time senior auditor at each of business domain companies, etc. who assists Corporate Auditors in auditing compliance status. The Company also established and operates the Panasonic Group Auditor Meetings chaired by the Senior Corporate Auditors in order to enhance collaboration among the Company's Corporate Auditors, the non-statutory full-time senior auditors of business domain companies, etc. and the Corporate Auditors of the Company's main subsidiaries. Moreover, each department has been cooperating to enhance the effectiveness of audits by Corporate Auditors through each department's collaboration in visiting audits of business offices inside and outside Japan by Corporate Auditors and through the Internal Auditing Group's reports to Corporate Auditors at appropriate times.

(i) System for ensuring properness of operations of the Group
The Company established the Panasonic Code of Conduct, and it also exercises the rights of shareholders of the Group companies and dispatches Directors and Corporate Auditors to the Group companies. In addition, the Company established the approval procedures for final decisions on material matters, and established the function-related regulations across the Group. Moreover, the Internal Auditing Group conducts periodic audits on the Company's business and internal control audits. Steps are also taken to share business goals through the announcement of the business policies and the distribution of appropriate information by internal notices. In addition, the Company oversees the activities of publicly listed subsidiaries to ensure that they engage in the appropriate implementation and management of these systems.

Furthermore, the framework described above ensures that operations are proper, enabling the Group to establish the internal controls necessary for financial reporting based on the Sarbanes-Oxley Act and Financial Instruments and Exchange Act.

Notes: 1. "Group companies" means subsidiaries as stipulated in the Company Law of Japan.
2. The Company reorganized the business domain companies to the 4 Divisional Companies as of April 1, 2013.

4) The status of the Company's internal system concerning timely disclosure of corporate information
Under its management philosophy, "A company is a public entity of society," the Company has been committed to highly transparent business activities and endeavored to fulfill its accountability to its stakeholders. The Company's basic policy concerning information disclosure is set forth in the "Panasonic Code of Conduct," which prescribes specific items to be complied with in order to put the Group's business policy into practice, and is published on the Company's website and elsewhere. The Company's basic policy concerning information disclosure is to provide the Company's fair and accurate financial information and

corporate information, including management policies, business activities and corporate social responsibility (CSR) activities, in a timely, appropriate and easily understandable manner.
In accordance with this basic policy, important matters concerning the management of the Group are resolved or reported at meetings of the Board of Directors pursuant to the Regulations of the Board of Directors. These important matters and other matters, which are required to be disclosed under relevant laws and ordinances and the rules of financial instruments exchanges or any other regulations in Japan and overseas, are timely and accurately reported from each relevant department having internal information to the department that handles relevant information under the monitoring of the Director in charge of Accounting and Finance so that important information is gathered.
Moreover, if any of the matters which are required to be disclosed under relevant laws and ordinances and the rules of financial instruments exchanges or any other regulations in Japan and overseas occur with respect to the Company's business divisions including subsidiaries, such matter is required to be immediately reported to the "Corporate Accounting Group" or the "Corporate Finance & IR Group" of the head office, depending upon the nature thereof; thus, the Company has established a system whereby these matters can be identified within the Company.
With respect to the information gathered or identified, the Company determines the necessity of disclosure thereof in accordance with relevant laws and ordinances and the rules of financial instruments exchanges or any other regulations in Japan and overseas, and makes efforts to conduct the disclosure at the time that the organization, which substantially decides on the execution of business of the Company, makes a resolution or determination, or the Company becomes aware of the occurrence of the relevant matter.
In addition, the Company endeavors to confirm the details and expressions of the disclosure with the relevant departments within the Company and outside legal counsel to ensure the accuracy, fairness and adequacy of disclosure.

Moreover, the Company has established disclosure control procedures under Section 302 of the U.S. Public Company Accounting Reform and Investor Protection Act from fiscal 2003. In the process of preparation and confirmation of annual securities reports, quarterly reports and annual reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the monitoring of the President and the Director in charge of Accounting and Finance, who are responsible for establishing, maintaining and ensuring the effectiveness of the internal control and disclosure control of the Company. The chairman of the Disclosure Committee is appointed by the President and the Director in charge of Accounting and Finance, and the members of the Disclosure Committee are appointed by the chairman of the Disclosure Committee. The Disclosure Committee also develops, maintains, improves and evaluates the internal control procedures concerning disclosure.
Note: The Company notified to the New York Stock Exchange ("NYSE") to apply for voluntary delisting of its American Depositary Shares ("ADSs") on April 1, 2013. Then the Company filed on April 11, 2013 of a Form 25 with the SEC for delisting from the NYSE and SEC deregistration and its delisting became effective on April 22, 2013. In addition, the Company has filed a Form 15F with the SEC on April 22, 2013 to terminate the Company's reporting obligations under the Securities Exchange Act of 1934 (the "Exchange Act"). The deregistration will become effective on July 10, 2013, 90 days after the filing of Form 25 with the SEC. Panasonic's reporting obligations under the Exchange Act were suspended by the filing of Form 15F with the SEC and will be terminated on July 21, 2013, 90 days after its filing. The anticipated effective dates may be delayed if the SEC objects or requests an extended review or for other reasons.

5) Internal Control Over Financial Reporting

The Company has documented its actual status of the internal control system, with coordination provided by the Internal Auditing Group, in order to ensure reliability in financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and business divisions, etc. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. The Corporate Internal Auditing Group supervises these activities in order to confirm the effectiveness of each company's financial reporting. With the aim of further enhancing the

Group's internal control system, in fiscal 2013 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

6) Amount of compensation for Directors and Corporate Auditors

With respect to the remuneration for Directors and Corporate Auditors, the maximum total amounts of remuneration for all Directors and Corporate Auditors 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 the remuneration amount for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

The amounts of remuneration and bonuses of Directors are linked to individual performance based on sales, pre-tax income, CCM and free cash flow, etc. 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.

(Note) CCM (Capital Cost Management) is an indicator of business management created by the Company to evaluate return on capital.

Classification	Number of persons	Amounts (million yen)	
			Monthly salary
Directors (other than Outside Directors)	21	835	835
Corporate Auditors (other than Outside Corporate Auditors)	3	78	78
Outside Directors	2	27	27
Outside Corporate Auditors	3	41	41

7) Status of accounting audit

Panasonic Corporation has an auditing agreement with KPMG AZSA LLC for this company to conduct the accounting audit of Panasonic Corporation. The followings are accountants who conducted the accounting audit Panasonic Corporation. The number of years of continued audits is seven years or less.

CPA having executed accounting audit works	Audit corporation to which CPA belongs
Tetsuzo Hamajima	KPMG AZSA LLC
Takashi Kondo	KPMG AZSA LLC
Sungjung Hong	KPMG AZSA LLC

Working with to assist the above accountants in conducting audit of Panasonic Corporation were 131 certified public accountants and 106 other people.

8) Outside Directors and Outside Corporate Auditors

The Company elects three (3) Outside Directors and three (3) Outside Corporate Auditors.

Mr. Ikuo Uno, an Outside Director of the Company, is an executive advisor to the Board of Nippon Life Insurance Company. Nippon Life Insurance Company is one of the major shareholders of Panasonic, but do not have any other noteworthy relationships with the Company. Mr. Masayuki Oku, an Outside Director of the Company, is Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. Sumitomo Mitsui Banking Corporation which is a subsidiary of Sumitomo Mitsui Financial Group, Inc. is one of the major shareholders of Panasonic, but do not have any other noteworthy relationships with the Company. Mr. Yasuo Yoshino, an Outside Corporate Auditor of the Company, is advisory of Sumitomo Life Insurance Company. Sumitomo Life Insurance Company is one of the major shareholders of Panasonic, but do not have any other noteworthy relationships with the Company.

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

Outside Directors directly or indirectly cooperate with the internal audit, audit by Corporate Auditors and accounting audit, receive reports from the Internal Auditing Group and conduct an effective monitoring through reports on financial results at meetings of the Board of Directors and through reviews of the basic policy regarding the development of the internal control systems and other methods.
Outside Corporate Auditors directly or indirectly cooperate with the internal audit, audit by Corporate Auditors and accounting audit, receive reports from the Internal Auditing Group and conduct an effective monitoring through reports on financial results at meetings of the Board of Directors, through reviews of the basic policy regarding the development of internal control systems and through exchanges of opinions and information at meetings of the Board of Corporate Auditors and other methods.

9) Contract between the Company and Outside Directors / Outside Corporate Auditors under Paragraph 1 of Article 427 of the Company Law

The Company has entered into liability limitation agreements with all Outside Directors and Outside Corporate Auditors, respectively, which limit the amount of their liability under Article 423, Paragraph 1 of the Company Law to the aggregate of the amounts specified in Article 425, Paragraph 1 of the Company Law, if they perform their duties in good faith and without significant negligence.

10) Matters to be resolved at general meetings of shareholders that can also be resolved by the Board of Directors

The Company stipulates in its Articles of Incorporation that unless otherwise provided by law, the Company may determine, by a resolution of the Board of Directors, a distribution of surplus or any other matters set forth in each item of Article 459, Paragraph 1 of the Company Law. This is to enable the Company to more flexibly distribute profits to shareholders based on its consolidated business performance and to repurchase and cancel its own stock under its basic policy for providing return to shareholders

The Company, pursuant to Article 426, Paragraph 1 of the Company Law, stipulates in its Articles of Incorporation that it may, by a resolution of the Board of Directors, exempt a Director (including a former Director) and a Corporate Auditor (including a former Corporate Auditor) from being held liable for his/her actions as set forth in Article 423, Paragraph 1 of the Company Law to the extent permitted by applicable laws and ordinances, to enable the Directors and Corporate Auditors to perform their duties in a satisfactory manner.

11) Requirements for the adoption of resolutions for the election of Directors

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and a majority of the votes held by those shareholders are required for the adoption of resolutions necessary to approve the election of Directors.

12) Requirements for the adoption of special resolutions of general meetings of shareholders

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and two-thirds of the votes held by those shareholders are required for the adoption of special resolutions of general meetings of shareholders which are stipulated in Article 309, Paragraph 2 of the Company Law. By relaxing the requirements for a quorum for special resolutions of general meetings of shareholders, deliberations for those resolutions can be made in a secure manner.

13) Information on shareholdings

(a) Investment securities held for purposes other than pure investment

Number of stock names: 177

Total amount recorded in the balance sheet of the Company: 87,806 million yen

(b) Stock name, number of shares, amount recorded in the balance sheet, and purpose of holding regarding investment securities held for purposes other than pure investment

(As of March 31, 2012)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	27,392,905	97,793	Maintaining and enhancing of relationship with issuer and business transactions
Honda Motor Co., Ltd.	11,272,900	35,453	Maintaining and enhancing of relationship with issuer and business transactions
Daikin Industries, Ltd.	7,500,000	16,898	Maintaining and enhancing of relationship with issuer and business transactions
TDK Corporation	3,124,808	14,655	Maintaining and enhancing of relationship with issuer and business transactions
Nippon Steel Corporation	35,985,000	8,169	Maintaining and enhancing of relationship with issuer and business transactions
KOITO MANUFACTURING CO., LTD.	4,280,250	5,731	Maintaining and enhancing of relationship with issuer and business transactions
Tesla Motors, Inc.	1,418,573	4,342	Maintaining and enhancing of relationship with issuer and business transactions
Tokyo Broadcasting System Holdings, Inc.	3,083,180	3,805	Maintaining and enhancing of relationship with issuer and business transactions
Sumitomo Metal Industries, Ltd.	19,260,000	3,216	Maintaining and enhancing of relationship with issuer and business transactions
NIPPON KANZAI Co., Ltd.	1,950,000	2,915	Maintaining and enhancing of relationship with issuer and business transactions

Regarded as holding securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
IBIDEN CO., LTD.	1,700,000	3,599	Have a right to exercise of voting rights *
Shin-Etsu Chemical Co., Ltd.	600,000	2,868	Have a right to exercise of voting rights *
Sumitomo Mitsui Financial Group, Inc.	510,000	1,389	Have a right to exercise of voting rights *

* These securities described were acquired at the merger of Panasonic Electric Works Co., Ltd.

(As of March 31, 2013)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	9,000,000	43,740	Maintaining and enhancing of relationship with issuer and business transactions
Tesla Motors, Inc.	1,418,573	5,055	Maintaining and enhancing of relationship with issuer and business transactions
Tokyo Broadcasting System Holdings, Inc.	3,083,180	4,344	Maintaining and enhancing of relationship with issuer and business transactions
Honda Motor Co., Ltd.	1,000,000	3,555	Maintaining and enhancing of relationship with issuer and business transactions
Daiwa House Industry Co., Ltd.	1,530,000	2,785	Maintaining and enhancing of relationship with issuer and business transactions
WOWOW INC.	11,004	2,722	Maintaining and enhancing of relationship with issuer and business transactions
Toray Industries, Inc.	4,214,000	2,680	Maintaining and enhancing of relationship with issuer and business transactions
Sekisui House, Ltd.	1,112,071	1,422	Maintaining and enhancing of relationship with issuer and business transactions
Mazda Motor Corporation	3,495,030	982	Maintaining and enhancing of relationship with issuer and business transactions
Joshin Denki Co., Ltd.	1,085,004	974	Maintaining and enhancing of relationship with issuer and business transactions

(c) Equity securities for pure investment

Not applicable.

(2) Audit Fees

1) Fees to Certified Public Accountants

Category	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company (Parent-alone)	581	0	729	—
Consolidated subsidiaries	1,166	—	679	3
Total	1,747	0	1,408	3

2) Other fees

In addition to the above, audit fees paid by the Company and its consolidated subsidiaries to the Company's accounting auditor, KPMG AZSA LLC Group (including KPMG and its group firms which belong to the same network as KPMG AZSA LLC), were 2,093 million yen for the fiscal year ended March 31, 2012, and 2,101 million yen for the fiscal year ended March 31, 2013, respectively. These fees are mainly paid for audit services. Some consolidated subsidiaries paid audit fees to other accounting auditors which do not belong to the same network as KPMG AZSA LLC Group. These fees are mainly paid for audit services.

3) Descriptions of non-audit services to the Company

Non-audit services to the Company in the fiscal year ended March 31, 2012 include assurance services over the reports which the Company makes optionally, and the non-audit services in the fiscal year ended March 31, 2013 include agreed-upon procedures to which the fee is charged.

4) Policy on determination of audit fees

For determining the amount of audit fees, the Company considers matters that include the number of days of audit, taking into consideration of the size of the Company, the scope and characteristics of the audit, etc.

Ⅴ Consolidated Financial Statements

[Consolidated Balance Sheets as of March 31, 2013 and 2012]

Assets	Yen (millions) 2013	2012
Current assets:		
Cash and cash equivalents (Note 8)	496,283	574,411
Time deposits (Note 8)	1,674	36,575
Short-term investments (Note 4)	-	483
Trade receivables :		
Notes (Notes 3 and 18)	56,752	73,044
Accounts (Notes 3, 18 and 19)	905,973	963,202
Allowance for doubtful receivables	(23,398)	(26,604)
Net trade receivables	939,327	1,009,642
Inventories (Notes 1 and 2)	786,845	801,991
Other current assets (Notes 6, 10 and 19)	269,954	454,663
Total current assets	2,494,083	2,877,765
Investments and advances (Notes 3, 4 and 8)	276,978	451,879
Property, plant and equipment (Notes 1, 5 and 6):		
Land	313,991	374,855
Buildings	1,638,974	1,679,665
Machinery and equipment	2,723,993	2,590,026
Construction in progress	60,173	90,786
	4,737,131	4,735,332
Less accumulated depreciation	3,061,703	2,972,774
Net property, plant and equipment	1,675,428	1,762,558
Other assets:		
Goodwill (Note 7)	512,146	757,417
Intangible assets (Notes 5, 6 and 7)	223,013	345,751
Other assets (Notes 9 and 10)	216,164	405,685
Total other assets	951,323	1,508,853
	5,397,812	6,601,055

See accompanying Notes to Consolidated Financial Statements.

Liabilities and Equity	Yen (millions) 2013	2012
Current liabilities:		
Short-term debt, including current portion of long-term debt (Notes 5 and 8)	480,304	633,847
Trade payables:		
Notes (Note 3)	52,205	53,243
Accounts (Notes 3 and 19)	739,581	797,770
Total trade payables	791,786	851,013
Accrued income taxes (Note 10)	32,162	32,553
Accrued payroll	201,460	204,842
Other accrued expenses (Notes 17,21 and 23)	713,314	749,495
Deposits and advances from customers	75,669	71,102
Employees’ deposits	6,610	7,651
Other current liabilities (Notes 9, 10 and 19)	297,854	329,001
Total current liabilities	2,599,159	2,879,504
Noncurrent liabilities:		
Long-term debt (Notes 5 and 8)	663,091	941,768
Retirement and severance benefits (Note 9)	621,802	566,550
Other liabilities (Note 10)	209,487	235,667
Total noncurrent liabilities	1,494,380	1,743,985
Equity:		
Panasonic Corporation shareholders’ equity:		
Common stock (Note 12):		
Authorized - 4,950,000,000 shares		
Issued - 2,453,053,497 shares	258,740	258,740
Capital surplus (Notes 12 and 13)	1,110,686	1,117,530
Legal reserve (Note 12)	96,259	94,512
Retained earnings (Note 12)	673,604	1,441,177
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments	(297,015)	(482,168)
Unrealized holding gains (losses) of available-for-sale securities (Note 4)	(218)	13,283
Unrealized gains (losses) of derivative instruments (Note 19)	(4,573)	(3,728)
Pension liability adjustments (Note 9)	(326,423)	(262,542)
Total accumulated other comprehensive income (loss)	(628,229)	(735,155)
Treasury stock, at cost (Note 12):		
141,394,374 shares (141,351,296 shares in 2012)	(247,028)	(247,018)
Total Panasonic Corporation shareholders’ equity	1,264,032	1,929,786
Noncontrolling interests (Note 13)	40,241	47,780
Total equity	1,304,273	1,977,566
Commitments and contingent liabilities (Notes 5 and 21)		
	5,397,812	6,601,055

See accompanying Notes to Consolidated Financial Statements.

[Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss) for the years ended March 31, 2013 and 2012]

Consolidated Statements of Operations

	Yen (millions)	
	2013	2012
Revenues, costs and expenses:		
Net sales (Notes 3)	7,303,045	7,846,216
Cost of sales (Notes 3, 18 and 19)	(5,419,888)	(5,864,515)
Selling, general and administrative expenses (Note 18)	(1,722,221)	(1,937,976)
Interest income	9,326	13,388
Dividends received	3,686	6,129
Other income (Notes 4, 18 and 19)	91,807	44,124
Interest expense	(25,601)	(28,404)
Impairment losses of long-lived assets (Note 6)	(138,138)	(399,259)
Goodwill impairment (Note 7)	(250,583)	(163,902)
Other deductions (Notes 3, 4, 6, 17, 18 and 19)	(249,819)	(328,645)
Income (Loss) before income taxes	(398,386)	(812,844)
Provision for income taxes (Note 10):		
Current	66,532	69,206
Deferred	318,141	(59,439)
	384,673	9,767
Equity in earnings of associated companies (Note 3)	7,891	6,467
Net income (loss)	(775,168)	(816,144)
Less net income (loss) attributable to noncontrolling interests	(20,918)	(43,972)
Net income (loss) attributable to Panasonic Corporation	(754,250)	(772,172)
	Yen	
Net income (loss) per share attributable to Panasonic Corporation common shareholders (Note 16):		
Basic	(326.28)	(333.96)
Diluted	-	-

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (Loss)

	Yen (millions)	
	2013	2012
Net income (loss)	(775,168)	(816,144)
Other comprehensive income (loss), net of tax (Note 14):		
Translation adjustments	198,287	(19,887)
Unrealized holding gains (losses) of available-for-sale securities	(13,416)	(3,476)
Unrealized gains (losses) of derivative instruments	(845)	(6,018)
Pension liability adjustments	(62,481)	(79,874)
	121,545	(109,255)
Comprehensive income (loss)	(653,623)	(925,399)
Less comprehensive income (loss) attributable to noncontrolling interests	(6,299)	(44,210)
Comprehensive income (loss) attributable to Panasonic Corporation	(647,324)	(881,189)

See accompanying Notes to Consolidated Financial Statements.

[Consolidated Statements of Equity for the year ended March 31, 2013 and 2012]

	Yen (millions)	
	2013	2012
Common stock (Note 12):		
Balance at beginning of year	258,740	258,740
Balance at end of year	258,740	258,740
Capital surplus (Note 12):		
Balance at beginning of year	1,117,530	1,100,181
Sale of treasury stock	-	(1,752)
Equity transactions with noncontrolling interests and others(Note 13)	(6,844)	19,101
Balance at end of year	1,110,686	1,117,530
Legal reserve (Note 12):		
Balance at beginning of year	94,512	94,198
Transfer from retained earnings	1,747	314
Balance at end of year	96,259	94,512
Retained earnings (Note 12):		
Balance at beginning of year	1,441,177	2,401,909
Sale of treasury stock	(17)	(166,334)
Net income (loss) attributable to Panasonic Corporation	(754,250)	(772,172)
Cash dividends to Panasonic Corporation shareholders	(11,559)	(21,912)
Transfer to legal reserve	(1,747)	(314)
Balance at end of year	673,604	1,441,177
Accumulated other comprehensive income (loss):		
Balance at beginning of year	(735,155)	(625,300)
Equity transactions with noncontrolling interests and others	-	(838)
Other comprehensive income (loss), net of tax (Note 14):		
Translation adjustments	185,153	(20,946)
Unrealized holding gains (losses) of available-for-sale securities	(13,501)	(3,325)
Unrealized gains (losses) of derivative instruments	(845)	(6,018)
Pension liability adjustments	(63,881)	(78,728)
	106,926	(109,017)
Balance at end of year	(628,229)	(735,155)

(Continued)

	Yen (millions)	
	2013	2012
Treasury stock (Note 12):		
Balance at beginning of year	(247,018)	(670,736)
Repurchase of common stock	(35)	(436)
Sale of treasury stock	25	424,154
Balance at end of year	(247,028)	(247,018)
Noncontrolling interests:		
Balance at beginning of year	47,780	387,343
Cash dividends paid to noncontrolling interests	(10,549)	(11,642)
Equity transactions with noncontrolling interests and others	9,309	(283,711)
Net income (loss) attributable to noncontrolling interests	(20,918)	(43,972)
Other comprehensive income (loss), net of tax (Note 14):		
Translation adjustments	13,134	1,059
Unrealized holding gains (losses) of available-for-sale securities	85	(151)
Pension liability adjustments	1,400	(1,146)
	14,619	(238)
Balance at end of year	40,241	47,780

See accompanying Notes to Consolidated Financial Statements.

[Consolidated Statements of Cash Flows for the year ended March 31, 2013 and 2012]

	Yen (millions)	
	2013	2012
Cash flows from operating activities (Note 18):		
Net income (loss)	(775,168)	(816,144)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (Note 1)	339,367	374,785
Net gain on sale of investments	(29,125)	(5,822)
Provision for doubtful receivables	6,641	12,162
Deferred income taxes (Note 10)	318,141	(59,439)
Write-down of investment securities (Notes 3 and 4)	4,017	16,636
Impairment losses on long-lived assets and goodwill (Notes 6 and 7)	388,721	563,161
Cash effects of changes in, excluding acquisition:		
Trade receivables	128,088	24,228
Inventories (Note 1)	64,625	40,318
Other current assets	51,168	17,130
Trade payables	(68,282)	(103,788)
Accrued income taxes	4,817	(7,473)
Accrued expenses and other current liabilities	(117,098)	(9,089)
Retirement and severance benefits	(8,811)	(29,374)
Deposits and advances from customers	3,247	(14,547)
Other, net	28,402	(761)
Net cash provided by operating activities	338,750	1,983
Cash flows from investing activities (Note 18):		
Proceeds from disposition of investments and advances	195,401	104,542
Increase in investments and advances	(4,144)	(6,945)
Capital expenditures (Note 1)	(320,168)	(495,342)
Proceeds from disposals of property, plant and equipment	146,562	53,333
Decrease in time deposits, net	36,795	30,952
Other, net	(38,040)	(28,416)
Net cash provided by (used in) investing activities	16,406	(341,876)

(Continued)

	Yen (millions)	
	2013	2012
Cash flows from financing activities (Note 18):		
Increase (decrease) in short-term debt with maturities of three months or less, net (Note 1)	(25,168)	141,451
Proceeds from short-term debt with maturities longer than three months (Note 1)	433,820	280,677
Repayments of short-term debt with maturities longer than three months (Note 1)	(650,938)	(60,000)
Proceeds from long-term debt	648	828
Repayments of long-term debt	(226,320)	(370,052)
Dividends paid to Panasonic Corporation shareholders (Note 12)	(11,559)	(21,912)
Dividends paid to noncontrolling interests	(10,549)	(11,642)
Repurchase of common stock (Note 12)	(35)	(436)
Sale of treasury stock (Note 12)	8	73
Purchase of noncontrolling interests	(940)	(10,640)
Other, net	(25)	(1,441)
Net cash used in financing activities	(491,058)	(53,094)
Effect of exchange rate changes on cash and cash equivalents	57,774	(7,428)
Net decrease in cash and cash equivalents	(78,128)	(400,415)
Cash and cash equivalents at beginning of year	574,411	974,826
Cash and cash equivalents at end of year	496,283	574,411

See accompanying Notes to Consolidated Financial Statements.

[Notes to Consolidated Financial Statements]

(1) Summary of Significant Accounting Policies

(a) **Basis of Presentation of Consolidated Financial Statements**

The Company and its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein have been prepared in a manner that reflects adjustments which are necessary to conform with U.S. generally accepted accounting principles.

(b) **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its majority-owned, controlled subsidiaries. The Company also consolidates entities in which controlling interest exists through variable interests in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, “Consolidation.” Investments in companies and joint ventures over which the Company has the ability to exercise significant influence (generally through a voting interest of between 20% to 50%) are included in “Investments and advances” in the consolidated balance sheets. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company has 537 consolidated subsidiaries and 95 associated companies under equity method as of March 31, 2013.

From fiscal 2013, the Company includes investments in molding dies and related depreciation expenses in capital investment and depreciation, respectively. Accordingly, the Company changed its presentation of consolidated statements of cash flows to include investments in molding dies in “Capital expenditures” as part of investing activities, and include related depreciation expenses in “Depreciation and amortization” as part of operating activities, respectively. The Company had historically presented them in “Changes in Inventories” as part of operating activities. Certain revisions have been made to the previous years’ related disclosures.

This revision increased net cash provided by operating activities and increased net cash used in investing activities by 38,874 million yen on the consolidated statement of cash flows for the year ended March 31, 2012. As for the consolidated balance sheet as of March 31, 2012, “Inventories” in current assets decreased, and property, plant and equipment increased by 28,275 million yen, respectively. The Company does not consider any of these revisions made to the consolidated statement of cash flows for the year ended March 31, 2012, balance sheet as of March 31, 2012, and the related disclosures to be material. The revisions do not have any impact on the consolidated statements of operations.

(c) **Description of Business**

Panasonic Corporation (hereinafter, the “Company,” including consolidated subsidiaries, unless the context otherwise requires) is one of the world’s leading producers of electronic and electric products. The Company currently offers a comprehensive range of products, systems and components for consumer, business and industrial use based on sophisticated electronics and precision technology, expanding to building materials and equipment, and housing business.

Sales by segment in fiscal 2013 were as follows: AVC Networks—15%, Appliances—17%, Systems & Communications—8%, Eco Solutions—16%, Automotive Systems—8%, Industrial Devices—15%, Energy—6% and Other—15%. A sales breakdown in fiscal 2013 by geographical market was as follows: Japan—52%, North and South America—14%, Europe—9%, and Asia and Others—25%.

The Company is not dependent on a single supplier, and has no significant difficulty in obtaining raw materials from suppliers.

(d) **Revenue Recognition**

The Company generates revenue principally through the sale of consumer and industrial products, equipment, and supplies. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, and title and risk of loss have been transferred to the customer or services have been rendered, the sales price is fixed or determinable, and collectibility is reasonably assured.

Revenue from sales of products is generally recognized when the products are received by customers. Revenue from sales of certain products with customer acceptance provisions related to their functionality is recognized when the product is received by the customer and the specific criteria of the product functionality are successfully tested and demonstrated.

The Company enters into arrangements with multiple elements, which may include any combination of products or equipment, installation and maintenance. The Company allocates revenue to each element based on its relative selling price if such element meets the criteria for treatment as a separate unit of accounting as prescribed in the provisions of ASC 605, “Revenue Recognition.” Revenue from sales of products or equipment is generally recognized upon completion of installation or upon acceptance by customers if installation is not required. Maintenance revenue is recognized on a straight-line basis over the term of the maintenance agreement.

The Company’s policy is to accept product returns only in the case that the products are defective. The Company issues contractual product warranties under which it guarantees the performance of products delivered and services rendered for a certain period of time. A liability for the estimated product warranty related cost is established at the time revenue is recognized, and is included in “Other accrued expenses.” Estimates for accrued warranty cost are primarily based on historical experience and current information on repair cost.

Historically, the Company has made certain allowances related to sales to its consumer business distributors. Such allowances are generally provided to compensate the distributors for price adjustments due to a decline in the product’s value, and are classified as a reduction of revenue on the consolidated statements of operations. Estimated price adjustments are accrued when the related sales are recognized. The estimate is made based primarily on the historical experience and specific arrangements made with the distributors.

The Company also occasionally offers incentive programs to its distributors in the form of rebates. These rebates are accrued at the latter of the date at which the related revenue is recognized or the date at which the incentive is offered, and are recorded as reductions of sales in accordance with the provisions of ASC 605.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the consolidated statements of operations.

(e) **Leases**

The Company accounts for leases in accordance with the provisions of ASC 840, “Leases.” Leases of assets under certain conditions are recorded as capital leases in property, plant and equipment in the consolidated balance sheets.

(f) **Inventories**

Finished goods and work in process are stated at the lower of cost (average) or market. Raw materials are stated at cost, principally on a first-in, first-out basis or average basis, not in excess of current replacement cost.

(g) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost. Depreciation is computed primarily using the straight-line method based on the following estimated useful lives:

Buildings ·· 5 to 50 years
Machinery and equipment ·································· 2 to 10 years

(h) **Goodwill and Other Intangible Assets**

Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. The Company adopted the provisions of ASC 350, “Intangibles—Goodwill and Other.” Goodwill and intangible assets determined to have an indefinite useful life are not amortized, and are instead reviewed for impairment at least annually based on assessment of current estimated fair value. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform the second step of the impairment test (measurement). If the fair value of the reporting unit exceeds its carrying amount, the second step does not need to be performed. Under the second step, an impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a guideline merged and acquired company method, guideline public company method, and a discounted cash flow analysis. The provisions of ASC 350 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment based on an assessment of the undiscounted cash flows expected by the asset, whenever impairment indications are presented. An impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Until the third quarter of fiscal 2012, the Company had designated July 1 as the annual impairment measurement date for some reporting units that were associated with SANYO Electric Co. Ltd. (SANYO) and January 1 as the annual impairment measurement date for the other reporting units. In the fourth quarter of fiscal 2012, the Company restructured its group organization under which goodwill associated with SANYO was reallocated to new reporting units in accordance with the provision of ASC350. As a result of the reallocation, the Company designated January 1 as the annual impairment measurement date for all reporting units. The Company believes that this unification of the annual impairment measurement date is preferable under the circumstances given the fact that the reporting units that were associated with SANYO have been reallocated to other reporting units. The change in the measurement date had no impact on the Company’s prior period financial statements.

(i) Investments and Advances

Investments and advances primarily consist of investments in and advances to associated companies, cost method investments, available-for-sale securities, and long-term deposits. Cost method investments and long-term deposits are recorded at historical cost.

The equity method is used to account for investments in associated companies in which the Company exerts significant influence over operating and financial policies, generally having a 20% to 50% voting interest, and corporate joint ventures. The Company also uses the equity method for certain investees if the minority shareholders have substantive participating rights. Under the equity method of accounting, investments are stated at their underlying net equity value after elimination of intercompany profits. The cost method is used when the Company does not have significant influence.

The excess of cost of the stock of the associated companies over the Company's share of their net assets at the acquisition date, included in the equity investment balance, is recognized as equity method goodwill. Such equity method goodwill is not amortized and is instead tested for impairment as part of the equity method investment.

The Company accounts for debt and marketable equity securities in accordance with the provisions of ASC 320, "Investments—Debt and Equity Securities."

The provisions of ASC 320 require that certain investments in debt and marketable equity securities be classified as held-to-maturity, trading, or available-for-sale securities. The Company classifies its existing marketable equity securities other than investments in associated companies and all debt securities as available-for-sale. Available-for-sale securities are carried at fair value with unrealized holding gains or losses included as a component of accumulated other comprehensive income (loss), net of applicable taxes.

Realized gains and losses are determined on the average cost method and reflected in earnings.

On a continuous basis, but no less frequently than at the end of each quarter, the Company evaluates the carrying amount of each of the investments in associated companies, cost method investments and available-for-sale securities for possible other-than-temporary impairment. Factors considered in assessing whether an indication of other-than-temporary impairment exists include the period of time the fair value has been below the carrying amount or cost basis of investment, financial condition and prospects of each investee, and other relevant factors.

Investments in associated companies, cost method investments and available-for-sale securities are reduced to fair value by a charge to earnings when impairment is considered to be other than temporary. Impairment is measured based on the amount by which the carrying amount or cost basis of the investment exceeds its fair value. Fair value is determined based on quoted market prices, discounted cash flows or other valuation techniques as appropriate.

(j) Allowance for Doubtful Receivables

An allowance for doubtful trade receivables and advances is provided at an amount calculated based on historical experience, while specific allowances for doubtful trade receivables and advances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility.

(k) **Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for uncertainty in tax positions in accordance with the provisions of ASC 740, "Income Taxes." The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in "Provision for income taxes—Current" in the consolidated statements of operations.

(l) **Advertising**

Advertising costs are expensed as incurred.

(m) **Consumption Tax**

Consumption tax collected and remitted to taxing authorities is excluded from revenues, cost of sales and expenses in the consolidated statements of operations.

(n) **Net Income (loss) per Share**

The Company accounts for net income (loss) per share in accordance with the provisions of ASC 260, "Earnings Per Share." This Codification Section establishes standards for computing net income (loss) per share and requires dual presentation of basic and diluted net income (loss) per share on the face of the statements of operations for all entities with complex capital structures.

Under the provisions of ASC 260, basic net income (loss) per share is computed based on the weighted-average number of common shares outstanding during each period, and diluted net income (loss) per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

(o) **Cash Equivalents**

Cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

From fiscal 2013, the Company changed its presentation of consolidated statements of cash flows to gross-up proceeds from and repayments of short-term debt with maturity term longer than three months. Certain revisions has been made to the prior year's presentation to conform with the current presentation. The revisions do not have any impact on the cash flows from financing activities.

(p) **Derivative Financial Instruments**

Derivative financial instruments utilized by the Company are comprised principally of foreign exchange contracts, interest rate swaps, cross currency swaps and commodity futures used to hedge currency risk and commodity price risk.

The Company accounts for derivative instruments in accordance with the provisions of ASC 815, "Derivatives and Hedging." On the date the derivative contract is entered into, the Company ordinarily designates the derivative as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair-value" hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash-flow" hedge), or a foreign-currency fair-value or cash-flow hedge ("foreign-currency" hedge). The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses, both at the hedge's inception and on quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Company does not offset fair value of contracts in gain and loss positions.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged asset or liability or unrecognized firm commitment of the hedged item that is attributable to the hedged risk, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. Changes in the fair value of derivatives that are highly effective as hedges and that are designated and qualify as foreign-currency hedges are recorded in either earnings or other comprehensive income (loss), depending on whether the hedge transaction is a fair-value hedge or a cash-flow hedge. The ineffective portion of the change in fair value of a derivative instrument that qualifies as either a fair-value hedge or a cash-flow hedge is reported in earnings.

(q) **Impairment of Long-Lived Assets**

The Company accounts for impairment or disposition of long-lived assets in accordance with the provisions of ASC 360, "Property, Plant, and Equipment." In accordance with the provisions of ASC 360, long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds its fair value of the asset.

(r) **Restructuring Charges**

The Company accounts for costs associated with exit or disposal activities in accordance with the provisions of ASC 420, "Exit or Disposal Cost Obligations." Pursuant to the provisions of ASC 420, liabilities for restructuring costs are recognized when the liability is incurred, which may be subsequent to the date when the Company has committed to a restructuring plan.

(s) **Foreign Currency Translation**

Foreign currency financial statements are translated in accordance with the provisions of ASC 830, "Foreign Currency Matters," under which all assets and liabilities are translated into yen at year-end rates and income and expense accounts are translated at weighted-average rates. Adjustments resulting from the translation of financial statements are reflected under the caption, "Accumulated other comprehensive income (loss)," a separate component of equity.

(t) **Segment Information**

The Company accounts for segment information in accordance with the provisions of ASC 280, "Segment Reporting." Pursuant to the provisions of ASC 280, the segments are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance.

(u) **Fair Value Measurements**

The provisions of ASC 820, "Fair Value Measurements and Disclosures" define fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets.
Level 2 — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 — Unobservable inputs for the asset or liability.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The Company maintains policies and procedures to value assets and liabilities using the best and most relevant data available. With regards to Level 3 valuations, the Company performs a variety of procedures to assess the reasonableness of the valuations quarterly or annually. These reviews are performed by the accounting section and approved by President and Chief Financial Officer of the Company. This detailed review may include the use of a third-party valuation firm.

(v) **Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are reflected in valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions and employee retirement and severance benefit plans.
Management evaluated the subsequent events through June 27, 2013, the issue date of the Company's consolidated financial statements.

(w) **Adoption of New Accounting Standards**

On April 1, 2012, the Company adopted Accounting Standards Update (ASU) 2011-05, "Presentation of Comprehensive Income." Under ASU 2011-05, which amends ASC 220, "Comprehensive Income," an entity has the option to present the components of net income and other comprehensive income in either one or two consecutive financial statements. ASU 2011-05 eliminates the option to present other comprehensive income in the statements of equity. According to ASU 2011-05, the Company presents two consecutive financial statements as "Consolidated Statements of Operations" and "Consolidated Statements of Comprehensive Income (Loss)."

On April 1, 2012, the Company adopted ASU 2011-08, "Testing Goodwill for Impairment." ASU 2011-08, which amends ASC 350, "Intangibles—Goodwill and Other," permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity need not perform the two-step impairment test. The adoption of ASU 2011-08 did not have any effect on the Company's consolidated financial statements.

(x) **Reclassifications**

Certain reclassifications have been made to the prior years' consolidated financial statements in order to conform with the presentation used for the year ended March 31, 2013.

(2) Inventories

Inventories at March 31, 2013 and 2012 are summarized as follows:

	Yen (millions)	
	2013	2012
Finished goods	453,440	450,990
Work in process	135,308	144,403
Raw materials	198,097	206,598
	786,845	801,991

(3) Investments in and Advances to, and Transactions with Associated Companies

Certain financial information in respect of associated companies in aggregate at March 31, 2013 and 2012, and for the years then ended is shown below. The most significant of these associated companies as of March 31, 2013 is Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (SMTPFC). On April 1, 2012, Sumishin Panasonic Financial Services Co., Ltd. changed its name to SMTPFC. At March 31, 2013, the Company has a 15.1% equity ownership in SMTPFC. The Company applies the equity method to SMTPFC as the Company holds significant influence over operating and financial policies of SMTPFC.

	Yen (millions)	
	2013	2012
Current assets	1,220,563	1,163,276
Other assets	242,685	244,720
	1,463,248	1,407,996
Current liabilities	658,278	651,044
Other liabilities	392,150	376,906
Net assets	412,820	380,046
Company's equity in net assets	123,337	119,421
Investment and advances to associated companies	138,652	136,735

	Yen (millions)	
	2013	2012
Net sales	856,307	942,008
Gross profit	172,443	170,920
Net income	25,521	20,104

Transactions with associated companies at March 31, 2013 and 2012, and for the years then ended are as follows:

	Yen (millions)	
	2013	2012
Trade receivables	14,768	14,834
Trade payables	38,752	39,941
Purchases from	105,923	278,342
Net sales	135,006	174,887
Dividends received	3,418	3,603

Retained earnings include undistributed earnings of associated companies in the amount of 43,927 million yen and 41,562 million yen, as of March 31, 2013 and 2012, respectively.

During the years ended March 31, 2012, the Company incurred a write-down of 8,831 million yen for other-than-temporary impairment of investments and advances in associated companies. The fair values of the investments and advances in associated companies were based on quoted market price or discounted cash flows by using appropriate discounted rate. An impairment charge was recorded to reduce the carrying value of the assets to fair value. The write-down is included in other deductions in the consolidated statements of operations.

Investments in associated companies include marketable equity securities which have quoted market values at March 31, 2013 and 2012 compared with the related carrying amounts as follows:

	Yen (millions)	
	2013	2012
Carrying amount	27,707	31,077
Market value	29,789	30,910

(4) Investments in Securities

The Company classifies its existing marketable equity securities, other than investments in associated companies, and all debt securities as available-for-sale.

The cost, fair value, gross unrealized holding gains and gross unrealized holding losses of available-for-sale securities included in short-term investments, and other investments and advances at March 31, 2013 and 2012 are as follows:

	Yen (millions)			
	2013			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Noncurrent:				
Equity securities	49,176	84,035	34,878	19
Corporate and government bonds	1,691	1,718	27	-
Other debt securities	12	12	-	-
	50,879	85,765	34,905	19

	Yen (millions)			
	2012			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Current:				
Other debt securities	473	483	10	-
	473	483	10	-
Noncurrent:				
Equity securities	171,412	225,433	54,545	524
Corporate and government bonds	1,689	1,711	22	-
Other debt securities	80	110	30	-
	173,181	227,254	54,597	524

Maturities of investments in available-for-sale securities at March 31, 2013 and 2012 are as follows:

	Yen (millions)			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Due within one year	-	-	473	483
Due after one year through five years	1,403	1,412	1,769	1,821
Due after five years through ten years	300	318	-	-
Equity securities	49,176	84,035	171,412	225,433
	50,879	85,765	173,654	227,737

Proceeds from sale of available-for-sale securities for the years ended March 31, 2013 and 2012 were 144,139 million yen and 73,141 million yen, respectively. The gross realized gains on sale of available-for-sale securities for the years ended March 31, 2013 and 2012 were 32,440 million yen and 13,532 million yen, respectively. The gross realized losses on sale of available-for-sale securities for the years ended March 31, 2013 and 2012 were 2,734 million yen and 5,561 million yen, respectively. The cost of securities sold in computing gross realized gains and losses is determined by the average cost method.

During the years ended March 31, 2013 and 2012, the Company incurred a write-down of 4,000 million yen and 7,597 million yen, respectively, for other-than-temporary impairment of available-for-sale securities, mainly reflecting the aggravated market condition of certain industries in Japan. The write-down is included in other deductions in the consolidated statements of operations.

Gross unrealized holding losses on investments in available-for-sale securities and the fair value of the related investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2013 and 2012 are as follows:

	Yen (millions)					
	2013					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	241	19	-	-	241	19
	241	19	-	-	241	19

	Yen (millions)					
	2012					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	5,365	524	-	-	5,365	524
	5,365	524	-	-	5,365	524

The gross unrealized loss position has been continuing for a relatively short period of time. Based on this and other relevant factors, management has determined that these investments are not considered other-than-temporarily impaired. The Company did not have investment securities that had been in a continuous loss position for twelve months or more at March 31, 2013 and 2012.

The carrying amounts of the Company's cost method investments totaled 21,566 million yen and 24,553 million yen at March 31, 2013 and 2012, respectively. For substantially all such investments, the Company did not evaluate impairment losses, as it was not practicable to estimate the fair value of investments and no significant events or changes that might have effected the fair value of investments were observed. A part of such investments was considered other-than-temporarily impaired and the Company recorded a write-down of 17 million yen and 208 million yen during the years ended March 31, 2013 and 2012, respectively.

At March 31, 2013 and 2012, equity securities with a book value of 43,740 million yen and 32,130 million yen were pledged as collateral for the deferred payments of certain taxes based on the Japanese Custom Act and Consumption Tax Law, respectively.

(5) Leases

The Company has capital and operating leases for certain land, buildings, machinery and equipment, and finite-lived intangible assets with SMTPFC and other third parties.

During the years ended March 31, 2013 and 2012, the Company sold and leased back some of land, buildings, and machinery and equipment for 68,071 million yen and 21,783 million yen, respectively. The base lease term ranges up to 10 years. The resulting leases are being accounted for as operating leases or capital leases. Regarding certain leased assets, the Company has options to purchase the leased assets, or to terminate the leases and guarantee a specified value of the leased assets thereof, subject to certain conditions, during or at the end of the lease term. Regarding leased land and buildings, there are no future commitments, obligations, provisions, or circumstances that require or result in the Company's continuing involvement.

At March 31, 2013 and 2012, the gross book value of land, buildings, machinery and equipment, and finite-lived intangible assets under capital leases, including the above-mentioned sale-leaseback transactions was 63,799 million yen and 72,931 million yen, and the related accumulated amortization recorded was 28,403 million yen and 34,712 million yen, respectively.

Rental expenses for operating leases, including the above-mentioned sale-leaseback transactions were 41,297 million yen and 84,062 million yen for the years ended March 31, 2013 and 2012, respectively.

Future minimum lease payments under non-cancelable capital leases and operating leases at March 31, 2013 are as follows:

	Yen (millions)	
Year ending March 31	Capital leases	Operating leases
2014	14,107	49,367
2015	11,560	28,202
2016	9,418	12,012
2017	8,367	8,995
2018	7,680	7,794
Thereafter	17,436	32,144
Total minimum lease payments	68,568	138,514
Less amount representing interest	3,915	
Present value of net minimum lease payments	64,653	
Less current portion	13,104	
Long-term capital lease obligations	51,549	

(6) Long-Lived Assets

The Company periodically reviews the recorded value of its long-lived assets to determine if the future cash flows to be derived from these assets or related asset group will be sufficient to recover the remaining recorded asset values. Impairment losses are not charged to segment profit.

The Company recognized impairment losses in the aggregate of 138,138 million yen of long-lived assets during fiscal 2013.

The Company recorded impairment losses for certain machinery and finite-lived intangible assets, such as patents and know-how and trademark, related to solar battery business in "Energy" segment. 73,894 million yen of impairment losses were related to finite-lived intangible assets. As a result of the continuously substantial decline of product prices, the Company revised its strategies for sales and investment and estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of finite-lived intangible assets was mainly determined based on excess earnings method and relief-from-royalty method. The fair value of machinery was determined through an appraisal based on the repurchase cost.

The Company recorded impairment losses for certain land, buildings, machinery and finite-lived intangible assets, such as patents and know-how, related to consumer lithium-ion battery business in "Energy" segment. 13,658 million yen of impairment losses were related to finite-lived intangible assets. As a result of the continuously substantial decline of product prices, the Company revised its strategies for sales and investment and estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of finite-lived intangible assets was mainly determined based on excess earnings method and relief-from-royalty method. The fair value of land, buildings and machinery was determined through an appraisal based on the repurchase cost.

Impairment losses of 3,404 million yen, 5,096 million yen, 20,090 million yen, 103,719 million yen and 5,829 million yen were related to "AVC Networks," "Systems & Communications," "Industrial Devices," "Energy" and the remaining segments, respectively.

The Company classified certain buildings related to a domestic flat TV manufacturing plant as assets held for sale in accordance with the provision of ASC 360. These assets are included in "Other current assets" in the consolidated balance sheet at March 31, 2013. Furthermore, the Company recognized a loss of 39,874 million yen regarding these assets as the carrying amount was higher than fair value less cost to sell. This loss is included in "Other deductions" in the consolidated statement of operations for the year ended March 31, 2013.

The Company recognized impairment losses in the aggregate of 399,259 million yen of long-lived assets during fiscal 2012.

The Company recorded impairment losses for certain buildings, machinery and equipment, and finite-lived intangible assets related to certain domestic flat TV manufacturing facilities in "AVC Networks" segment. As a result of the continuously substantial decline of product prices and the yen appreciation, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of buildings was determined through an appraisal based on the repurchase cost. The fair value of machinery and equipment was determined through an appraisal based on the repurchase cost or net realizable value. The fair value of finite-lived intangible assets was determined based on the discounted estimated cash flows expected to result from the use and eventual disposition of the assets.

The Company recorded impairment losses for certain machinery and equipment related to domestic semiconductor manufacturing facilities in "Industrial Devices" segment. As a result of the decline in market demand and per unit selling price of Digital AV products on which semiconductor business is heavily dependent as a supplier, the Company decided to cease the use of the above-mentioned facilities. The fair value of machinery and equipment was determined through an appraisal based on the net realizable value.

The Company recorded impairment losses of 25,536 million yen for certain finite-lived intangible assets related to customer relationship, and patents and know-how of optical pick-up business in “Industrial Devices” segment. As a result of the decline of product prices and the increase in material cost, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value was mainly determined based on excess earnings method and relief-from-royalty method.

The Company recorded impairment losses of 95,546 million yen for certain finite-lived intangible assets related to customer relationship, and patents and know-how of consumer lithium-ion battery business in “Energy” segment. As a result of decline of the product prices and the yen appreciation, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value was mainly determined based on excess earnings method and relief-from-royalty method.

Impairment losses of 212,151 million yen, 78,406 million yen, 99,183 million yen and 9,519 million yen were related to “AVC Networks,” “Industrial Devices,” “Energy” and the remaining segments, respectively.

On March 5, 2012, the Company and Innovation Network Corporation of Japan reached a final agreement regarding the sale of the Mobara plant of Panasonic Liquid Crystal Display Co., Ltd., a subsidiary of the Company, to Japan Display Inc. The Company classified these buildings, machinery and equipment, and finite-lived intangible assets related to the plant as assets held for sale and these assets were included in “Other current assets” in the consolidated balance sheet at March 31, 2012. The Company sold these assets in April 2012.

(7) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by segment for the years ended March 31, 2013 and 2012 are as follows:

	Yen (millions)								
	AVC Networks	Appliances	Systems & Communications	Eco Solutions	Automotive Systems	Industrial Devices	Energy	Other	Total
Balance at March 31, 2011:									
Goodwill	47,044	32,287	222,815	110,216	73,307	175,202	274,963	70,012	1,005,846
Accumulated impairment losses	-	(3,745)	(77,349)	-	-	-	-	-	(81,094)
	47,044	28,542	145,466	110,216	73,307	175,202	274,963	70,012	924,752
Goodwill Acquired during the year	575	-	-	-	-	-	-	-	575
Goodwill impaired during the year	(8,394)	-	-	-	-	(71,617)	(73,387)	(10,504)	(163,902)
Translation adjustments	-	-	-	(3,710)	-	-	-	-	(3,710)
Other	-	-	-	-	-	-	-	(298)	(298)
Balance at March 31, 2012:									
Goodwill	47,619	32,287	222,815	106,506	73,307	175,202	274,963	69,714	1,002,413
Accumulated impairment losses	(8,394)	(3,745)	(77,349)	-	-	(71,617)	(73,387)	(10,504)	(244,996)
	39,225	28,542	145,466	106,506	73,307	103,585	201,576	59,210	757,417
Goodwill Acquired during the year	-	-	-	3,518	-	-	-	-	3,518
Goodwill impaired during the year	-	-	(91,007)	-	-	(12,805)	(146,771)	-	(250,583)
Translation adjustments	-	-	-	1,794	-	-	-	-	1,794
Balance at March 31, 2013:									
Goodwill	47,619	32,287	222,815	111,818	73,307	175,202	274,963	59,210	997,221
Accumulated impairment losses	(8,394)	(3,745)	(168,356)	-	-	(84,422)	(220,158)	-	(485,075)
	39,225	28,542	54,459	111,818	73,307	90,780	54,805	59,210	512,146

The Company recorded an impairment loss of 91,007 million yen for the year ended March 31, 2013 related to goodwill of mobile phone business in "Systems & Communications" segment. This impairment was due to the decline in market share in Japan and the revision of the overseas development strategy which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded an impairment loss of 72,197 million yen for the year ended March 31, 2013 related to goodwill of solar battery business in "Energy" segment. This impairment was due to the continuously substantial decline of product prices and reversal of strategies for sales and investments which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded an impairment loss of 74,574 million yen for the year ended March 31, 2013 related to goodwill of consumer lithium-ion battery business in "Energy" segment. This impairment was due to the continuously substantial decline of product prices and reversal of strategies for sales and investment which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded impairment losses of 12,805 million yen for the year ended March 31, 2013 related to certain businesses in "Device" segment. These impairments were due to a downturn in profitability and the fair values were mainly determined based on the combination of discounted cash flow method and guideline public company method.

The Company recorded an impairment loss of 26,988 million yen for the year ended March 31, 2012 related to goodwill of semiconductor business in "Industrial Devices" segment. This impairment was due to a decrease in the estimated fair value of the reporting unit caused by the decline in market demand and per unit selling price of Digital AV products on which semiconductor business is heavily dependent as a supplier. The fair value was determined based on the combination of discounted cash flow method and guideline public company method.

The Company recorded an impairment loss of 44,629 million yen for the year ended March 31, 2012 related to goodwill of optical pick-up business in "Industrial Devices" segment. This impairment was due to a decrease in the estimated fair value of the reporting unit caused by the decline of product prices and the increase in material cost. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded an impairment loss of 73,387 million yen for the year ended March 31, 2012 related to goodwill of consumer lithium-ion battery business in "Energy" segment. This impairment was due to a decrease in the estimated fair value of the reporting unit caused by the decline of product prices and the yen appreciation. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded an impairment loss of 8,394 million yen and 10,504 million yen for the year ended March 31, 2012 related to "AVC Networks" and "Other" segment, respectively. These impairments were due to a downturn in profitability and the fair value was determined based on the discounted cash flow method.

Intangible assets, excluding goodwill, at March 31, 2013 and 2012 are as follows:

	Yen (millions)			
	2013		2012	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Finite-lived intangible assets:				
Patents and know-how	205,576	105,964	301,614	106,291
Software	338,778	276,146	321,623	255,040
Other	92,035	36,480	115,728	36,738
	636,389	418,590	738,965	398,069

	Yen (millions)	
	2013	2012
Indefinite-lived intangible assets	5,214	4,855

Aggregate amortization expense for finite-lived intangible assets for each of the years ended March 31, 2013 and 2012 was 61,373 million yen and 78,455 million yen, respectively.

Estimated amortization expenses for the next five years are as follows:

Year ending March 31	Yen (millions)
2014	48,622
2015	39,753
2016	30,719
2017	22,511
2018	16,473

There were no impairment losses of indefinite-lived intangible assets for each of the years ended March 31, 2013 and 2012. Impairment losses of finite-lived intangible assets are included in impairment losses of long-lived assets discussed in Note 6.

(8) Long-term Debt and Short-term Debt

Long-term debt at March 31, 2013 and 2012 is set forth below:

	Yen (millions)	
	2013	2012
Unsecured Straight bond, due 2013, interest 0.38%	－	150,000
Unsecured Straight bond, due 2013, interest 0.82% *1	10,000	10,000
Unsecured Straight bond, due 2013, interest 1.49% *2	20,000	20,000
Unsecured Straight bond, due 2014, interest 1.404%	200,000	200,000
Unsecured Straight bond, due 2014, interest 2.02% *1	31,769	31,769
Unsecured Straight bond, due 2015, interest 1.66% *2	39,996	39,996
Unsecured Straight bond, due 2016, interest 0.752%	200,000	200,000
Unsecured Straight bond, due 2018, interest 1.081%	150,000	150,000
Unsecured Straight bond, due 2019, interest 2.05%	100,000	100,000
Unsecured Straight bond, due 2019, interest 1.593% *2	30,000	30,000
Unsecured bank loans, due 2012 - 2015, effective interest 1.0% in fiscal 2013 and 1.0% in fiscal 2012	100,294	149,814
Secured bank loans by subsidiaries, due 2013 - 2027, effective interest 1.84% in fiscal 2013 and 1.84% in fiscal 2012	1,074	1,732
Capital lease obligations	64,653	74,082
	947,786	1,157,393
Less current portion	284,695	215,625
	663,091	941,768

*1 Bonds originally issued by SANYO were transferred to the Company in fiscal 2012.
*2 Bonds originally issued by Panasonic Electric Works Co., Ltd. (PEW) were transferred to the Company in fiscal 2012.

The aggregate annual maturities of long-term debt after March 31, 2013 are as follows:

Year ending March 31	Yen (millions)
2014	284,695
2015	101,353
2016	249,314
2017	8,057
2018	157,400
2019 and thereafter	146,967

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank. At March 31, 2013 and 2012, loans subject to such general agreements amounted to 1,074 million yen and 1,732 million yen, respectively.

Each of the loan agreements grants the lender the right to request additional security or mortgages on certain assets. At March 31, 2013 and 2012, investments and advances with a book value of 2,008 million yen and 2,550 million yen respectively, were pledged as collateral by subsidiaries for secured loans from banks.

The balances of short-term debt at March 31, 2013 and 2012 include 140,573 million yen and 369,489 million yen of short-term bonds, respectively. The weighted-average interest rate on short-term debt outstanding at March 31, 2013 and 2012 was 2.4% and 0.6%, respectively.

In order to secure a means of stable financing, the Company entered into commitment line agreements with several banks in October 2012. The upper limit for unsecured borrowing based on the agreements is a total of 600,000 million yen, but there is no borrowing under this agreement.

(9) Retirement and Severance Benefits

The Company and certain subsidiaries have contributory, funded benefit pension plans covering substantially all employees who meet eligibility requirements. Benefits under the plans are primarily based on the combination of years of service and compensation.

In addition to the plans described above, upon retirement or termination of employment for reasons other than dismissal, employees are entitled to lump-sum payments based on the current rate of pay and length of service. If the termination is involuntary or caused by death, the severance payment is greater than in the case of voluntary termination. The lump-sum payment plans are not funded.

Effective April 1, 2002, the Company and some of the subsidiaries amended their benefit pension plans by introducing a “point-based benefits system,” and their lump-sum payment plans to cash balance pension plans. Under the point-based benefits system, benefits are calculated based on accumulated points allocated to employees each year according to their job classification and years of service. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current rate of pay and market-related interest rate.

Reconciliation of beginning and ending balances of the benefit obligations of the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans, and the fair value of the plan assets at March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Change in benefit obligations:		
Benefit obligations at beginning of year	2,293,644	2,241,669
Service cost	55,123	55,368
Interest cost	51,621	54,552
Prior service benefit	860	28,019
Actuarial loss	183,924	84,360
Benefits paid	(120,117)	(159,892)
Effect of changes in consolidated subsidiaries	(6,229)	—
Foreign currency exchange impact	9,295	(886)
Curtailments, settlements and other	(7,088)	(9,546)
Benefit obligations at end of year	2,461,033	2,293,644
Change in plan assets:		
Fair value of plan assets at beginning of year	1,721,398	1,746,518
Actual return on plan assets	170,410	31,681
Employer contributions	67,914	78,728
Benefits paid	(113,495)	(133,310)
Effect of changes in consolidated subsidiaries	(5,475)	—
Foreign currency exchange impact	8,448	(1,021)
Curtailments, settlements and other	(6,569)	(1,198)
Fair value of plan assets at end of year	1,842,631	1,721,398
Funded status	(618,402)	(572,246)

The accumulated benefit obligation for the pension plans was 2,416,117 million yen and 2,246,385 million yen at March 31, 2013 and 2012, respectively.

The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets at March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	2,262,043	2,209,646
Fair value of plan assets	1,637,551	1,636,662
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,217,724	2,162,639
Fair value of plan assets	1,637,551	1,636,662

Accounts recognized in the consolidated balance sheet at March 31, 2013 and 2012 consist of:

	Yen (millions)	
	2013	2012
Other assets	6,090	738
Other current liabilities	(2,690)	(6,434)
Retirement and severance benefits	(621,802)	(566,550)
	(618,402)	(572,246)

Amounts recognized in accumulated other comprehensive income（loss) at March 31, 2013 and 2012 consist of:

	Yen（millions)	
	2013	2012
Prior service benefit	(99,477)	(122,795)
Actuarial loss	627,139	588,447
	527,662	465,652

Net periodic benefit cost for the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans of the Company for each of the two years ended March 31, 2013 consist of the following components:

	Yen（millions)	
	2013	2012
Service cost – benefits earned during the year	55,123	55,368
Interest cost on projected benefit obligation	51,621	54,552
Expected return on plan assets	(53,764)	(52,299)
Amortization of prior service benefit	(22,458)	(23,347)
Recognized actuarial loss	30,335	31,203
Losses on curtailments and settlements	2,209	10,419
Net periodic benefit cost	63,066	75,896

The estimated prior service benefit and actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost for fiscal 2014 are gains of 84,424 million yen and losses of 23,954 million yen, respectively.

Weighted-average assumptions used to determine benefit obligations at March 31, 2013 and 2012 are as follows:

	2013	2012
Discount rate	1.6%	2.2%
Rate of compensation increase	1.7%	1.8%

Weighted-average assumptions used to determine net periodic benefit cost for each of the two years ended March 31, 2013 are as follows:

	2013	2012
Discount rate	2.2%	2.5%
Expected return on plan assets	3.1%	3.1%
Rate of compensation increase	1.8%	1.8%

The expected return on plan assets is determined based on the portfolio as a whole and not on the sum of the returns on individual asset categories, considering long-term historical returns, asset allocation, and future estimates of long-term investment returns.

Each plan of the Company has a different investment policy, which is designed to ensure sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants and is individually monitored for compliance and appropriateness on an on-going basis. Considering the expected long-term rate of return on plan assets, each plan of the Company establishes a “basic” portfolio comprised of the optimal combination of equity securities and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the “basic” portfolio in order to generate a total return that will satisfy the expected return on a mid-term to long-term basis. The Company evaluates the difference between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the “basic” portfolio. The Company revises the “basic” portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

The Company’s pension plan assets allocation is approximately 25% for equity securities, approximately 50 % for debt securities, and approximately 25% for other investments, primarily in life insurance company general accounts.

For the Company’s major defined benefit pension plans, equity investments are invested mainly in listed equity securities, broadly in Japanese equity, developed international equity and emerging markets. The debt securities investments are comprised primarily of government, municipal, and corporate bonds. The Company mainly chooses debt securities with rating above BBB, high liquidity and appropriate repayment, and has appropriately diversified the investments by sector and geography. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital. Other investments include fund-of-funds investment, equity long/short hedge funds investment and private equity investment. Fund-of-funds investment and equity long/short hedge funds investment are primarily invested in listed equity securities with frequency of transactions and stable return, while private equity investment are diversified products with low correlation.

The fair values of the Company' s pension plan assets at March 31, 2013 and 2012, by asset category are as follows:

	Yen (millions)			
	2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	129,274	-	-	129,274
Equity securities:				
Japanese companies	46,055	-	-	46,055
Foreign companies	58,007	-	-	58,007
Commingled funds (a)	-	376,142	-	376,142
Debt securities:				
Government and Municipal bonds	82,353	-	-	82,353
Corporate bonds	-	17,735	-	17,735
Commingled funds (b)	-	774,995	-	774,995
Life insurance company general accounts	-	244,004	-	244,004
Other (c)	-	95,300	18,766	114,066
Total	315,689	1,508,176	18,766	1,842,631

	Yen (millions)			
	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22,503	28,345	−	50,848
Equity securities:				
Japanese companies	84,697	−	−	84,697
Foreign companies	78,952	−	−	78,952
Commingled funds (a)	−	457,196	−	457,196
Debt securities:				
Government and Municipal bonds	133,962	−	−	133,962
Corporate bonds	−	50,011	−	50,011
Commingled funds (b)	−	526,810	−	526,810
Life insurance company general accounts	−	196,880	−	196,880
Other (c)	−	121,470	20,572	142,042
Total	320,114	1,380,712	20,572	1,721,398

(a) These funds invest mainly in listed equity securities, approximately 60% Japanese companies and 40% foreign companies.

(b) These funds primarily invest in Japanese government bonds and foreign government bonds.

(c) Other investments primarily include fund-of-funds investment and equity long/short hedge funds investment.

The three levels of the fair value hierarchy are discussed in Note 20.

Level 1 assets are comprised principally of equity securities and government and municipal bonds, which are valued using unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 assets are comprised principally of commingled funds, which are valued at their net asset values that are calculated by the fund and have daily liquidity, corporate bonds, which are valued based on quoted prices for identical assets in market that are not active, and life insurance company general accounts, which are valued at conversion value. Fund of funds investment and hedge funds investment that use equity long/short strategies, which primarily invest in listed equity securities and debt securities, are valued based on net asset value.

Level 3 assets are comprised principally of collateralized loan obligation investment and private equity investment, which are valued based on prices and other relevant information such as similar market transactions and latest round of financing data.

The reconciliation of the beginning and ending balances of level 3 assets at March 31, 2013 and 2012, are as follows:

	Yen (millions)		
	Collateralized loan obligation	Private equity	Total
Balance at April 1, 2011	13,284	7,730	21,014
Realized gains (losses)	2,515	1,656	4,171
Unrealized gains (losses) relating to assets held	(775)	71	(704)
Purchases, sales, issuances and settlements, net	(2,397)	765	(1,632)
Transfers out of Level 3	(2,277)	-	(2,277)
Balance at March 31, 2012	10,350	10,222	20,572
Realized gains (losses)	1,007	766	1,773
Unrealized gains (losses) relating to assets held	2,501	332	2,833
Purchases, sales, issuances and settlements, net	(5,558)	95	(5,463)
Transfers out of Level 3	(926)	(23)	(949)
Balance at March 31, 2013	7,374	11,392	18,766

The Company expects to contribute 72,843 million yen to its defined benefit plans in fiscal 2014.

The benefits expected to be paid from the defined pension plans in each fiscal year 2014 – 2018 are 112,558 million yen, 114,375 million yen, 114,861 million yen, 111,764 million yen and 114,842 million yen, respectively. The aggregate benefits expected to be paid in the five years from fiscal 2019 – 2023 are 597,175 million yen. The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at March 31 and include estimated future employee service.

(10) Income Taxes

Income (loss) before income taxes and income taxes for each of the two years ended March 31, 2013 are summarized as follows:

	Yen (millions)		
	Domestic	Foreign	Total
For the year ended March 31, 2013			
Income (loss) before income taxes	(450,544)	52,158	(398,386)
Income taxes:			
Current	29,970	36,562	66,532
Deferred	311,882	6,259	318,141
Total income taxes	341,852	42,821	384,673
For the year ended March 31, 2012			
Income before income taxes	(838,217)	25,373	(812,844)
Income taxes:			
Current	26,346	42,860	69,206
Deferred	(58,706)	(733)	(59,439)
Total income taxes	(32,360)	42,127	9,767

The Company and its subsidiaries in Japan are subject to a National tax of 28.05%, an Inhabitant tax of approximately 20.5%, and a deductible Enterprise tax of approximately 7.4% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 37.8% for the year ended March 31, 2013.
The Company and its subsidiaries in Japan are subject to a National tax of 30%, an Inhabitant tax of approximately 20.5%, and a deductible Enterprise tax of approximately 7.4% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 40.5% for the year ended March 31, 2012.

The effective tax rates for each of the years differ from the combined statutory tax rates for the following reasons:

	2013	2012
Combined statutory tax rate	(37.8)%	(40.5)%
Lower tax rates of overseas subsidiaries	(0.8)	(0.4)
Expenses not deductible for tax purposes	0.6	0.5
Change in valuation allowance allocated to income tax expenses	106.3	27.2
Tax effects attributable to investments in subsidiaries	2.9	0.8
Goodwill impairment	23.8	8.2
Effect of enacted changes in Japanese tax laws and rates	-	3.7
Other	1.6	1.7
Effective tax rate	96.6%	1.2%

For the year ended March 31, 2012, Japanese corporate tax law and statutory tax rates to apply to taxable income from next year onwards were enacted in Japan. Tax law changes result in reductions in rates in two steps in future years. In consequence, the Company has recorded income tax expense of 25,536 million yen for adjustments of deferred tax assets and liabilities.

Included in provision for income taxes for the year ended March 31, 2013 were increases in valuation allowances for deferred tax assets of 371,557 million yen in Panasonic Corporation and 40,968 million yen in Panasonic Mobile Communications Co., Ltd., recorded during the second quarter of 2013. For these entities, the adjustment to the beginning-of-the-year balance of valuation allowances as a result of change in judgement was 420,947 million yen. Based on a decline in profitability due mainly to significant sales decreases in digital consumer products including flat-panel TVs in Japan, the Company increased valuation allowances for deferred tax assets of the aforementioned two companies, since, based on its considerations of the realizability of the deferred tax assets in accordance with the provision of ASC740, "Income Taxes," it has determined that it was more likely than not the deferred tax assets would not be realized.

The benefit of net operating loss carryforwards recognized for the years ended March 31,2013 and 2012 were 29,779 million yen and 34,889 million yen, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2013 and 2012 are presented below:

	Yen (millions)	
	2013	2012
Deferred tax assets:		
Inventory valuation	83,006	81,004
Expenses accrued for financial statement purposes but not currently included in taxable income	173,823	179,860
Property, plant and equipment	219,413	240,033
Retirement and severance benefits	226,957	236,565
Tax loss carryforwards	807,823	723,897
Other	142,651	178,700
Total gross deferred tax assets	1,653,673	1,640,059
Less valuation allowance	1,433,080	1,029,825
Net deferred tax assets	220,593	610,234
Deferred tax liabilities:		
Net unrealized holding gains of available-for-sale securities	(11,921)	(20,604)
Intangible assets	(46,542)	(89,442)
Other	(39,887)	(65,595)
Total gross deferred tax liabilities	(98,350)	(175,641)
Net deferred tax assets	122,243	434,593

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carryforwards become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and loss carryforwards, net of the existing valuation allowances at March 31, 2013.

The net change in total valuation allowance for the years ended March 31, 2013 and 2012 was an increase of 403,255 million yen and an increase of 39,471 million yen, respectively.

At March 31, 2013, the Company had, for income tax purposes, net operating loss carryforwards of approximately 2,379,886 million yen, of which 2,202,095 million yen expire from fiscal 2014 through 2022 and the remaining balance will expire thereafter or do not expire. At March 31, 2013, the Company had, for income tax purposes, tax credit carryforwards of approximately 43,225 million yen, which expire from fiscal 2014 through 2016.

Net deferred tax assets and liabilities at March 31, 2013 and 2012 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions)	
	2013	2012
Other current assets	77,727	226,180
Other assets	139,306	338,754
Other current liabilities	(4,607)	(4,789)
Other liabilities	(90,183)	(125,552)
Net deferred tax assets	122,243	434,593

The Company has not recognized a deferred tax liability for the undistributed earnings of its foreign subsidiaries and foreign corporate joint ventures of 877,257 million yen as of March 31, 2013, because the Company currently does not expect those unremitted earnings to reverse and become taxable to the Company in the foreseeable future. A deferred tax liability will be recognized when the Company no longer plans to indefinitely reinvest undistributed earnings. The calculation of related unrecognized deferred tax liability is not practicable.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for each of the two years ended March 31, 2013 is as follows:

	Yen (millions)	
	2013	2012
Balance at beginning of year	(15,311)	(14,693)
Increase related to prior year tax positions	(678)	(6,058)
Decrease related to prior year tax positions	3,529	1,435
Increase related to current year tax positions	(2,138)	(3,541)
Change in consolidated subsidiaries	-	1,616
Settlements	50	5,646
Translation adjustments	(578)	284
Balance at end of year	(15,126)	(15,311)

As of March 31, 2013 and 2012, the total amount of unrecognized tax benefits are 14,675 million yen, 14,457 million yen, respectively, that if recognized, would reduce the effective tax rate. It is reasonably possible that developments on tax matters in certain tax jurisdictions may result in approximately twenty percent decrease of the Company’s total unrecognized tax benefits within the next twelve months. The Company has accrued interests and penalties related to unrecognized tax benefits and the amount of interest and penalties included in provision for income taxes and cumulative amount accrued were not material as of and for the years ended March 31, 2013 and 2012.

The Company files income tax returns in Japan and various foreign tax jurisdictions. There are a number of subsidiaries which operate within each of the Company's major jurisdictions resulting in a range of open tax years. The open tax years for Panasonic Corporation(PC) are fiscal 2012 and 2013. The open tax years of the United States of America, which is the only other major tax jurisdiction besides PC, are from fiscal 2004 and thereafter.

(11) Number of Authorized Shares etc.

	Number of shares	
	2013	2012
Common stock:		
Authorized stock	4,950,000,000	4,950,000,000
Issued stock	2,453,053,497	2,453,053,497
Treasury stock	141,394,374	141,351,296

(12) Stockholders' Equity

The Company may repurchase its common stock from the market pursuant to the Company Law of Japan. For the years ended March 31, 2013 and 2012, respectively, 57,369 shares and 635,123 shares were repurchased.

The Company sold 14,291 shares and 242,043,928 shares of its treasury stock for the years ended March 31, 2013 and 2012, respectively. Sales of treasury stock for the year ended March 31, 2012 includes the share exchange of treasury stock to noncontrolling interest holders. On April 1, 2011, PEW and SANYO became wholly-owned subsidiaries through the share exchange in order to accelerate synergy generation and maximize synergy. All the shares delivered by the Company were sourced from its treasury stocks (241,961,655 shares) held by the Company. As a result, treasury stock decreased by 424,010 million yen. The difference between the fair value of the shares of the Company delivered to the noncontrolling interest and the decrease in the carrying amount of the treasury stock was recognized as an adjustment to capital surplus and retained earnings in the consolidated balance sheets.

The Company Law of Japan provides that an amount equal to 10% of appropriations be appropriated as a capital reserve or legal reserve until the aggregated amount of capital reserve and legal reserve equals 25% of stated capital. The capital reserve and legal reserve are not available for dividends but may be transferred to capital surplus or retained earnings or stated capital upon approval of the shareholders' meeting.

Cash dividends and transfers to the legal reserve charged to retained earnings during each of the two years ended March 31, 2013 represent dividends paid out during the periods and related appropriation to the legal reserve. Cash dividends per share paid during each of the two years ended March 31, 2013 amounted to 5.00 yen and 10.00 yen, respectively.

In accordance with the Company Law of Japan, there are certain restrictions on payment of dividends in connection with the treasury stock repurchased. As a result of restrictions on the treasury stock repurchased, retained earnings of 247,287 million yen at March 31, 2013 were restricted as to the payment of cash dividends.

(13) Equity Transactions with Noncontrolling Interests

Net income (loss) attributable to Panasonic Corporation and transfers (to) from the noncontrolling interests for each of the two years ended March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Net income (loss) attributable to Panasonic Corporation	(754,250)	(772,172)
Transfers (to) from the noncontrolling interests:		
Increase (decrease) in capital surplus for purchase of additional shares in consolidated subsidiaries primarily for the purpose of conversion into wholly-owned subsidiaries	(6,844)	19,101
Total	(6,844)	19,101
Change from net income (loss) attributable to Panasonic Corporation and transfers (to) from the noncontrolling interests	(761,094)	(753,071)

On April 1, 2011, PEW and SANYO became wholly-owned subsidiaries through share exchanges. The difference between the fair value of the shares of the Company delivered to the noncontrolling interests and the decrease in the carrying amount of the noncontrolling interests was recognized as an adjustment to capital surplus.

(14) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for each of the two years ended March 31, 2013 are as follows:

	Yen (millions)		
	Pre-tax amount	Tax expense	Net-of-tax amount
For the year ended March 31, 2013			
Translation adjustments:			
Translation adjustments arising during the period	195,825	-	195,825
Less: Reclassification adjustment for (gains) losses included in net income (loss)	2,462	-	2,462
Net translation adjustments	198,287	-	198,287
Unrealized holding gains (losses) of available-for-sale securities:			
Unrealized holding gains (losses) arising during the period	4,131	(1,508)	2,623
Less: Reclassification adjustment for (gains) losses included in net income (loss)	(25,706)	9,667	(16,039)
Net unrealized gains (losses)	(21,575)	8,159	(13,416)
Unrealized holding gains (losses) of derivative instruments:			
Unrealized holding gains (losses) arising during the period	13,922	(2,900)	11,022
Less: Reclassification adjustment for (gains) losses included in net income (loss)	(12,953)	1,086	(11,867)
Net unrealized gains (losses)	969	(1,814)	(845)
Pension liability adjustments:			
Prior service benefit arising during the period	(860)	304	(556)
Less: Amortization of prior service benefit included in net periodic benefit cost	(22,458)	5,359	(17,099)
Net prior service benefit	(23,318)	5,663	(17,655)
Actuarial gain (loss) arising during the period	(71,557)	605	(70,952)
Less: Amortization of actuarial gain (loss) included in net periodic benefit cost	33,063	(6,937)	26,126
Net actuarial gain (loss)	(38,494)	(6,332)	(44,826)
Net pension liability adjustments	(61,812)	(669)	(62,481)
Other comprehensive income (loss)	115,869	5,676	121,545

	Yen (millions)		
	Pre-tax amount	Tax expense	Net-of-tax amount
For the year ended March 31, 2012			
Translation adjustments:			
Translation adjustments arising during the period	(27,150)	-	(27,150)
Less: Reclassification adjustment for (gains) losses included in net income (loss)	7,263	-	7,263
Net translation adjustments	(19,887)	-	(19,887)
Unrealized holding gains (losses) of available-for-sale securities:			
Unrealized holding gains (losses) arising during the period	(8,294)	5,041	(3,253)
Less: Reclassification adjustment for (gains) losses included in net income (loss)	(374)	151	(223)
Net unrealized gains (losses)	(8,668)	5,192	(3,476)
Unrealized holding gains (losses) of derivative instruments:			
Unrealized holding gains (losses) arising during the period	(583)	3	(580)
Less: Reclassification adjustment for (gains) losses included in net income (loss)	(9,556)	4,118	(5,438)
Net unrealized gains (losses)	(10,139)	4,121	(6,018)
Pension liability adjustments:			
Prior service benefit arising during the period	(28,019)	11,348	(16,671)
Less: Amortization of prior service benefit included in net periodic benefit cost	(23,347)	9,865	(13,482)
Net prior service benefit	(51,366)	21,213	(30,153)
Actuarial gain (loss) arising during the period	(98,635)	23,840	(74,795)
Less: Amortization of actuarial gain (loss) included in net periodic benefit cost	41,622	(16,548)	25,074
Net actuarial gain (loss)	(57,013)	7,292	(49,721)
Net pension liability adjustments	(108,379)	28,505	(79,874)
Other comprehensive income (loss)	(147,073)	37,818	(109,255)

(15) Panasonic Corporation Shareholders' Equity per Share

	Yen	
	2013	2012
Panasonic Corporation shareholders' equity per share:	546.81	834.79

(16) Net Income (Loss) per Share Attributable to Panasonic Corporation Common Shareholders

A reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share attributable to Panasonic Corporation common shareholders computation for each of the two years ended March 31, 2013 is as follows:

	Yen (millions)	
	2013	2012
Net income (loss) attributable to Panasonic Corporation common shareholders	(754,250)	(772,172)

	Number of shares	
	2013	2012
Average common shares outstanding	2,311,683,353	2,312,167,772

	Yen	
	2013	2012
Net income (loss) per share attributable to Panasonic Corporation common shareholders:		
Basic	(326.28)	(333.96)
Diluted	-	-

Diluted net income (loss) per share attributable to Panasonic Corporation common shareholders for the years ended March 31, 2012 through 2013 has been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

(17) Restructuring Charges

In connection with the reorganization of the Company's operations, the Company has incurred certain restructuring charges. Components and related amounts of the restructuring charges, before the related tax effects, for the years ended March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Expenses associated with the implementation of early retirement programs:		
Domestic	32,441	91,880
Overseas	5,996	9,114
Total	38,437	100,994
Expenses associated with the closure and integration of locations	40,788	83,459
Total restructuring charges	79,225	184,453

These restructuring charges are included in other deductions in the consolidated statements of operations.

The Company has provided early retirement programs to those employees voluntarily leaving the Company. The accrued early retirement benefits are recognized when the employees accept the offer and the amount can be reasonably estimated. Expenses associated with the closure and integration of locations include amounts such as moving expenses of facilities and costs to terminate leasing contracts incurred at domestic and overseas manufacturing plants and sales offices. An analysis of the accrued restructuring charges for the years ended March 31, 2013 and 2012 is as follows:

	Yen (millions)	
	2013	2012
Balance at beginning of year	70,942	31,492
New charges	79,225	184,453
Cash payments or otherwise settled	(104,278)	(145,003)
Balance at end of year	45,889	70,942

The restructuring activities are generally insignificant on an individual activity basis and are short term in nature and are generally completed within one year of initiation. The total amount of costs expected to be incurred in connection with the activity are generally not materially different from the respective restructuring charges as disclosed below except as indicated otherwise. Furthermore, the amounts of restructuring costs incurred subsequent to the fiscal year end of the initiation of any given restructuring activity are not significant except as indicated otherwise.

The following description represents restructuring activities for the year ended March 31, 2013 by segment:

AVC Networks
AVC Networks segment restructured its operations to improve cost competitiveness through selection and concentration of business in Japan and overseas. Total restructuring charges amounting to 10,360 million yen included implementation of early retirement programs of 2,326 million yen and closure and integration of manufacturing locations in the amount of 8,034 million yen. The ending liability balance amounted to 38,111 million yen and 45,819 million yen for the years ended March 31, 2013 and 2012, respectively.

The total amount expected to be incurred in connection with the restructuring activity of domestic plasma display panel fifth factory of Panasonic Plasma Display Co., Ltd., a subsidiary of the Company amounted to 54,370 million yen as of March 31, 2013. The beginning liability balance amounted to 45,819 million yen and additional restructuring charges incurred of 3,287 million yen and costs paid or otherwise settled of 12,941 million yen during the fiscal year. The ending liability balance amounted to 36,165 million yen.

Appliances
Appliances segment restructured its operations to improve efficiency mainly in Japan. Total restructuring charges amounting to 2,814 million yen included implementation of early retirement programs of 586 million yen and closure and integration of locations in the amount of 2,228 million yen. There was no ending liability balance for the year ended March 31, 2013. The ending liability balance amounted to 59 million yen for the year ended March 31, 2012.

Systems & Communications
Systems & Communications segment restructured its operations mainly to accelerate integration of locations and organization in Japan. Total restructuring charges amounting to 15,127 million yen included implementation of early retirement programs of 14,949 million yen and closure and integration of locations in the amount of 178 million yen. The ending liability balance amounted to 1 million yen for the year ended March 31, 2013. There was no ending liability balance for the year ended March 31, 2012.

Eco Solutions
Eco Solutions segment restructured its operations to improve efficiency in Japan and overseas. Total restructuring charges amounting to 1,603 million yen included implementation of early retirement programs of 938 million yen and closure and integration of locations in the amount of 665 million yen. The ending liability balance amounted to 700 million yen and 170 million yen for the years ended March 31, 2013 and 2012, respectively.

Automotive Systems
Automotive Systems segment restructured its operations to improve efficiency overseas. Total restructuring charges amounting to 19 million yen included closure and integration of locations of 19 million yen. There was no ending liability balance for the years ended March 31, 2013 and 2012.

Industrial Devices
Industrial Devices segment restructured its operations to improve efficiency and cost effectiveness mainly in Japan. Total restructuring charges amounting to 8,818 million yen included implementation of early retirement programs of 3,226 million yen and closure and integration of locations in the amount of 5,592 million yen. The ending liability balance amounted to 2,916 million yen and 831 million yen for the years ended March 31, 2013 and 2012, respectively.

Energy
Energy segment restructured its operations to improve efficiency mainly in Japan. Total restructuring charges amounting to 616 million yen included implementation of early retirement programs of 214 million yen and closure and integration of locations in the amount of 402 million yen. The ending liability balance amounted to 154 million yen and 177 million yen for the years ended March 31, 2013 and 2012, respectively.

Other
Other segment restructured its operations for selection and concentration of its businesses in Japan and overseas. Total restructuring charges amounting to 33,732 million yen included early retirement programs of 10,062 million yen and closure and integration of locations in the amount of 23,670 million yen. The ending liability balance amounted to 4,007 million yen and 23,886 million yen for the years ended March 31, 2013 and 2012, respectively.

The total amount expected to be incurred in connection with the restructuring activity of SANYO's semiconductor business amounted to 45,749 million yen as of March 31, 2013. The beginning liability balance amounted to 3,644 million yen and additional restructuring charges incurred of 1,579 million yen and costs paid or otherwise settled of 5,110 million yen during the fiscal year. The ending liability balance amounted to 113 million yen.

Corporate
Corporate restructured its operations to accelerate integration of organization. Total restructuring charges amounting to 6,136 million yen included implementation of early retirement programs of 6,136 million yen. There was no ending liability balance for the years ended March 31, 2013 and 2012.

The following description represents restructuring activities for the year ended March 31, 2012 by segment:

AVC Networks
AVC Networks segment restructured its operations to improve cost competitiveness through selection and concentration of business mainly in Japan. Total restructuring charges amounting to 79,287 million yen included implementation of early retirement programs of 18,729 million yen and closure and integration of manufacturing locations in the amount of 60,558 million yen. The ending liability balance amounted to 45,819 million yen and 174 million yen for the years ended March 31, 2012 and 2011, respectively.

In addition to various restructuring activities in this segment, the Company made a decision to shut off production in domestic plasma display panel fifth factory of Panasonic Plasma Display Co., Ltd., a subsidiary of the Company. Due to the continuously substantial decline of product prices caused by intense price competition and the yen appreciation, the profitability of the flat-panel TV business declined significantly. The Company decided to restructure the panel business to optimize its production scale by consolidating manufacturing sites. The restructuring activity and material cash outlays are expected to take place through fiscal 2015. The total amount expected to be incurred in connection with the activity and the actual amount incurred for the year ended March 31, 2012 amounted to 51,083 million yen. In connection with the plasma display panel business, there was no beginning liability balance with new restructuring charges incurred in the amount of 51,083 million yen and costs paid or otherwise settled of 5,264 million yen during the fiscal year. The ending liability balance amounted to 45,819 million yen.

Appliances
Appliances segment restructured its operations to improve efficiency. Total restructuring charges amounting to 11,728 million yen included implementation of early retirement programs of 9,584 million yen and closure and integration of locations in the amount of 2,144 million yen. The ending liability balance amounted to 59 million yen and 168 million yen for the years ended March 31, 2012 and 2011, respectively.

Systems & Communications
Systems & Communications segment restructured its operations to improve efficiency. Total restructuring charges amounting to 740 million yen included implementation of early retirement programs of 619 million yen and closure and integration of locations in the amount of 121 million yen. There was no ending liability balance for the year ended March 31, 2012. The ending liability balance amounted to 1,882 million yen for the year ended March 31, 2011.

Eco Solutions
Eco Solutions segment restructured its operations mainly in Japan to improve cost effectiveness. Total restructuring charges amounting to 11,834 million yen included implementation of early retirement programs of 9,037 million yen and closure and integration of locations in the amount of 2,797 million yen. The ending liability balance amounted to 170 million yen for the year ended March 31 2012. There was no ending liability balance for the year ended March 31, 2011.

Automotive Systems
Automotive Systems segment restructured its operations to improve efficiency overseas. Total restructuring charges amounting to 658 million yen included implementation of early retirement programs of 572 million yen and closure and integration of locations in the amount of 86 million yen. There was no ending liability balance for the years ended March 31, 2012 and 2011, respectively.

Industrial Devices
Industrial Devices segment restructured its operations to improve efficiency and cost effectiveness mainly in Japan. Total restructuring charges amounting to 21,531 million yen included implementation of early retirement programs of 19,429 million yen and closure and integration of locations in the amount of 2,102 million yen. The ending liability balance amounted to 831 million yen and 91 million yen for the years ended March 31, 2012 and 2011, respectively.

Energy
Energy segment restructured its operations mainly to accelerate integration of manufacturing bases and organization in Japan. Total restructuring charges amounting to 7,684 million yen included implementation of early retirement programs of 4,560 million yen and closure and integration of locations in the amount of 3,124 million yen. The ending liability balance amounted to 177 million yen and 137 million yen for the years ended March 31, 2012 and 2011, respectively.

Other
Other segment restructured its operations for selection and concentration of its businesses in Japan and overseas. Total restructuring charges amounting to 50,991 million yen included early retirement programs of 38,464 million yen and closure and integration of locations in the amount of 12,527 million yen. The ending liability balance amounted to 23,886 million yen and 29,040 million yen for the years ended March 31, 2012 and 2011, respectively.

The total amount expected to be incurred in connection with the restructuring activity of SANYO's semiconductor business that was initiated in fiscal 2011 amounted to 44,170 million yen as of March 31, 2012. The beginning liability balance amounted to 28,060 million yen with no additional restructuring charges incurred and costs paid or otherwise settled of 24,416 million yen during the fiscal year. The ending liability balance amounted to 3,644 million yen.

(18) Supplementary Information to the Statements of Operations and Cash Flows

Research and development costs, advertising costs, shipping and handling costs and depreciation charged to earnings for the years ended March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Research and development costs	502,223	520,217
Advertising costs	114,826	137,942
Shipping and handling costs	139,392	153,345
Depreciation	277,582	295,808

Net foreign exchange loss included in other deductions for the year ended March 31, 2013 is 14,050 million yen. Net foreign exchange gain included in other income for the years ended March 31, 2012 is 4,658 million yen.

Shipping and handling costs are included in selling, general and administrative expenses in the consolidated statements of operations.

In fiscal 2013 and 2012, the Company sold, without recourse, trade receivables and others of 642,220 million yen and 505,018 million yen to independent third parties for proceeds of 637,183 million yen and 504,098 million yen, and recorded losses on the sale of trade receivables of 5,037 million yen and 920 million yen, respectively. In fiscal 2013 and 2012, the Company sold, with recourse, trade receivables of 421,681 million yen and 401,693 million yen to independent third parties for proceeds of 421,145 million yen and 401,158 million yen, and recorded losses on the sale of trade receivables of 536 million yen and 535 million yen, respectively. Those losses are included in selling, general and administrative expenses and other deductions. The Company is responsible for servicing most of the receivables. The amounts of trade receivables sold to independent third parties which have not been collected at March 31, 2013 and 2012 are 167,394 million yen and 129,946 million yen, respectively. Those receivables had been derecognized at March 31, 2013 and 2012. Included in trade notes receivable and trade accounts receivable at March 31, 2013 are amounts of 41,245 million yen without recourse and 36,883 million yen with recourse scheduled to be sold to independent third parties. The sale of trade receivables was accounted for under the provision of ASC 860, “Transfers and Servicing,” which provides accounting and reporting standards for transfer and servicing of financial assets and extinguishments of liabilities.

Net gain from insurance recovery related to the Great East Japan Earthquake included in other income for the year ended March 31, 2012 amounted to 5,706 million yen which was net of loss of 9,721 million yen incurred due to the earthquake.

Net gain from insurance recovery related to the flooding in Thailand included in other income for the year ended March 31, 2013 amounted to 7,966 million yen which was net of loss of 503 million yen incurred due to the flooding. Net loss related to the flooding in Thailand included in other deductions for the year ended March 31, 2012 amounted to 2,513 million yen, which was net of insurance recovery from loss related to the flooding of 7,987 million yen.

Interest and income taxes paid, and noncash investing and financing activities for each of the two years ended March 31, 2013 are as follows:

	Yen (millions)	
	2013	2012
Cash paid:		
Interest	25,244	28,636
Income taxes	61,715	76,679
Noncash investing and financing activities:		
Capital leases	4,684	6,668
Treasury stock transferred under share exchange	−	424,010

(19) Derivatives and Hedging Activities

The Company operates internationally, giving rise to significant exposure to market risks arising from changes in foreign exchange rates, and commodity prices. The Company assesses these risks by continually monitoring changes in these exposures and by evaluating hedging opportunities. Derivative financial instruments utilized by the Company to hedge these risks are comprised principally of foreign exchange contracts, cross currency swaps and commodity derivatives. The Company does not hold or issue derivative financial instruments for trading purpose.

Amounts included in accumulated other comprehensive income (loss) at March 31, 2013 are expected to be recognized in earnings principally over the next twelve months. The maximum term over which the Company is hedging exposures to the variability of cash flows for foreign currency exchange risk is approximately five months.

The Company is exposed to credit risk in the event of non-performance by counterparties to the derivative contracts, but such risk is considered mitigated by the high credit rating of the counterparties.

The contract amounts of foreign exchange contracts, cross currency swaps, and commodity futures at March 31, 2013 and 2012 are as follows:

	Yen (millions)	
	2013	2012
Foreign exchange contracts	782,101	715,346
Cross currency swaps	35,725	123,586
Commodity futures	557,505	326,559

The fair values of derivative instruments at March 31, 2013 and 2012 are as follows:

	Yen (millions)			
	2013			
	Asset derivatives		Liability derivatives	
	Consolidated balance sheet location	Fair value	Consolidated balance sheet location	Fair value
Derivatives designated as hedging instruments under ASC 815:				
Foreign exchange contracts	Other current assets	687	Other current liabilities	8,379
Commodity futures	Other current assets	19	Other current liabilities	763
Total derivatives designated as hedging instruments under ASC 815		706		9,142
Derivatives not designated as hedging instruments under ASC 815:				
Foreign exchange contracts	Other current assets	516	Other current liabilities	5,445
Cross currency swaps	-	-	Other current liabilities	184
Commodity futures	Other current assets	9,113	Other current liabilities	9,113
Total derivatives not designated as hedging instruments under ASC 815		9,629		14,742
Total derivatives		10,335		23,884

	Yen (millions)			
	2012			
	Asset derivatives		Liability derivatives	
	Consolidated balance sheet location	Fair value	Consolidated balance sheet location	Fair value
Derivatives designated as hedging instruments under ASC 815:				
Foreign exchange contracts	Other current assets	56	Other current liabilities	10,209
Commodity futures	Other current assets	1,599	Other current liabilities	231
Total derivatives designated as hedging instruments under ASC 815		1,655		10,440
Derivatives not designated as hedging instruments under ASC 815:				
Foreign exchange contracts	Other current assets	6,774	Other current liabilities	1,524
Cross currency swaps	Other current assets	304	-	-
Commodity futures	Other current assets	979	Other current liabilities	979
Total derivatives not designated as hedging instruments under ASC 815		8,057		2,503
Total derivatives		9,712		12,943

The effect of derivative instruments on the consolidated statement of operations for the year ended March 31, 2013 is as follows:

Derivatives designated as hedging instruments under ASC 815:

Cash flow hedging relationships:

	Yen (millions)		
Derivatives	Amount of gain or (loss) recognized in OCI on derivative (effective portion)	Amount of gain reclassified from accumulated OCI into operations (effective portion)	
		Location of gain or (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts	13,960	Other income (deductions)	10,765
Commodity futures	(38)	Cost of sales	2,188
Total	13,922		12,953

566 million yen of ineffective portion and amount excluded from effectiveness testing recognized in operations on derivative of foreign exchange contracts are included in other deductions.

Fair value hedging relationships:
Derivatives from fair value hedging relationships is not expected to have a material effect on Consolidated statements of operations.

Derivatives not designated as hedging instruments under ASC 815:

Derivatives	Yen (millions) Amount of gain (loss) recognized in operations on derivative	
	Location of gain or (loss) recognized in operations	Amount of gain or (loss)
Foreign exchange contracts	Other income (deductions)	2,949
Cross currency swaps	Other income (deductions)	(488)
Commodity futures	Other income (deductions)	0
Total		2,461

The effect of derivative instruments on the consolidated statement of operations for the year ended March 31, 2012 is as follows:

Derivatives designated as hedging instruments under ASC 815:

Cash flow hedging relationships:

Derivatives	Yen (millions) Amount of gain or (loss) recognized in OCI on derivative (effective portion)	Amount of gain reclassified from accumulated OCI into operations (effective portion)	
		Location of gain or (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts	4,571	Other income (deductions)	8,070
Commodity futures	(5,154)	Cost of sales	1,486
Total	(583)		9,556

94 million yen of ineffective portion and amount excluded from effectiveness testing recognized in operations on derivative of foreign exchange contracts are included in other deductions.

Fair value hedging relationships:

Hedging instruments	Yen (millions) Location of gain or (loss) recognized in operations	Amount of gain or (loss) recognized in operations
Commodity futures	Other income (deductions)	(4,787)
Total		(4,787)

Related hedged items	Yen (millions) Location of gain or (loss) recognized in operations	Amount of gain or (loss) recognized in operations
Trade accounts receivable (payable)	Other income (deductions)	6,510
Total		6,510

Ineffective portion of changes in fair value of fair value hedges resulted in gains of 1,723 million yen.

Derivatives not designated as hedging instruments under ASC 815:

Derivatives	Yen (millions) Amount of gain (loss) recognized in operations on derivative	
	Location of gain or (loss) recognized in operations	Amount of gain or (loss)
Foreign exchange contracts	Other income (deductions)	16,234
Cross currency swaps	Other income (deductions)	766
Interest rate swaps	Other income (deductions)	0
Commodity futures	Other income (deductions)	0
Total		17,000

(20) Fair Value

ASC 820, "Fair Value Measurements and Disclosures" defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets.
Level 2 — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 — Unobservable inputs for the asset or liability.

The following table represents assets and liabilities that are measured at fair value on a recurring basis at March 31, 2013 and 2012:

	Yen (millions)			
	2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	84,035	-	-	84,035
Corporate and government bonds	-	1,718	-	1,718
Other debt securities	-	12	-	12
Total available-for-sale securities	84,035	1,730	-	85,765
Derivatives:				
Foreign exchange contracts	-	1,203	-	1,203
Commodity futures	3,641	5,491	-	9,132
Total derivatives	3,641	6,694	-	10,335
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	13,824	-	13,824
Cross currency swaps	-	184	-	184
Commodity futures	6,254	3,622	-	9,876
Total derivatives	6,254	17,630	-	23,884

	Yen (millions)			
	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	225,433	-	-	225,433
Corporate and government bonds	-	1,711	-	1,711
Other debt securities	-	593	-	593
Total available-for-sale securities	225,433	2,304	-	227,737
Derivatives:				
Foreign exchange contracts	-	6,830	-	6,830
Cross currency swaps	-	304	-	304
Commodity futures	2,056	522	-	2,578
Total derivatives	2,056	7,656	-	9,712
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	11,733	-	11,733
Commodity futures	753	457	-	1,210
Total derivatives	753	12,190	-	12,943

The Company's existing marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 available-for-sale securities include all debt securities, which are valued using inputs other than quoted prices that are observable. Level 2 derivatives including foreign exchange contracts, cross currency swaps and commodity futures are valued using quotes obtained from brokers, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates and market prices for commodity futures.

The following table presents assets and liabilities that are measured at fair value on a nonrecurring basis for the years ended March 31, 2013 and 2012:

	Yen (millions)				
	2013				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Long-lived assets	(178,012)	-	-	417,842	417,842
Goodwill	(250,583)	-	-	0	0

	Yen (millions)				
	2012				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Investments in associated companies	(8,831)	29,349	-	-	29,349
Long-lived assets	(399,259)	-	-	227,311	227,311
Goodwill	(163,902)	-	-	87,379	87,379
Liabilities:					
Other accrued expenses	(48,000)	-	-	48,000	48,000

During the year ended March 31, 2013, the Company classified most of assets described above in Level 3 as the Company used unobservable inputs to value these assets when recognizing losses related to the assets. The fair value for the major assets was measured through repurchase cost method, excess earnings method, relief-from-royalty method, discounted cash flow method, guideline public company method, and guideline merged and acquired company method.

During the year ended March 31, 2012, the Company classified most of assets and liabilities described above in Level 3 as the Company used unobservable inputs to value these assets and liabilities when recognizing impairment losses related to the assets and accrued expenses related to the liabilities. The fair value for the major assets and liabilities was measured through repurchase cost method, excess earnings method, relief-from-royalty method, discounted cash flow method, guideline public company method, and guideline merged and acquired company method. The Company classified certain investments in Level 1 as the Company used an unadjusted quoted market price in active markets as input to value the investment.

The following table presents assets and liabilities that are measured at fair value on a nonrecurring basis in Level 3 for the year ended March 31, 2013 and for the three months ended March 31, 2012:

	Yen (millions)			
	2013			
	Fair value	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets	417,842	Repurchase cost method	Residual value ratio	52.0%-64.0%
		Excess earnings method	Discount rate	10.0%-12.3%
		Relief-from-royalty method	Discount rate	6.5%-12.3%
Goodwill	0	Discounted cash flow method	Weighted average cost of capital	6.2%-12.3%
		Guideline public company method	EBITDA multiple	2.6-6.2
		Guideline merged and acquired company method	EBITDA multiple	7.0-11.0

	Yen (millions)			
	For the three months ended March 31, 2012			
	Fair value	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets	212,821	Repurchase cost method	Residual value ratio	12.2%-43.9%
		Excess earnings method	Discount rate	8.0%-15.0%
		Relief-from-royalty method	Discount rate	8.0%-15.0%
Goodwill	76,911	Discounted cash flow method	Weighted average cost of capital	5.4%-7.9%
		Guideline public company method	EBITDA multiple	4.4-8.3
		Guideline merged and acquired company method	EBITDA multiple	9.0-10.0

The fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Available-for-sale securities
The carrying amount is equal to the fair value which is estimated based on quoted market prices. The fair value is also described in Note 4.

Long-term debt, including current portion
The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using appropriate current discount rates. The Company classified long-term debt in Level 2.

Derivative financial instruments
The fair value of derivative financial instruments is estimated based on unadjusted market prices or quotes obtained from brokers, which are periodically validated by pricing models using observable inactive market inputs. The fair value is equal to the carrying amount and also described in Note 19.

Advances
The fair value of advances is estimated based on the present value of future cash flows using appropriate current discount rates. The Company classified advances in Level 2. The following table excludes advances for which carrying amount approximates fair value.

Financial instruments other than those listed above (such as Cash and cash equivalents, Time deposits, Trade receivables, Short-term debt, Trade payables and Accrued expenses)
The carrying amount approximates fair value because of the short maturity of these instruments. The following table excludes these financial instruments.

	Yen (millions)			
	March 31, 2013		March 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivatives:				
Assets:				
Available-for-sale securities	85,765	85,765	227,737	227,737
Liabilities:				
Long-term debt, including current portion	947,786	957,896	1,157,393	1,175,868
Derivatives:				
Assets:				
Foreign exchange contracts	1,203	1,203	6,830	6,830
Cross currency swaps	-	-	304	304
Commodity futures	9,132	9,132	2,578	2,578
Liabilities:				
Foreign exchange contracts	13,824	13,824	11,733	11,733
Cross currency swaps	184	184	-	-
Commodity futures	9,876	9,876	1,210	1,210

Limitations
Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(21) Commitments and Contingent Liabilities

The Company provides guarantees to third parties mainly on bank loans provided to associated companies and customers. The guarantees are made to enhance their credit. For each guarantee provided, the Company is required to perform under the guarantee if the guaranteed party defaults on a payment. Also, as discussed in Note 18, the Company sold certain trade receivables to independent third parties, some of which are with recourse. If the collectibility of those receivables with recourse becomes doubtful, the Company is obligated to assume the liabilities. At March 31, 2013, the maximum amount of undiscounted payments the Company would have to make in the event of default was 37,915 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at March 31, 2013 was immaterial.

As discussed in Note 5, in connection with the sale and leaseback of certain machinery and equipment, the Company guarantees a specific value of the leased assets. For each guarantee provided, the Company is required to perform under the guarantee if certain conditions are met during or at the end of the lease term. At March 31, 2013, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 5,311 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at March 31, 2013 was immaterial.

The Company issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a certain period or term. The change in accrued warranty costs for the years ended March 31, 2013 and 2012 are summarized as follows:

	Yen (millions)	
	2013	2012
Balance at beginning of year	58,139	55,304
Liabilities accrued for warranties issued during the period	32,946	41,094
Warranty claims paid during the period	(35,438)	(34,013)
Changes in liabilities for pre-existing warranties during the period, including expirations	(4,792)	(4,246)
Balance at end of year	50,855	58,139

At March 31, 2013, commitments outstanding for the purchase of property, plant and equipment approximated 7,965 million yen. Certain subsidiaries are under contracts to purchase specific raw materials until 2020. At March 31, 2013, commitments outstanding for this contract approximated 76,581 million yen.

Liabilities for environmental remediation costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. In January 2003, the Company announced that disposed electric equipment that contained polychlorinated biphenyls (PCB equipment) might be buried in the ground of its four manufacturing facilities and one former manufacturing facility. The applicable laws require that PCB equipment be appropriately maintained and disposed of by March 31, 2027. At March 31, 2013, the Company has accrued estimated total cost of 5,004 million yen for necessary actions such as investigating whether the PCB equipment is buried at the facilities, including excavations, maintaining and disposing the PCB equipment that is already discovered, and soil remediation, since it represents management's best estimate or minimum of the cost, but the payments are not considered to be fixed and reliably determinable.

The Company and certain subsidiaries are under the term of leasehold interest contracts for land of domestic factories and have obligations for restitution on their leaving. The asset retirement obligations cannot be reasonably estimated because the durations of use of the leased land are not specified and there are no plans to undertake relocation in the future. Therefore the Company did not recognize asset retirement obligations.

The Company and certain of its subsidiaries are subject to a number of legal proceedings including civil litigations related to tax, products or intellectual properties, or governmental investigations.

Since November 2007, the Company and MT Picture Display Co., Ltd. (MTPD), a subsidiary of the Company, are subject to investigations by government authorities, including the Japan Fair Trade Commission, the U.S. Department of Justice and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). Subsequent to these actions by the authorities, a number of class action lawsuits have been filed in the U.S. and Canada against the Company and certain of its subsidiaries. In October 2009, the Japan Fair Trade Commission issued a cease and desist order against MTPD and assessed a fine against its three subsidiaries in South East Asia, but each named company filed for a hearing to challenge the orders which is currently subject to proceedings. In December 2012, the Company and MTPD received notification of a European Commission Decision in violation of EU competition law and appealed to the European General Court against the decision because Panasonic believes this decision is factually and legally erroneous as it applies to Panasonic and MTPD. Since February 2009, the Company is subject to investigations by government authorities, including the U.S. Department of Justice and the European Commission, in respect to alleged antitrust violations relating to compressors for refrigerator use. Subsequent to these actions by the authorities, a number of class action lawsuits have been filed in the U.S. and Canada against the Company and certain of its subsidiaries. The Company has paid a fine to the U.S. Department of Justice and the Competition Bureau Canada for the year ended March 31, 2011 and the European Commission for the year ended March 31, 2012 to resolve alleged antitrust violations relating to compressors for refrigerator use. The Company has been cooperating with various governmental investigations. Depending upon the outcome of these different proceedings, the Company and certain of its subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines. The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are present novel legal theories, involve a large number of parties or taking place in jurisdictions outside of Japan where the laws are complex or unclear. Accordingly, the Company is unable to estimate the losses or range of losses for the actions and proceedings where there is only a reasonable possibility that a loss exceeding amounts already recognized may have been incurred.

Other than those above, there are a number of legal actions against the Company and certain subsidiaries. Management is of the opinion that unfavorable outcome, if any, resulting from these actions will not have a material effect on the Company’s consolidated financial statements.

(22) Segment Information

In accordance with the provisions of ASC 280, the segments reported below are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance.

“AVC Networks” provides imaging equipment such as flat-panel TVs, AVC network equipment including Blue-ray Disc recorders, digital cameras and notebook PCs as well as projectors, airplane AV systems and other business-use AV equipment. “Appliances” delivers products and services that meet customer needs in the homemaking, cooking, beauty and grooming and health, cooling and heating, hot water supply, and cold chain equipment fields. “Systems & Communications” is comprised of the system network and mobile communications businesses. “Eco Solutions” is comprised of four business groups, which are the lighting business, the energy systems business, the housing systems business, and the environmental systems business. “Automotive Systems” operates in wide-ranging fields such as car-use-multimedia-related equipment, eco-car-related equipment and electrical components. “Industrial Devices” covers a wide range of products such as electronic components, electronic materials, semiconductors, and optical devices. “Energy” develops a broad energy-based business including solar photovoltaic systems and lithium-ion batteries where use is also expanding from consumer to storage, in-car, and other fields. “Other” provides a variety of healthcare-related products and services, manufacturing systems for electronic component mounting, ‘eco ideas’ homes through each of its detached housing, asset and property management, and home remodeling businesses.

By Segment:

Information by segment for each of the two years ended March 31, 2013 is shown in the tables below:

	Yen (millions)	
	2013	2012
Sales:		
AVC Networks:		
Customers	1,125,807	1,451,410
Intersegment	248,068	262,065
Total	1,373,875	1,713,475
Appliances:		
Customers	1,194,750	1,133,104
Intersegment	359,623	401,079
Total	1,554,373	1,534,183
System & Communications:		
Customers	531,028	637,931
Intersegment	209,910	202,929
Total	740,938	840,860
Eco Solutions:		
Customers	1,272,347	1,256,633
Intersegment	275,553	269,180
Total	1,547,900	1,525,813
Automotive Systems:		
Customers	769,034	624,878
Intersegment	13,912	28,369
Total	782,946	653,247
Industrial Devices:		
Customers	1,134,277	1,152,872
Intersegment	227,097	251,698
Total	1,361,374	1,404,570
Energy:		
Customers	323,311	319,877
Intersegment	269,023	295,008
Total	592,334	614,885
Other:		
Customers	952,491	1,269,511
Intersegment	490,313	611,350
Total	1,442,804	1,880,861
Eliminations	(2,093,499)	(2,321,678)
Consolidated total	7,303,045	7,846,216

	Yen (millions)	
	2013	2012
Profit (loss):		
AVC Networks	19,913	(67,853)
Appliances	66,493	81,470
Systems & Communications	12,366	17,341
Eco Solutions	59,135	58,859
Automotive Systems	16,606	4,941
Industrial Devices	19,193	(16,599)
Energy	8,316	(20,880)
Other	24,967	23,576
Corporate and eliminations	(66,053)	(37,130)
Total segment profit	160,936	43,725
Interest income	9,326	13,388
Dividends received	3,686	6,129
Other income	91,807	44,124
Interest expense	(25,601)	(28,404)
Impairment losses of long-lived assets	(138,138)	(399,259)
Goodwill impairment	(250,583)	(163,902)
Other deductions	(249,819)	(328,645)
Consolidated income (loss) before income taxes	(398,386)	(812,844)

	Yen (millions)	
	2013	2012
Identifiable assets:		
AVC Networks	680,736	848,999
Appliances	710,664	716,387
Systems & Communications	373,858	516,300
Eco Solutions	826,610	893,430
Automotive Systems	267,964	287,390
Industrial Devices	862,834	1,035,572
Energy	654,713	908,644
Other	672,233	776,412
Corporate and eliminations	348,200	617,921
Consolidated total	5,397,812	6,601,055
Depreciation and amortization:		
AVC Networks	55,179	68,869
Appliances	42,917	42,514
Systems & Communications	13,603	14,244
Eco Solutions	37,303	39,565
Automotive Systems	11,286	10,099
Industrial Devices	77,318	79,833
Energy	54,648	68,889
Other	32,577	35,480
Corporate and eliminations	14,124	14,770
Consolidated total	338,955	374,263
Capital investment:		
AVC Networks	58,893	65,365
Appliances	52,160	53,258
Systems & Communications	10,222	15,267
Eco Solutions	35,376	37,346
Automotive Systems	9,045	9,546
Industrial Devices	65,996	80,246
Energy	66,550	55,818
Other	25,183	29,471
Corporate and eliminations	19,288	23,359
Consolidated total	342,713	369,676

Corporate expenses include certain corporate R&D expenditures and general corporate expenses.

Corporate assets consist of cash and cash equivalents, time deposits, marketable securities in short-term investments, investments and advances and other assets related to unallocated expenses.

Depreciation and amortization include amortization of intangibles, but exclude amortization of deferred bond issuance expenses.

Capital investment consists of purchases of property, plant and equipment, and intangibles on an accrual basis.

Intangibles mainly represent patents and know-how, and software.

By Geographical Area:

Sales attributed to countries based upon the customer's location and property, plant and equipment are as follows for each of the two years ended March 31,2013:

	Yen (millions)	
	2013	2012
Sales:		
Japan	3,790,392	4,162,025
North and South America	1,022,278	966,527
Europe	665,863	743,547
Asia and Others	1,824,512	1,974,117
Consolidated total	7,303,045	7,846,216
United States included in North and South America	866,048	804,012
China included in Asia and Others	940,804	1,043,036
Property, plant and equipment:		
Japan	1,153,080	1,353,566
North and South America	44,067	37,198
Europe	37,622	39,607
Asia and Others	440,659	332,187
Consolidated total	1,675,428	1,762,558

There are no individually material countries which should be separately disclosed in North and South America, Europe, and Asia and Others, except for the United States and China on sales.

Transfers between segments are made at arms-length prices. There is no material concentration of sales to a single external major customer for each of the two years ended March 31, 2013.

(23) Subsequent Events

Revision of employee's bonus reserve

In the first quarter of fiscal 2014, the Company's management and labor unions agreed to reduce the employee's bonuses in accordance with the Group extraordinary management measures. As a result of the agreements, the Company and certain domestic subsidiaries will reverse accrued employee's bonus expenses, included in "Other accrued expenses" in the consolidated balance sheet as of March 31, 2013. The Company is currently in the process of assessing the impact on the revision of employee's bonus reserve.

Transition to the defined contribution pension plan

In the first quarter of fiscal 2014, the Company and certain domestic subsidiaries decided to make a transition from the current defined benefit pension plan to the defined contribution pension plan, effective from future contributions made on or after July 1, 2013. Under the U.S. GAAP, upon this decision, any decrease in projected benefit obligations (PBO) due to a plan amendment in the past is required to be immediately recognized in the profit and loss. Accordingly, the Company will recognize a gain of 79,762 million yen in “Other income” in the consolidated statement of operations for the first quarter of the fiscal 2014.

The Company applied for approval of this plan amendment to the Ministry of Health, Labor and Welfare and it will be finally effective upon authorization by the ministry. This gain in “Other income” represents a decrease in PBO due to a plan amendment in the past, and it does not have any impact on payments to employees.

[Supplementary Schedules]

(1) Detailed Statements of Bonds

Refer to Note 8 in the notes of consolidated financial statements.

(2) Detailed Statements of Borrowings etc.

Refer to Note 8 in the notes of consolidated financial statements.

(3) Detailed Statements of Asset Retirement Obligation

This statement has been omitted because the amount of asset retirement obligation in the consolidated balance sheets is immaterial.

(4) Detailed Statements of Valuation Reserve etc.

The change in allowance for doubtful receivables for the year ended March 31, 2013 is as follows:

	Yen (millions)					
		Add	Deduct		Add (Deduct)	
	Balance at beginning of period	Charged to income	Bad debts written off	Reversal	Cumulative translation adjustments	Balance at end of period
Allowance for doubtful receivables	26,604	6,641	6,092	6,254	2,499	23,398

[Quarterly financial Information (Unaudited)]

(Millions of yen, unless otherwise stated)

(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	1,814,498	3,638,160	5,439,663	7,303,045
Income (loss) before income taxes	37,825	(278,671)	(269,398)	(398,386)
Net income (loss) attributable to Panasonic Corporation	12,809	(685,170)	(623,830)	(754,250)
Net income (loss) attributable to Panasonic Corporation per share, basic (yen)	5.54	(296.39)	(269.86)	(326.28)

(Three months)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income (loss) attributable to Panasonic Corporation per share, basic (yen)	5.54	(301.93)	26.53	(56.42)

Ⅵ Stock-Related Administration for the Company

Fiscal Year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for distribution of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sales of shares less than one unit	
Handling office	Sumitomo Mitsui Trust Bank, Limited 5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi, 1-chome, Chiyoda-ku, Tokyo
Forward office	-
Purchasing and selling fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, Nihon Keizai Shimbun will be adopted as its medium. URL for public notice is following http://panasonic.co.jp/index3.html
Special benefit for Shareholders	Not applicable

Ⅷ Reference Information on the Company

1. Information on a Parent Company, etc. of the Company

Not applicable.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2013 to the filing date of Annual Securities Report.

(1) Annual Securities Report and documents attached, and Confirmation Letter	Business Term (105th)	From April 1, 2011 To March 31, 2012	Filed with the Director of the Kanto Local Finance Bureau on June 28, 2012
(2) Internal Control Report and documents attached			Filed with the Director of the Kanto Local Finance Bureau on June 28, 2012
(3) Shelf Registration Statement (Bond) and Confirmation Letter			Filed with the Director of the Kanto Local Finance Bureau on September 28, 2012
(4) Shelf Registration Statement (Stock acquisition right) and Confirmation Letter			Filed with the Director of the Kanto Local Finance Bureau on May 15, 2013
(5) Amended Shelf Registration Statement	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on November 2, 2012
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on November 13, 2012
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on February 13, 2013
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on March 1, 2013
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on May 13, 2013
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on September 28, 2012		Filed with the Director of the Kanto Local Finance Bureau on May 29, 2013

	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2013		Filed with the Director of the Kanto Local Finance Bureau on May 29, 2013
(6) Quarterly Report and Confirmation Letter	(106th First Quarter)	From April 1, 2012 To June 30, 2012	Filed with the Director of the Kanto Local Finance Bureau on August 6, 2012
	(106th Second Quarter)	From July 1, 2012 To September 30, 2012	Filed with the Director of the Kanto Local Finance Bureau on November 13, 2012
	(106th Third Quarter)	From October 1, 2012 To December 31, 2012	Filed with the Director of the Kanto Local Finance Bureau on February 13, 2013
(7) Extraordinary Report	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on June 29, 2012
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 12 and 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on November 2, 2012
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on March 1, 2013
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on May 13, 2013
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on May 29, 2013

Part Ⅱ Information on Guarantors, etc. for the Company

Not applicable.

Independent Auditors' Report

The Board of Directors and Stockholders
Panasonic Corporation:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Panasonic Corporation and its subsidiaries as of March 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

We also have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants, Panasonic Corporation and subsidiaries' internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 27, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG AZSA LLC

Osaka, Japan
June 27, 2013

Independent Auditors' Report

The Board of Directors and Stockholders
Panasonic Corporation:

We have examined the effectiveness of Panasonic Corporation and subsidiaries' (the "Company") internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our examination included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our examination also included performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Panasonic Corporation and subsidiaries as of March 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the years then ended, and our report dated June 27, 2013 expressed an unqualified opinion on those consolidated financial statements.

KPMG AZSA LLC

Osaka, Japan
June 27, 2013

[Cover]

Filed Document:	Confirmation Letter
Applicable Law:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filling Date:	June 27, 2013
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, President and Director
Name and Title of CFO:	Hideaki Kawai, Managing Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Mr. Kazuhiro Tsuga, President and Director, and Mr. Hideaki Kawai, Managing Director, confirmed that statements contained in the Annual Securities Report for the 106th fiscal year (from April 1, 2012 to March 31, 2013) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

Not applicable.

[Cover]

Filed Document:	Internal Control Report
Applicable Law:	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filling Date:	June 27, 2013
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, President and Director
Name and Title of CFO:	Hideaki Kawai, Managing Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting.
Our internal control over financial statement is a process which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States and includes those policies and procedures that:

（1）pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of our assets;
（2）provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and
（3）provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2013. In making this assessment, our management used the criteria set forth by U.S. Securities Exchange Act of 1934 and the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework.

3. Matters Related to Results of Assessment

Based on its assessment, our management concluded that, as of March 31, 2013, our internal control over financial reporting was effective based on those criteria.
As described in "Report of Independent Registered Public Accounting Firm", KPMG AZSA LLC who is our registered independent auditor conducted an audit concerning the effectiveness of our internal control over financial reporting designed by our management as of March 31, 2013.

4. Supplementary Matters

The assessment was performed pursuant to U.S. Securities Exchange Act of 1934. Following are the major differences between this assessment and the one in case we perform in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

(1) The assessment was performed based on the standard established in Internal Control-Integrated Framework released by COSO, not being based on the basic framework set by the Business Accounting Council.
(2) The scope of the assessment is solely the consolidated financial statements as stated in the "Part Ⅰ Information on the Company - Ⅴ Financial Information" of the Annual Securities Report. The scope of assessment does not include parent only financial statements or disclosures which might have major effect to the reliability of financial statements which are recorded in other parts than the part I-V.
(3) The equity-method affiliates are not included in the scope of assessment of internal control.

5. Special Notes

We prepared this Internal Control Report in accordance with the terms, form and procedures required in the management's report on internal control over financial reporting in the U.S. since we register our American Depositary Shares ("ADSs") to the U.S. Securities and Exchange Commission ("SEC"). On April 11, 2013, we applied to the SEC for termination of registration of our ADSs. We anticipate that the registration will be terminated on July 10, 2013.