

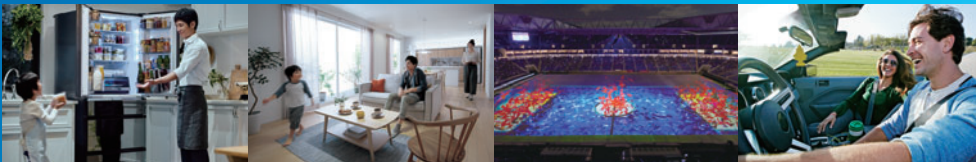
Panasonic

Panasonic Corporation

Annual Report

2017

Financial and Non Financial Results
for the year ended March 31, 2017



Moving toward growth





A Better Life, A Better World

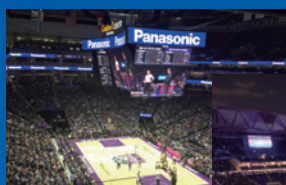
Achieving “A Better Life, A Better World” through Our Business Activities

Panasonic has put forward the brand slogan “A Better Life, A Better World” to embody its founding management philosophy “to contribute to the progress and development of society through its business activities.” Guided by this slogan, the Company is endeavoring to offer “A Better Life, A Better World” to each and every customer around the world across its four core business areas: Consumer Electronics, Housing, Automotive, and B2B.



Four Business Areas

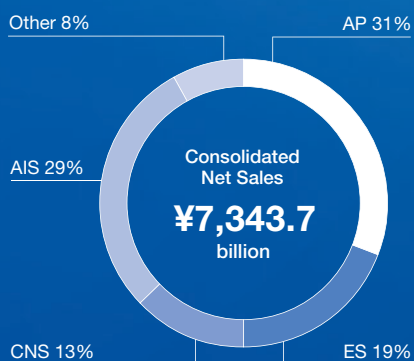
 Consumer Electronics	 Housing	 Automotive	 B2B
<p>Aspire to more – “To the lifestyle we all desire”</p> <p>(Major businesses)</p> <ul style="list-style-type: none"> ■ Air-conditioning ■ Cooking ■ Housekeeping ■ Beauty and health ■ AV <p>(Company in charge)</p> <ul style="list-style-type: none"> • Appliances Company 	<p>Homes & Living – “Offering inspiring homes and living spaces”</p> <p>(Major businesses)</p> <ul style="list-style-type: none"> ■ Housing equipment ■ Remodeling ■ Primary contracting ■ Energy management ■ Age-free (elderly-care) <p>(Company in charge)</p> <ul style="list-style-type: none"> • Eco Solutions Company 	<p>Become an integral supplier of “Comfort,” “Safety” and “Environment”</p> <p>(Major businesses)</p> <ul style="list-style-type: none"> ■ Infotainment systems ■ Automotive electronics ■ Automotive batteries ■ Automotive devices and systems <p>(Company in charge)</p> <ul style="list-style-type: none"> • Automotive & Industrial Systems Company 	<p>Stay close to our customers and help offering better living, leveraging our core products</p> <p>(Major businesses)</p> <ul style="list-style-type: none"> ■ Aviation ■ Factory solutions ■ Food distribution solutions ■ Logistics solutions ■ Entertainment solutions ■ Energy systems solutions (Create/store energy) ■ Social infrastructure <p>(Company in charge)</p> <ul style="list-style-type: none"> • Connected Solutions Company • Appliances Company • Eco Solutions Company • Automotive & Industrial Systems Company



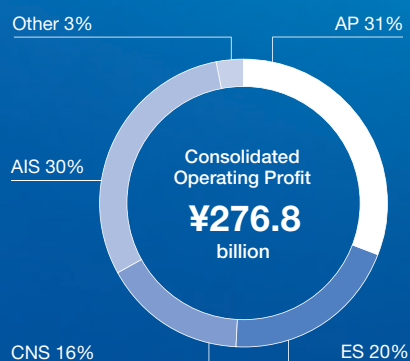
Business Composition Ratio (Fiscal year ended March 2017)

(Net sales and operating profit of each segment calculated in line with the organizational structure as of April 1, 2017)

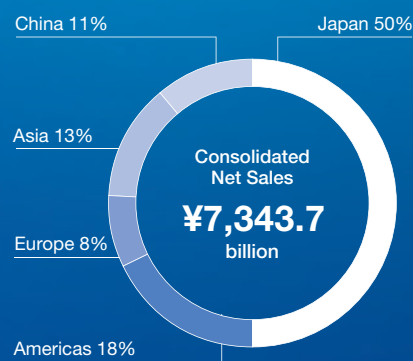
Net Sales Composition Ratio by Segment



Operating Profit Composition Ratio by Segment



Net Sales Composition Ratio by Region



Notes:

1. Official segment names are as follows:

AP: Appliances ES: Eco Solutions CNS: Connected Solutions AIS: Automotive & Industrial Systems

2. Net sales and operating profit composition ratios by segment are calculated by dividing the net sales and operating profit of each segment by consolidated sales and operating profit before elimination and adjustments.

Net sales and operating profit of each segment are calculated in line with the organizational structure as of April 1, 2017.

Consumer Electronics Technologies Utilized in Automotive Business for High Growth

Since first marketing automotive lead-acid batteries in the 1930s, Panasonic has utilized technologies it has cultivated in consumer electronics to evolve its automotive business for about 80 years (please refer to page 62 for details). The Company currently develops a broad range of products and systems in the three areas of "Comfort," "Safety," and "Environment," including cockpit systems, ADAS and lithium-ion batteries.

With the electric vehicle (EV) market expanding and cars themselves evolving rapidly toward autonomous driving capability, sales in the Automotive Business in fiscal 2019 are projected to be 2 trillion yen as the business develops to provide key support for Panasonic's growth.

Main Products and Systems

1 Comfort Area

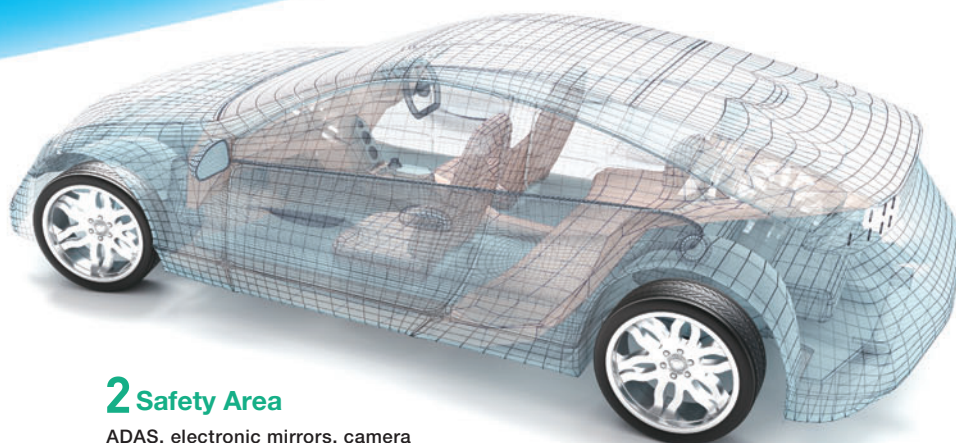
Cockpit system, IVI, car navigation systems, Audio with display, head-up displays, car speakers, instrument panel switch, telematics control unit, etc.

2 Safety Area

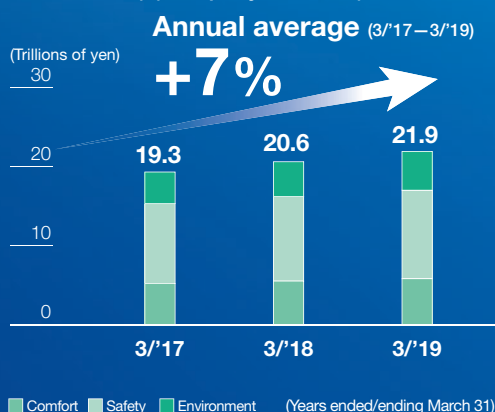
ADAS, electronic mirrors, camera modules, sonars, ECU, angular rate sensors, steering angle sensors, automotive relays, etc.

3 Environment Area

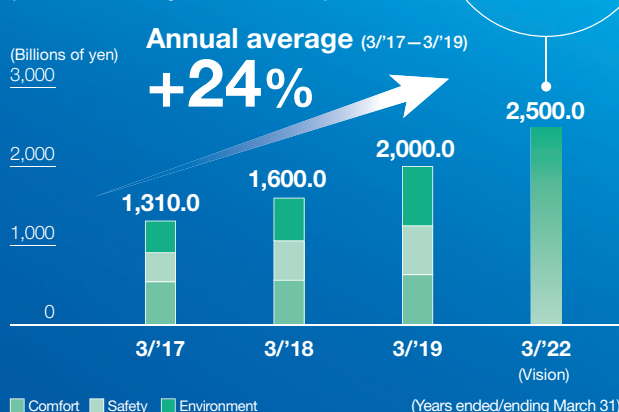
Lithium-ion batteries, onboard charging systems, inverter-integrated compressors, EV relays, film capacitors, 12V energy recovery systems, etc.



Effective Demand Forecast for the Company's Automotive Business (Comfort, Safety and Environment) (Company Estimate)



The Company's Sales Target of Automotive Business (Comfort, Safety, Environment)



Aiming to become one of the top 10 auto parts manufacturers in the world

Business Strength

News

1 Comfort Area

- Know-how cultivated in digital home appliances, including display technologies, miniaturization technologies and optical lens technologies
- IVI*1 platform development jointly with automakers

Shipments of next-generation cockpit system commence

Panasonic began shipments of an e-cockpit system to Jaguar Land Rover of Europe that features display technologies cultivated in digital AV products, compact projector technologies with exceptional heat dissipation, and optical lens technologies to strengthen marketability.



New Range Rover Velar
"Touch Pro Duo infotainment system"
(photo credit JAGUAR LAND ROVER LIMITED)

2 Safety Area

- Possess strong key devices, including cameras, sonars and electronic control units (ECUs)
- Systems developed utilizing the Group's image processing and AI technologies

Accelerating ADAS*2 development through synergies from making Ficosa a subsidiary

Ficosa International, S.A., a Spanish automotive parts and systems supplier, was made a consolidated subsidiary in April 2017. Through combining the technologies of both companies, Panasonic will further accelerate development of, primarily, electronic mirrors, as well as ADAS.

[Please refer to page 57 for details.](#)



Intelligent rearview mirror system (IRMS)

3 Environment Area

- Expertise and technologies (quality responsiveness, development capability) in battery business, which has a long, over 80-year history
- Automotive lithium-ion battery production capacity of No. 1 market share (capacity basis)

Bolstering lithium-ion battery production capacity to firmly maintain No. 1 share

Operations commenced in January 2017 at Panasonic's battery factory inside the Tesla Gigafactory in Nevada, U.S. Production will also commence at a new plant in Dalian, China in fiscal 2018 to enable Panasonic to meet sharply increasing demand.

[Please refer to pages 5-6, 26 for details.](#)

*1 IVI: In-Vehicle Infotainment

*2 ADAS: Advanced Driver Assistance System



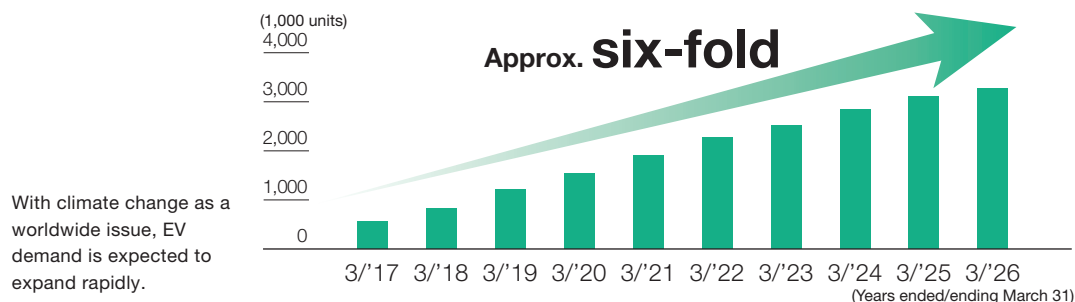
New plant in Dalian, China / Prismatic lithium-ion battery

Gigafactory Launches to Meet Growing EV Battery Demand



(photo credit Tesla Inc.)

Projected Worldwide EV Production Volume (Company Estimate)

Lithium-ion battery annual production capacity
(Fiscal 2019 forecast)

35 GWh

Production of New Battery Cells for Tesla's "Model 3"

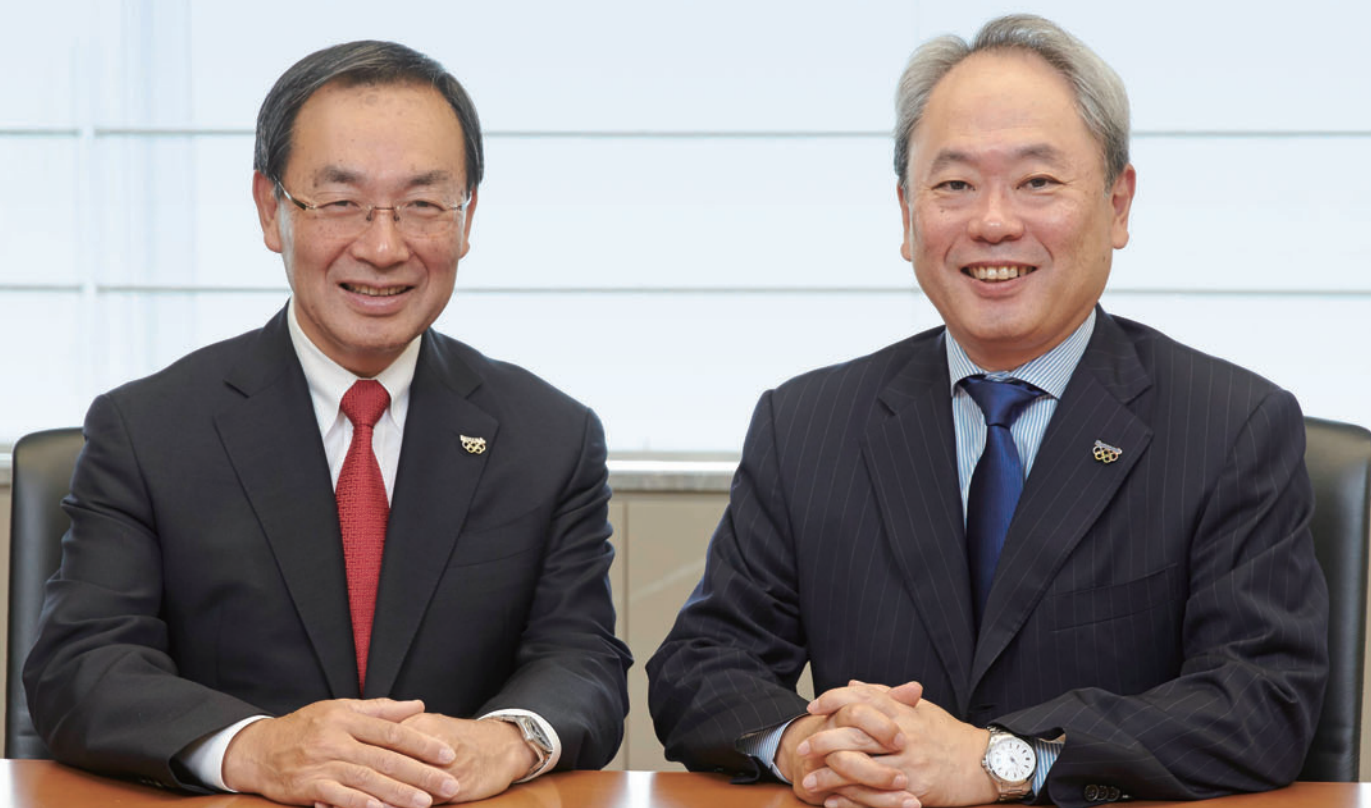
Panasonic's lithium-ion battery factory within Tesla's Gigafactory handles production of 2170-size*¹ cylindrical battery cells for Tesla's energy storage system and its new "Model 3" sedan, which began production in July 2017. The high performance cylindrical "2170 cell" was jointly designed and engineered by Tesla and Panasonic to offer the best performance at the lowest production cost in an optimal form factor for both electric vehicles (EVs) and energy products. Panasonic and Tesla are conducting phased investment in the Gigafactory, which will have 35 GWh*²/year production capacity of lithium-ion battery cells, more than was produced worldwide in 2013. Panasonic is estimating that global

production volume for electric vehicles in fiscal 2026 will see an approximately six-fold increase from fiscal 2017 to over 3 million units. The Company will contribute to the realization of a sustainable energy society through the provision of electric vehicle batteries.

*1 2170 is the size of a cylinder with a diameter of 21 mm and height of 70 mm.

*2 Wh (watt-hour) is a unit of electrical energy. 1 GWh is 1 billion Wh.

Assuming that the average household's monthly power consumption is 300 kWh, 35 GWh, when converted to household power consumption, is equivalent to the amount of power consumed by approximately 117,000 households.



Kazuhiro Tsuga
President

Kazuhiko Toyama
Outside Director

Management and Governance That Lets Us Make Contributions to Customers around the Globe

Mr. Kazuhiko Toyama, who has served as an outside director for Panasonic since June 2016, and Mr. Kazuhiro Tsuga, the current president of the Company, sat down to discuss the results of management and governance reforms to date, and what management and governance should be at a global corporation like Panasonic.

The Key Thing Is to Continue to Reform

— President Tsuga, you have carried out a number of reforms since your appointment in 2012, both in business structures as well as restoring the Business Divisions system. Could you tell us about the background to these reforms?

Tsuga ● Looking back at our performance over the last

ten years, Panasonic has been struggling in terms of growth. We aimed to create hit products that used our brand power and restore the business model of vertical integration within each product field. However, when I was appointed president, things were not actually going as well as we hoped, and so I felt that we needed to change our conventional business model. Along with structural reforms to scale down unprofitable businesses such as digital televisions, I revised how the Company

should make decisions and how we should engage in global competition in the IT era. At Panasonic, the president has a great deal of decision-making authority, and is able to access a great deal of information. However, there was almost no sharing of information between vertically-divided organizations. So I established the Group Strategy Meeting system, which includes corporate management, including heads of Divisional Companies, as a place to discuss management issues. These meetings allow us to share the same information I get as the president, pooling our collective wisdom to manage the Company. The Company's structure has also become rather more complex, mainly due to large-scale M&As. So by restoring the Business Divisions system, and reorganizing the Company into 4 Divisional Companies, I have made the Company easier to visualize as a whole.

Toyama ● One of the common weaknesses of Japanese companies is their decision-making ability. While they are very good at translating decisions into actions at the workplace, it's extremely common for decision-making itself to be slow, or for the decisions to be vague. That's the point I pay attention to in regard to governance: who makes the decisions and how? My focus is on whether this decision-making functions properly in terms of both timeliness and appropriateness.

This gets harder the bigger an organization gets, or the more global it becomes. In Panasonic's case, our axis is based on numerous Business Divisions and products. These are held together with another axis of 4 Divisional Companies, combined with the axes of each region globally. Each of these axes is subject to an incredible amount of decision-making on a daily basis, so it's a truly major challenge to develop this in terms of organizational capacity. Moreover, these axes, and the business environment, are constantly changing, day to day and hour to hour, so it's not possible to set a goal point or final shape for reform. We must continue to evolve, and this continuity itself must be secured, which makes it hard. The reason I wanted to take part in this as an outside director is because the same awareness of issues and goals are shared by the management team, which consists of Mr. Tsuga and the presidents of the 4 Divisional Companies. And these are also in line with my own ideas on direction of reform.

The Role of the Outside Director

—When you invited Mr. Toyama to be an Outside Director, there was a positive response from the capital market. What changes have there been?

Tsuga ● There's a lot Mr. Toyama has taught me, or made me realize, since he came here. I'm very grateful for how he will bring up some key point before I even ask him. We always thought of our previous governance as more along the lines of something you develop to prevent anything improper happening. However, as Mr. Toyama has been advising me on all sorts of issues, I've come to see it rather as something you use to move towards what a global company should truly be; something extremely natural and unforced.

Toyama ● I talked about decision-making earlier. In Japanese companies, this is often done bottom-up, carefully building a consensus. During normal times, the people higher up need only to ratify the decisions made this way. But sometimes that's not enough, and the heads of Divisional Companies and Business Divisions need to make clear decisions from the top.

Most of these decisions are crucial ones for the business, or ones that are part of major reforms. Being in management myself, I've made these sorts of decisions, so I understand how much courage is needed, and how hard you have to work, withstanding the loneliness. The role of an Outside Director is to support those making such decisions. It's important to monitor the process objectively and provide support to prevent the wrong decision from being made. It may seem that someone outside won't understand the contents of this decision-making, and it's true that we can't understand it at the same level as people inside the Company. But we can coach them. That's because we've been keeping an eye on the players all this time. In my view, that's the role of us outside directors.

Aiming to Be a Truly Global Company

—With the slogan, "A Better Life, A Better World," Panasonic has announced a policy of making contributions to our customers globally. What are your thoughts on creating the organizations needed for this?

Tsuga ● Our previous overseas expansions have not really made use of overseas resources. This is because our core idea was to divide roles with Japan taking the lead, and we didn't allow local sites enough organizational capability to work independently.

However, our customers are overseas. So we need local people, who are close to our customers, to be fully aware of how they can contribute to our customers' needs. It's extremely important to allow sites near our customers to have the organizational capability for development, production, and sales, and so we need to temporarily break down the system that was optimized centered on Japan. As a result, even though there is a temporary drop in efficiency, in the long run, I am confident that it will become better than the old Japan-centric system.

In fact, there's an example I can offer from when I was in charge of our automotive business. At the time, there was the strong view among Japanese employees, in any country, that "we're the principal players, and overseas is just where we are." As a result, we weren't of enough help. So I changed our organization to make overseas the principal players, and Japan the supporting player. A few years later, the local side gained strength and were able to liaise between Europe and the United States to supplement each other's weaknesses. This experience is why, even if we can't do it throughout the entire Company immediately, I feel that we should use the opportunities of M&A and so on to tear down the Japan-centric system, empowering our local offices and move forward with reform step by step.



Toyama ● The issue in that story is something shared by all Japanese manufacturers. From the high economic growth period to around the collapse of the bubble economy, Japanese manufacturers' advantage lay in how they could use their strong products to expand globally, succeeding in the global market. Its organizational capabilities have evolved in line with this model. I would imagine it's rather hard to completely change this in one go. However, this is the foundation of our global expansion, so without changing it, we won't be able to compete overseas. It's important to keep making efforts to change, without giving up. The difference between keeping up this sustained effort for ten years, and not bothering, is not something that can be easily done overnight.

The Essence of Governance Is Sharing Principles and Values

—When expanding business overseas, what sort of things do you see as the main points in terms of governance?

Toyama ● The first thing I can say is that we need to do our best to avoid creating any asymmetry between the governed side and the governing side. Neither side must deceive the other. The question is how far we can close up the information gap on both sides.

Even more important than that is how far we can share the base of management regulations and values among people in the Group, and whether they match in terms of what people really feel. This is an extremely important issue.

It will become extremely important that the base is universal and can be shared among people of different backgrounds and religions. I feel that the essence of governance is found here.

Tsuga ● At Panasonic, we have a management philosophy bequeathed to us by our founder. We also have our brand slogan, "A Better Life, A Better World," which translates our philosophy in a global and easier to understand manner. In addition to contributing to "A Better Life" for our individual customers in the B2C field, we will expand our contributions for "A Better World" by helping with social issues in the B2B field. I think it is important to enact our management philosophy in a tangible way, through each of our employees applying



this philosophy to specific actions, and expanding this to other organizations within the Group.

Toyama ● As globalization and changes in our business progress, we should evolve our principles to suit the times. Conversely, it might actually be better to change them, as those who have evolved them will develop a sense of ownership. The difficult thing is that, being a company, we are forced to include impersonal economy competition into our requirements on a separate dimension from our principles. However, even if these two contradict each other in the short term, in the long term I believe they will be perfectly compatible. As globalization progresses, reforms will need to be carried out with unflagging determination.

This reform process is a bit like a seesaw, crashing down with a bang with shocks like being in the red, then rising up again, relieved and returned, after the danger has passed. The key thing is that reforms should not be able to be undone. How far we can get the entire Company to realize that we can't go back, so we have to keep evolving.

Tsuga ● In that sense, I often hear from outside partners and customers that Panasonic's changed lately. But I suspect that there's a lot of places internally where, if we look, these reforms haven't yet reached. In my view, this will take a long time. It's simply not possible to change the legacy of a century-old company in a day.

Toyama ● Rather, in Panasonic's case, I think it's more important to leverage that legacy to keep persistently changing.

—Lastly, could I get a final comment from each of you?

Tsuga ● As our founder meant when he said, “bring together the collective wisdom,” we need to openly, honestly listen to what people say. So we will honestly listen to people outside the Company who speak directly, just like Mr. Toyama.

However, what can really change a company isn't so much asking these people to change it, but by being inspired by their words, and changing it ourselves. There must be no change to broadening how we make contributions to society and our customers as we aim to develop as a public entity of society. All flattery aside, I'm extremely grateful we have Mr. Toyama with us, and so can become more open-minded.

Toyama ● Thank you very much. I see my work as an Outside Director as a sort of public office. Listed companies in particular have a large role as public institutions within society, as Mr. Tsuga noted just now, and it's Outside Directors like me who act to guarantee that. However, a company's highest organ is the team that is the board of directors, and this team would normally be assessed retroactively whether it has really done a good job. How much can we calmly and deliberately strengthen the backbone of the Company without pursuing short-term results? I am often aware of this when I am involved in making each decision.

Management at a manufacturer has many aspects that are truly deep and difficult. In fact, I have studied this a lot to deepen my understanding. I hope to keep on studying hard, and contributing for as long as I can as an Outside Director, so any support you can offer will be gratefully received.

Tsuga ● It would be my pleasure. Thank you very much for today.

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



Editorial Policy

Thank you for reading Panasonic's Annual Report 2017.

Panasonic positions its Annual Report as an integrated report* incorporating management strategies for mid- and long-term growth, environmental, social and governance (ESG) systems and initiatives that provide a foundation for growth, and operating results, financial position and other information for the fiscal year under review. It is published primarily for investors.

This year's Annual Report includes articles intended to provide a more thorough understanding of the new Panasonic; a feature on the Automotive business, which is driving Panasonic's growth amid the rapid advance of digitization/electrification, a dialogue between the President and an Outside Director on global management and governance, and an interview with the CEO of the newly established Connected Solutions Company, which handles the B2B business centering on solutions. Content has also been enhanced on strengthening governance, another foundation for growth, including information on revisions to the structure for the Board of Directors. Through this report, we hope that readers will gain a sense for the Company's substantial growth potential.

Panasonic will continue actively conducting constructive dialogue with investors and work to faithfully utilize feedback that is received in its management. Thank you for your further understanding and support for the Company.

* This report has been developed with reference to the integrated reporting framework of the International Integrated Reporting Council.



Hiromi Oshima

General Manager
Investor Relations
Corporate Finance & Investor
Relations Department
Corporate Strategy Division

Recognition from Outside the Company (Year Ended March 31, 2017)

Panasonic has been selected as a component of the Dow Jones Sustainability World Indices (DJSI World), the FTSE4Good Index, and the MSCI SRI Indexes (formerly the MSCI Global SRI Indexes)—all of which are global socially responsible investment indices. Selection in DJSI World is for the 12th consecutive year, the FTSE4Good Index is for the 17th consecutive year, and the MSCI SRI Indexes for the 6th consecutive year. Furthermore, it has been selected as part of the MSCI ESG Leaders Indexes (formerly the MCI Global Sustainability Indexes), the global ESG investment index, for the 7th consecutive year. Panasonic has also received an A- (Leadership category) CDP2016 ranking. The second-highest level of an eight-tier ranking system, this CDP ranking is a measure of the initiatives and comprehensiveness of information disclosed related to climate change. In addition, since August 2014, Panasonic has been selected as a component of the new stock index "JPX-Nikkei Index 400", which is composed of companies with high appeal for investors. And, in July 2017, Panasonic was included from the outset in the newly created FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and MSCI Japan Empowering Women Index (WIN).



IR and Sustainability Websites

IR

Please refer to Panasonic's IR site for information on the Company including financial results and presentation materials.
<http://www.panasonic.com/global/corporate/ir.html>

Sustainability

Please refer to the "Sustainability" section of the Company's website for more information regarding environmental and social initiatives.
<http://www.panasonic.com/global/corporate/sustainability.html>

Disclaimer Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

Such risks, uncertainties and other factors are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.



Toward Sustainable Growth


Panasonic aims to help realize “A Better Life, A Better World” — an approach that embodies its management philosophy of contributing to the further progress of society through its business activities.

In fiscal 2017, the Company reported sales growth in real terms excluding the effect of foreign currency exchange rates for the first time in six years. This was largely the result of steady efforts to implement measures aimed at future expansion and a major step toward achieving our goal of sustainable growth.

In fiscal 2018, Panasonic will continue along this positive path in a bid to achieve both sales and profit growth. All of us at the Panasonic Group will work in unison to achieve the key management goals for fiscal 2019, the year marking our 100th anniversary of our founding, of operating profit of 450 billion yen and net profit attributable to Panasonic Corporation stockholders of 250 billion yen or more.

Moving forward, Panasonic will aim to achieve sustainable growth by offering “contributions” through our business activities in close connection with our customers’ lives and in response to societal needs. So please stay tuned to Panasonic.

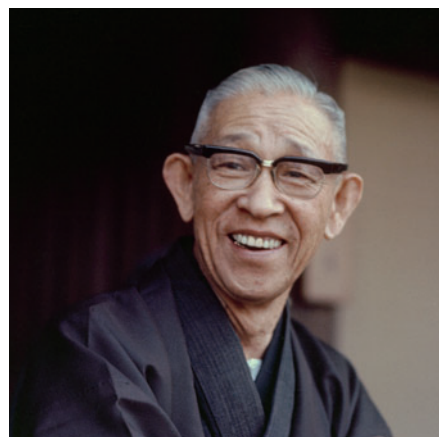
August 2017


Kazuhiro Tsuga
President

Management Philosophy

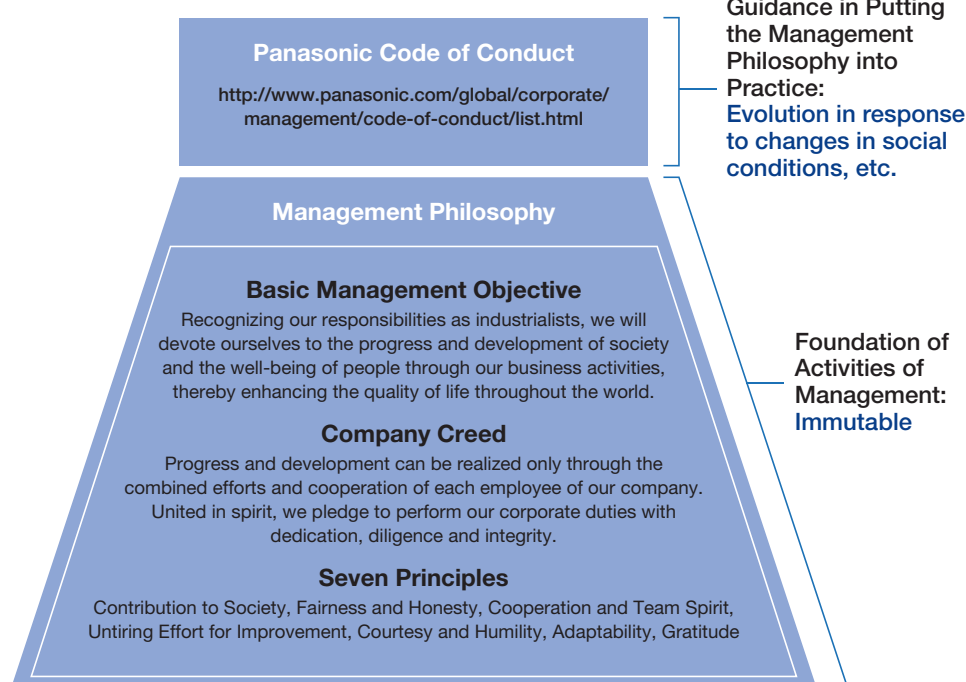
“We will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.” The Basic Management Objective is Panasonic’s management philosophy that embodies its mission and devotion. The Company’s founder, Konosuke Matsushita, first formulated this Basic Management Objective along with the Company Creed in 1929. From that time up to the present day, via revisions that were made in 1946, its tenets have consistently formed the basis of the Company’s fundamental approach to business. For guidance, we also continue to uphold our Seven Principles.

Based on the Management Philosophy, the Panasonic Code of Conduct defines the criteria for specific endeavors that should be observed in day-to-day activities. The Panasonic Code of Conduct is shared by the entire Group, all Directors, Executive Officers and employees as well as at Panasonic sites outside Japan. Today, at a time of major shifts in a number of aspects, including economic conditions, social structure and the global environment, Panasonic will in the years to come open up a new future to continue being a company that assists social development and to realize sustainable growth.



Founder Konosuke Matsushita

Panasonic’s Management Philosophy Structure



Promoting M&A, Alliances and Business Reorganization for Nearly a Century Since Panasonic's Founding

M&A, Alliances and Business Reorganization that Contributed to Panasonic's Development



1929 Acquired plastic manufacturer **Hashimoto Electric** and strengthened the wiring devices business

1931 Acquired **Komori Battery** and commenced in-house production of dry batteries ①

Founder Konosuke Matsushita actively conducted M&A and alliances from the Company's very beginning. He grew the Company significantly by broadly gathering knowledge from internal and external sources, and this included undertaking the turnaround of many companies with financial difficulties.

1952 Entered into an alliance with **Nakagawa Kikai** for full-scale entry into the refrigerator business
Entered technology alliance with **Philips** of the Netherlands ②

1954 Entered into an alliance with **JVC**; contributed to subsequent VHS-format development and production ③

1974 Acquired television business division from **Motorola** of the U.S.

1987 Established manufacturing company for color TV CRTs jointly with **Beijing City**

1918-1945 Business Diversification

After starting from wiring devices manufacturing, actively conducted M&A and alliances that began with a corporate acquisition in 1929. Steadily expanded business scope to lamps, radios, dry batteries and other products while bringing exceptional personnel and technologies in from external sources.

1946-1989 Development of Overseas Markets

Actively introduced advanced technologies from Europe and the U.S. through alliance with Philips of the Netherlands. Raised quality of televisions, video devices and other electronics devices up to global standards and developed overseas markets.

Main Products and Events

1918 Company founded in Osaka

1927 Square-shaped battery lamp launched and became hit product

1933 Divisional system instituted based on unique concept

1935 Company incorporated as **Matsushita Electric Industrial Co., Ltd.**

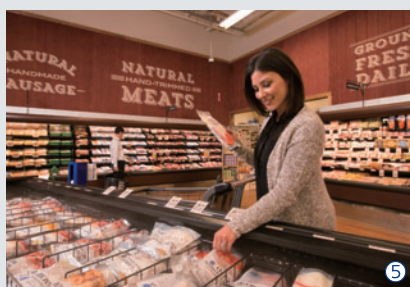
1953 Constructed Central Research Laboratory; subsequently led electrification of households

1959 Established **Matsushita Electric Corporation of America** as U.S. sales company

1971 Panasonic shares listed on New York Stock Exchange (After delisting in 2013, Panasonic shares continue to be traded on U.S. OTC markets)

1989 Company founder **Konosuke Matsushita** passed away

1918-2017 HISTORY



2002 Made five Group companies* wholly owned subsidiaries through share exchange

* Matsushita Communication Industrial, Kyushu Matsushita Electric, Matsushita Seiko, Matsushita-Kotobuki Electronics, and Matsushita Graphic Communication Systems

2004 Transferred Matsushita Lease Credit to Sumitomo Trust and Banking

2010 Invested in Tesla of the U.S. to strengthen cooperation in regard to lithium-ion batteries for electric vehicles (EVs)

2011 Made Panasonic Electric Works and SANYO Electric wholly owned subsidiaries ④

2013 Transferred Panasonic Healthcare to Kohlberg Kravis Roberts & Co. L.P. (KKR)

2016 Made Hussmann Corporation, a U.S. manufacturer of business-use refrigerated and freezer display cases, a consolidated subsidiary ⑤

2017 Made Ficosa International, S.A., a Spanish automotive parts and systems supplier, a consolidated subsidiary ⑥

1990-2011 Focus on Business Reorganization

Accelerated digitalization of Panasonic's information and communication devices in response to the digital revolution that began with digitalization of television broadcasting. Began business reorganization of the Group to achieve new growth for the future.

2012- Expanding Fields for Contribution

Expanding areas of contribution for customers and society by consolidating Group strengths and focusing on automotive, housing and B2B businesses in addition to consumer electronics. Striving to realize "A Better Life, A Better World" based on our Management Philosophy.

1996 Launched industry's first digital mobile phone weighing less than 100 grams

1998 Launched digital television ahead of competitors with start of digital terrestrial broadcasting

2008 Company name changed from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation

2012 Kazuhiro Tsuga became president and representative director

2014 4-Company system commenced based on business divisions

Grand opening of Fujisawa Sustainable Smart Town, a Panasonic town development project

2017 Operations launched at Panasonic battery cell production facility inside the Gigafactory of Tesla of the U.S.

Promoting Steady Steps Including M&A and Large-Scale Capital Investment for Future Growth

April 5

Established the co-creation facility Wonder LAB Osaka in a research center to practice co-creation-based innovation

April 8

Announced R&D 10-Year Vision indicating Panasonic's mid-term direction for research and development

[Please refer to page 60 for details.](#)

July 22 **Automotive**

Made **OpenSynergy**, a German developer of embedded automotive software for cockpit solutions, a consolidated subsidiary, to strengthen the Automotive business, where high growth is expected

January 2 **B2B**

Concluded agreement to make **TeraDiode**, a U.S. manufacturer of industrial lasers, a consolidated subsidiary



December 20 **Housing**

Announced intention to make PanaHome a wholly owned subsidiary to strengthen the Housing business

2016

Apr. May June July Aug. Sept. Oct. Nov. Dec.

Jun 24

Increased number of Outside Directors from 3 to 4, aiming to enhance effectiveness of the Corporate Governance Structure

April 26 **B2B**

Signed agreement to cooperate with Siemens of Germany for next-generation electronic equipment assembly plants

April 1 **B2B**

Made **Hussmann Corporation**, a U.S. manufacturer of business-use refrigerated and freezer display cases, a consolidated subsidiary

[Please refer to page 26 for details.](#)

December 27 **Housing**

Announced plans to launch photovoltaic battery production in the Buffalo plant of Tesla of the U.S. in the summer of 2017

[Please refer to pages 25-26 for details.](#)



(photo credit Tesla Inc.)

January 4 **Automotive**

Operations launched at Panasonic battery cell production facility inside the Gigafactory of Tesla of the U.S. to strengthen global production capacity for automotive lithium-ion batteries

[Please refer to pages 5-6 for details.](#)



2016-2017 TOPICS

February 1

In conjunction with the National Institute of Advanced Industrial Science and Technology (AIST), **established Panasonic-AIST Advanced AI Joint Research Laboratory**

[Please refer to page 61 for details.](#)

March 27 B2B

Made **Panasonic Industrial Devices SUNX** a wholly owned subsidiary to strengthen the factory automation-related equipment and devices business

April 27 Automotive

Opened battery cell plant in Dalian, China to strengthen global production capacity for automotive lithium-ion batteries; plan to launch production in fiscal 2018

[Please refer to page 26 for details.](#)



April 27 B2B

Made **Zetes of Belgium**, a European-based company dealing in logistics and identification solutions, a consolidated subsidiary (Made a wholly owned subsidiary on July 18)



2017

Jan. Feb. Mar. Apr. May June July

April 1

Established the Connected Solutions Company to expand the B2B solutions business

[Please refer to pages 41-44, 53-54 for details.](#)

Established the Business Innovation Division, aiming to create new businesses, with the Head Office taking the initiative

[Please refer to page 61 for details.](#)

Consumer Electronics

Established Panasonic India Appliances Company to strengthen the Consumer Electronics business in India

[Please refer to page 50 for details.](#)

June 29

Strengthened corporate governance structure, including raising the ratio of Outside Directors to one-third or higher (Number of members of the Board of Directors reduced from 17 to 12)

[Please refer to page 63 for details.](#)

July 4 Automotive

Completed acquisition of 69% of the shares of Ficosa International, S.A., a Spanish automotive parts and systems supplier, making it a consolidated subsidiary, further strengthening the Automotive business



Financial / ESG Highlights

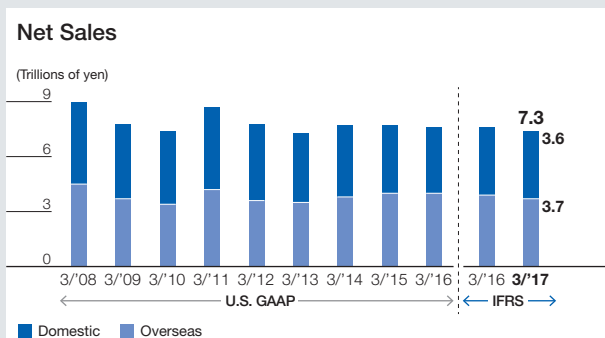
Panasonic Corporation and Subsidiaries, Years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

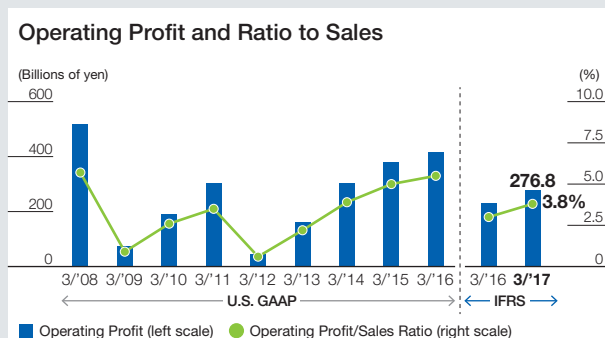
Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional US GAAP standards.

Graphs of Main Financial / ESG Indicators

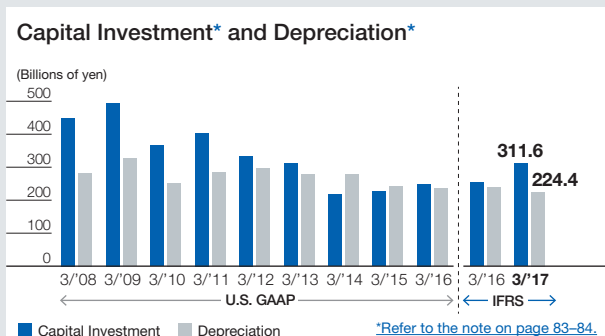
Financial Highlights



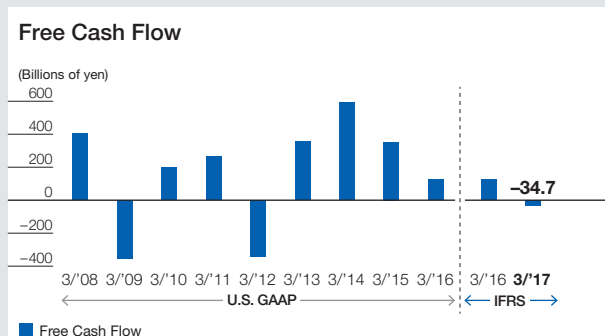
Sales decreased year on year due to the impact of yen appreciation, but in real terms excluding the impact of exchange rates, sales increased on growth in automotive, consumer electronics and other businesses.



While being impacted by upfront investments for future growth and exchange rates, etc., profit increased year on year due to streamlining initiatives and the effects of legal costs recorded in the previous year, as well as other factors.

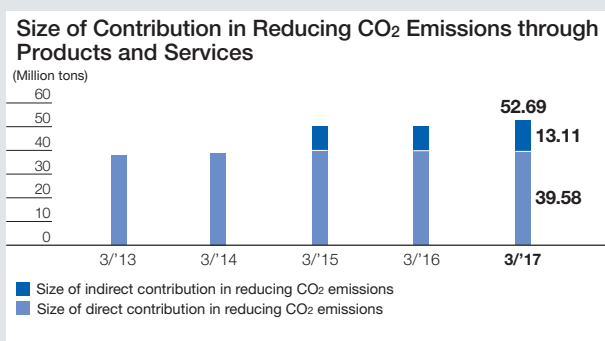


Capital investment increased year on year due to investment in production facilities for automotive lithium-ion batteries.



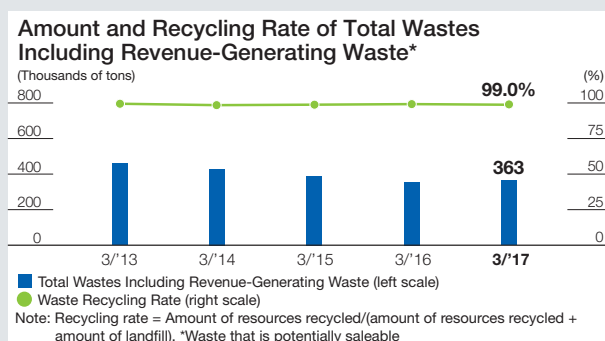
Free cash flow was negative for fiscal 2017 due to strategic investments made for future growth, including acquisition of shares in Hussmann Corporation.

ESG Highlights



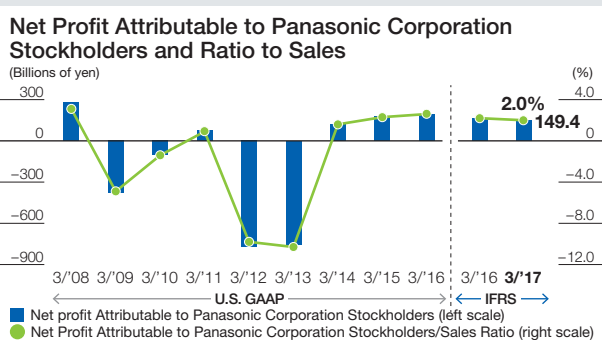
Panasonic works to maximize contributions to CO₂ emissions reductions from products and services through improved energy-saving performance and more widespread use. In fiscal 2017, contributions to CO₂ reductions increased to 52.69 million tons.

Please refer to "CO₂ Reduction" on page 81.

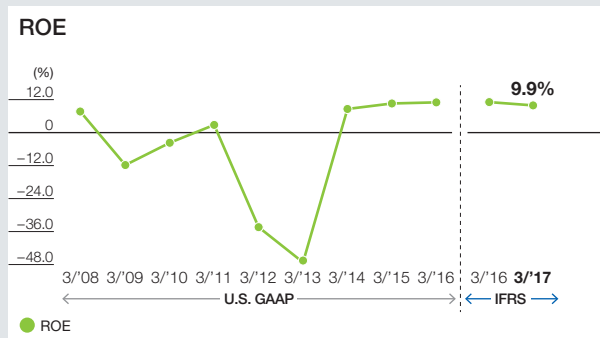


Panasonic promotes zero emissions of factory waste (recycling rate of 99% or higher) by limiting the volume of total wastes including revenue-generating waste, increasing the volume of recycled resources and reducing the final disposal volume to as close to zero as possible.

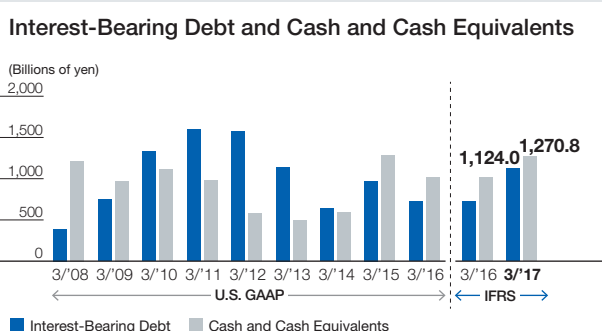
Please refer to "Resources Recycling" on pages 81-82.



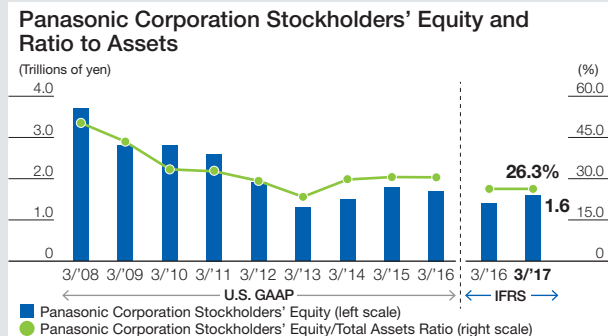
Net profit attributable to Panasonic Corporation stockholders decreased year on year due to having restated deferred tax assets (decrease in provision for income taxes) the previous fiscal year.



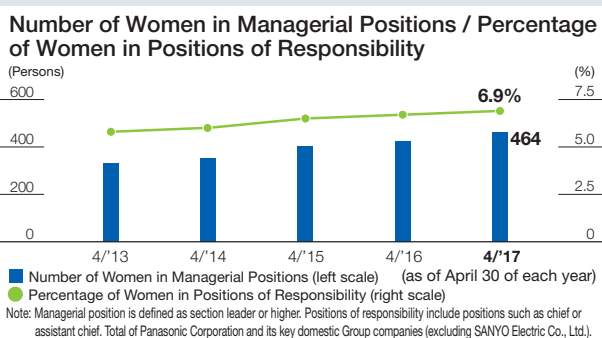
ROE was 9.9% due to a decrease in net profit attributable to Panasonic Corporation stockholders.



Interest-bearing debt increased from March 31, 2016 due to the issue of straight corporate bonds and other factors. Cash and cash equivalents increased from March 31, 2016 due to recording net profit and issuing corporate bonds, despite outflows from investing activities.

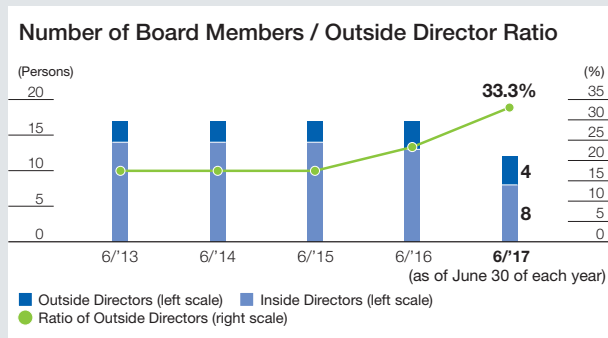


Panasonic Corporation stockholders' equity increased due to recording net profit and other factors, despite worsening in Other components of equity caused by yen appreciation, etc.



Promoting diversity is an important management initiative, and in Japan in particular, the hiring of women to positions with decision-making authority is a recognized issue. Panasonic continues to increase the number of women in managerial positions and the percentage of women in positions of responsibility through the promotion of various initiatives.

Please refer to "Human Resources Development and Promoting Diversity" on page 76.



The composition of the Board has been substantially changed to further strengthen corporate governance. The number of Directors was reduced from 17 to 12 as of June 29, 2017, and the Outside Director ratio was increased to one-third.

Please refer to "Governance" on page 63.

Panasonic Combines Internal and External Strengths to Provide Value That Helps Bring About Better Living and a Better World.

Needs

Panasonic combines internal and external strengths to provide value that helps bring about better living and a better world

Consumers' concerns and requirements

- Reducing housework
- Pursuing a rich lifestyle
- Balancing concerns for the environment and comfort
- Ensuring peace of safety and security

etc.

Social issues and conditions

- Growing concern for the environment
- Growing anxiety about accidents and crime
- Growing population in emerging countries
- Aging of developed countries

etc.

Business Model

Divisional Companies

Appliances Company

Business Divisions

Eco Solutions Company

Business Divisions

Connected Solutions Company

Business Divisions

Automotive & Industrial Systems Company

Business Divisions

Panasonic Strengths

Brand Power
Regional Development Capabilities
Technology Proposal Capabilities
Environment & Energy Technologies
Digital Technologies

Cross-Value Innovation

Panasonic draws on the advanced and specialized technologies as well as the manufacturing capabilities of its Business Divisions in combination with the strengths of external business partners to create new value.

Business Partner Strengths

Four Business Areas



Consumer Electronics



Housing



Automotive



B2B

Providing Value

A Better Life

Individuals

Achieving better living
with continued happiness

- Creating products that people yearn for and also match the needs of each region
- Providing total space value
- Realizing fulfilling lifestyles for the elderly

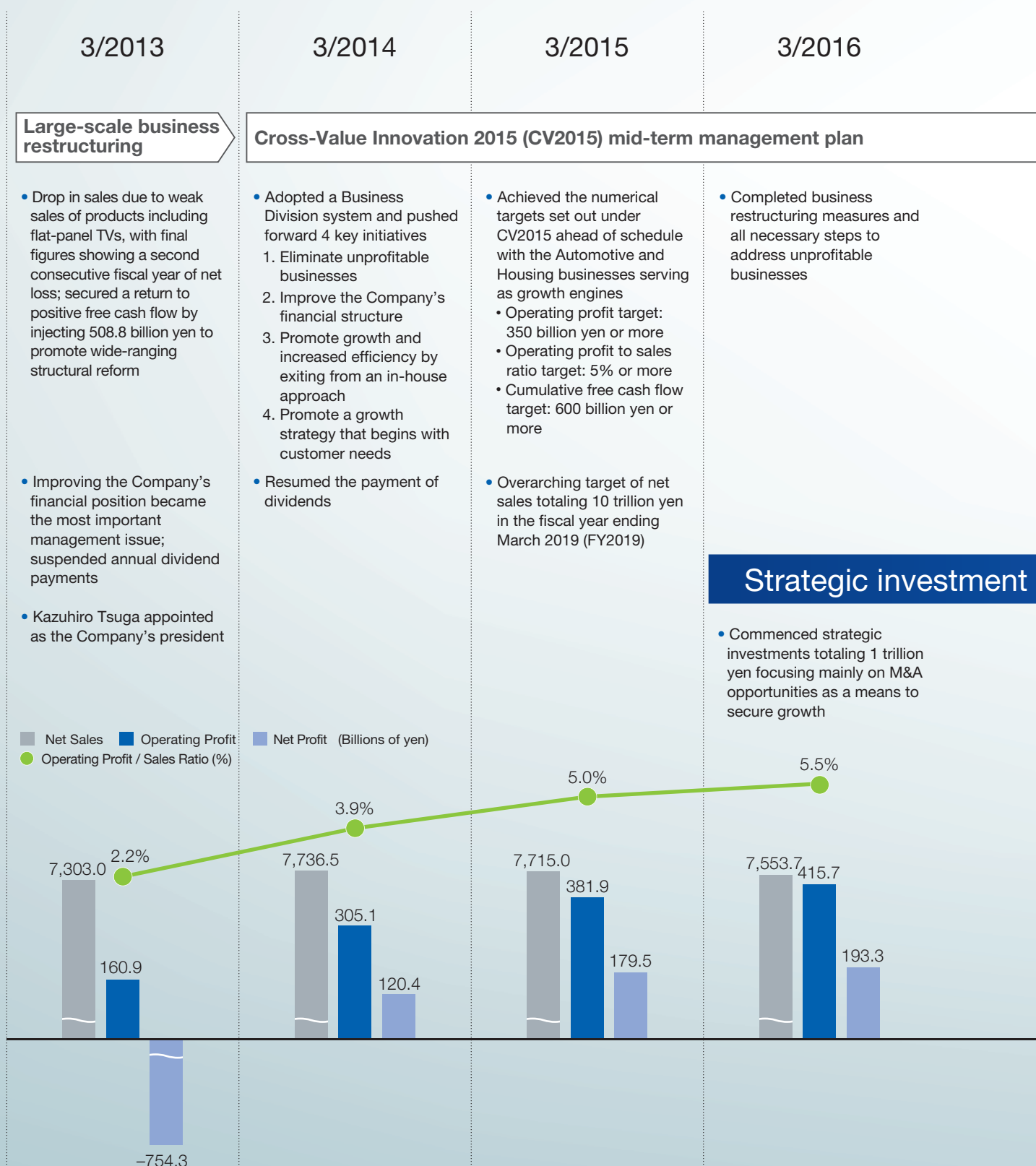
A Better World

Society

Achieving a sustainable society

- Helping to bring about a comfortable and safe motorized society
- Responding to the shift in demand toward environmentally conscious vehicles
- Helping to strengthen the competitiveness of customers' businesses
- Helping to build a safe and secure society

Path Toward Profit Growth through Sales Expansion



3/2017

3/2018 Forecast

3/2019 Targets

Every effort made to secure and maintain both sales and profit growth

- Reflecting on the original principle that profit shows how much we contribute to customers, shifted our focus to profit away from net sales as the Company's FY2019 key management goal
- Realized sales growth in real terms after excluding the effects of exchange rates
- Continued to steadfastly promote the necessary steps to secure growth; looking to ensure that both sales and profit growth is achieved in FY2018 and takes hold in FY2019

Net Sales

7,800 billion yen

Operating Profit

335 billion yen

Net Profit

160 billion yen

Operating Profit

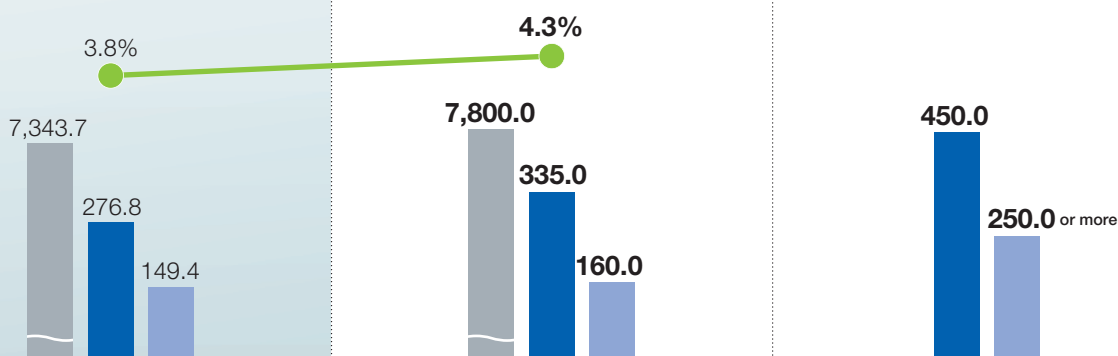
450 billion yen

Net Profit

250 billion yen
or more

totaling 1 trillion yen

- Continued to undertake strategic investments; 80% invested or direction set [\(Please refer to pages 25–26.\)](#)

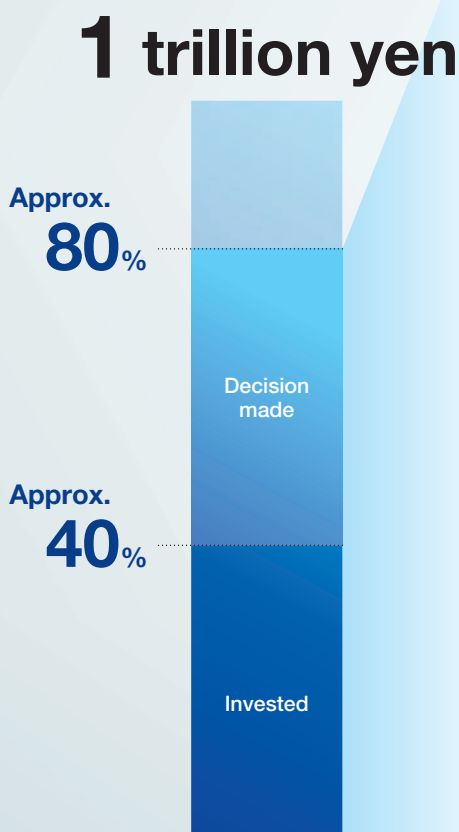


Notes:

1. Performance data presented on an IFRS basis effective from the fiscal year ended March 2017 (FY2017)
2. Net profit is recorded as net income attributable to Panasonic Corporation in and before FY2016 and net profit attributable to Panasonic Corporation stockholders from FY2017.

Investing 1 Trillion Yen for Future Growth

<As of March 31, 2017>



Large-Scale Capital Investment

- Solar cell module factory jointed operated with Tesla of the U.S. **Housing** ①
- Lithium-ion cell factory within Tesla's "Gigafactory" **Automotive** ②
- Automotive battery manufacturing factory in China **Automotive** ③

M & A

- PanaHome **Housing** ④
- Ficos, a Spanish automotive parts and systems supplier **Automotive** ⑤
- OpenSynergy, a German automotive software developer **Automotive**
- Hussmann, a U.S. industrial refrigerator, freezer display case manufacturer **B2B** ⑥
- Zetes, a Belgian logistics solutions company **B2B** ⑦
- ITC Global, a U.S. provider of satellite communication services **B2B**
- TeraDiode, a U.S. industrial laser manufacturer **B2B** ⑧
- Panasonic Industrial Devices SUNX **B2B** ⑨

Focusing Resources on Automotive and Other High-Growth Businesses

For the period from fiscal 2016 to fiscal 2019, Panasonic plans to allocate a cumulative total of 1 trillion yen for strategic investment, in addition to regular capital investment, as a strategy to accelerate its growth. Investment thus far has been made primarily in businesses for which high growth is expected, including the Automotive and B2B businesses. As of March 31, 2017, the Company has already invested, or made the decision to invest, approximately 80% of the 1 trillion yen total.

Specifically, in fiscal 2017, the Company made capital investments in manufacturing facilities in the U.S. and China for lithium-ion batteries used in electric vehicles. In the area of M&A, the Company made Hussmann Corporation (Hussmann), a U.S. industrial refrigerator and freezer display case manufacturer, a consolidated subsidiary. In fiscal 2018, it is making Ficos

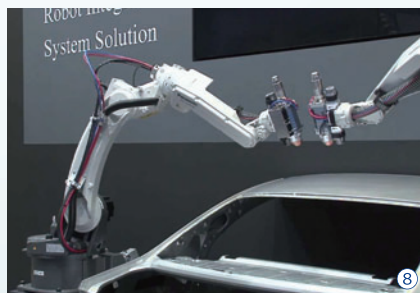
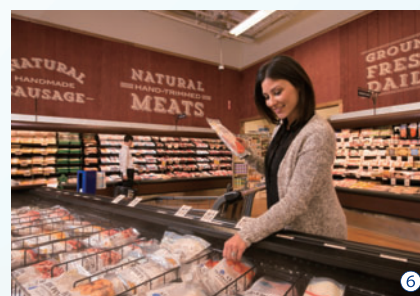
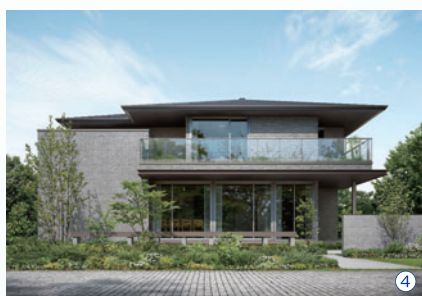
International, S.A., a Spanish automotive parts and systems supplier, and Zetes Industries S.A. of Belgium, which is involved in logistics solutions, consolidated subsidiaries.

For investment projects going forward, Panasonic intends to focus primarily on investment in the Automotive business. It will continue to make decisions while carefully considering investment returns and potential risks.

Overview of Main Investment Projects

Strengthening Collaboration with Tesla

In addition to the collaboration with Tesla in the lithium-ion battery business (for details, refer to pages 5-6), Panasonic also collaborates with the company in the solar cell business and will begin production of solar cells this summer at its Buffalo, New York, factory. Solar cells produced at this factory are supplied to Tesla. In addition, the solar cells are used in roof tiles sold by Tesla, a product that integrates



solar cells with roofing materials.

Panasonic will continue its investment in the factory going forward and plans to raise solar cell production capacity to 1 GW by 2019.

Building an Automotive Battery Factory in China

In China, the largest automobile market in the world, environmental issues are worsening as economic development takes place, and demand for eco-conscious cars is expected to increase going forward. Panasonic established a joint venture with a local company in Dalian, China and launched an automotive battery factory in April 2017. Production is scheduled to commence before the end of fiscal 2018, and Panasonic plans to supply products globally, not only in China.

The factory is the Company's first in China for automotive batteries, and it now has established a three-pronged production system consisting of Japan, the U.S. and China.

Acquisition of Hussmann

Panasonic invested approximately 185.4 billion yen* in April 2016 and acquired Hussmann, a U.S.-based manufacturer of industrial refrigerator and freezer display cases. This gave the Company the top global sales share in the commercial display case market.

Utilizing Hussmann's business infrastructure, the Company will distribute products in the U.S., the world's largest market, as well as in Canada, Mexico and countries in Oceania. Moreover, by leveraging both companies' strengths, such as our energy-saving technologies and CO₂ refrigerant technologies and Hussmann's exceptional product technology, the Company intends to develop the food distribution business into a business that supports future growth.

*Acquisition price for the displayed purchase amount
(exchange rate of JPY 120 to USD 1)

As the growth measures undertaken to date bear fruit, we are becoming increasingly confident in our ability to secure both sales and profit growth.



Kazuhiro Tsuga
President

Financial Results

For details, refer to pages 85–92

Sales Growth in Real Terms Excluding the Effects of Exchange Rates

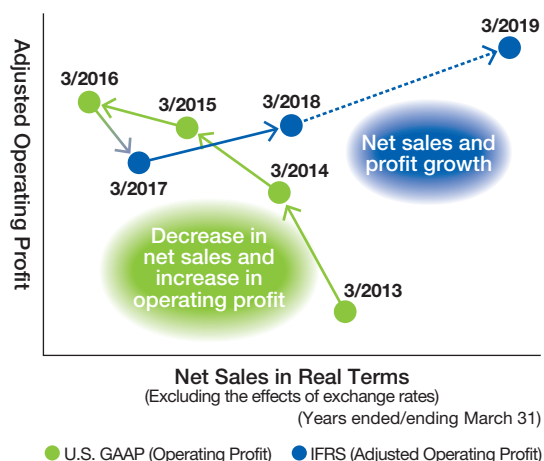
Despite steps to sell and downsize certain businesses up to fiscal 2016, ended March 31, 2016, Panasonic was able to secure profit growth on the back of various streamlining, fixed cost reduction, and other measures. In conjunction with these measures aimed at improving profit, the Company worked steadily to push forward initiatives aimed at future growth. This included business transformation*1 and shifting resources to growth businesses.

Adjusted operating profit*2 also declined in fiscal 2017. This was mainly due to proactive investments in high growth businesses. In contrast, Panasonic reported a positive turnaround in net sales in real terms excluding the effects of foreign currency exchange rates. Looking ahead, we are growing increasingly confident in our ability to secure and maintain both sales and profit growth from fiscal 2018.

*1 Measures aimed at changing the nature of business activities including the shift to new markets.

*2 Profit generated from business activities. Calculated by deducting cost of sales as well as selling, general and administrative expenses from net sales. A concept similar to operating profit in U.S. GAAP.

Net Sales in Real Terms and Adjusted Operating Profit Trends



Fiscal 2017 Financial Results

Consolidated net sales in fiscal 2017 decreased by 4% year on year, to 7,343.7 billion yen. This was largely due to the substantial impact of the strong yen. In real terms, however, consolidated net sales grew by 2% year on year after excluding the effects of foreign currency exchange rates, largely on the back of growth in the Automotive, Consumer Electronics, and other businesses.

Adjusted operating profit came to 343.6 billion yen, a year-on-year decrease of 17%. This was mainly due to the impact of upfront investments aimed at future growth. Operating profit came in at 276.8 billion yen, up 20% year on year. This largely reflected the substantial improvement in Other income (expenses), net as a result of such factors as the absence of litigation-related expenses incurred in fiscal 2016. Net profit attributable to Panasonic Corporation stockholders decreased by 10% year on year, to 149.4 billion yen, and ROE came in at 9.9%, down 1.2 percentage points. Moving forward, we will target an ROE of 10% or higher.

Future Strategies

Implement Growth Strategies in Three Categories to Ensure Sales and Profit Growth

Panasonic will continue to implement growth strategies according to each of the three high-growth, stable-growth, and low-profitable business categories in fiscal 2018 to ensure that it achieves sales and profit growth.

The Company will concentrate management resources in the high-growth business categories such as automotive-related businesses, where markets are expanding substantially. These businesses have been positioned as drivers of sales and profit growth. In stable-growth businesses represented by white goods, every effort will be made to steadily

generate profit and to stabilize management.

Businesses in the stable-growth category are expected to play an important role in generating the necessary funds to invest in high-growth businesses. Recognizing that the market nature of in-flight entertainment systems, which is a major component of the aviation-related business, has matured, Panasonic has reclassified this aspect of its operations as a stable-growth business from fiscal 2018. Turning to the low-profitable business category, the Company is making steady progress in improving profitability by undertaking business transformation and implementing various measures including reductions in fixed costs. Despite these endeavors, conditions remain difficult. In areas such as the semiconductor business, where business conditions are still severe, Panasonic will continue tightening the reins and undertaking thoroughgoing improvement measures in a bid to improve earnings.

Led by the Automotive Business as a Growth Driver, Continue to Undertake Strategic Investments in the High-Growth Business Category

Recognizing some 10 years in advance the important role that electrification and computerization would have in driving developments in the automotive industry forward, Panasonic took steps to shift resources from digital consumer technologies such as TVs to automotive-related areas. In addition, the Company integrated the battery technologies gained through the acquisition of SANYO Electric Co., Ltd. with the device technologies of Panasonic Electric Works Co., Ltd. and went on to promote a growth strategy in the Automotive business with the support of the Group as a whole. With these initiatives bearing fruit, the Company will commence the delivery of

Growth Strategy and Major Business by Business Category

Category	Strategy Overview	Major Business (FY2018)
High-growth businesses	Positioning high-growth businesses as drivers of sales and profit growth and concentrating management resources including large-scale investments in this category	Automotive batteries, next-generation cockpit systems, ADAS, air-conditioners, mechatronics
Stable-growth businesses	Generating steady profit by leveraging the Group's competitive advantage and creating the necessary funds for investment in high-growth businesses	White goods, small consumer electronics, food distribution, wiring devices, lighting fixtures, home remodeling, age-free (elderly-care), avionics, process automation, security cameras, electronic materials, dry batteries, etc.
Low-profitable businesses	Improving profitability by implementing thoroughgoing initiatives including business transformation, fixed cost reduction, and rationalization	TVs, fixed-phones and faxes, housing construction materials, solar panels, ruggedized PCs, semiconductors, LCD panels, etc.

Financial Results and Future Strategies

several large-scale project orders in fiscal 2018.

Taking the aforementioned into consideration, Panasonic is in sight of its fiscal 2019, 2 trillion yen sales target in the Automotive business. As society focuses increasingly on electrification and computerization, developments in eco-cars including electric vehicles (EVs) as well as Advanced Driver Assistance System (ADAS) technologies are progressing at a rapid pace. Against this backdrop, Panasonic will place considerable emphasis on fields in which it can fully leverage its strengths and work diligently to secure growth.

The Company will continue to undertake strategic investments in high-growth businesses. Each decision to investment will be made after clarifying the positioning of each investment project within the growth strategies, and carefully identifying such key parameters as return of investment and anticipated risk. Regarding the progress of 1 trillion yen in strategic investments, Panasonic had undertaken investments of approximately 400 billion yen up to the end of fiscal 2017. This included capital investments in the automotive battery field and M&As with Husmann Corporation and Ficosa International, S.A. (Ficosa). Together with the opportunities currently under consideration, total investments would exceed 1 trillion yen. The Company will prioritize where to concentrate its investments. In the future, capital investments in automotive battery plants will form the focus of the Company's investment activities. Turning to returns of investments in automotive battery-related fields in North America and China, Panasonic will endeavor to accelerate its return of investment from the generally accepted depreciation period of seven to 10 years. [\(Please refer to pages 25–26 for details.\)](#)

Building an Autonomous Management System Overseas for White Goods in the Stable-Growth Business Category

Panasonic has worked diligently to enhance its management structure while adopting a selection and concentration approach in its Consumer Electronics business activities, which represent a stable-growth business. As a result, the Company has established the direction of its activities in this business led by white goods. In specific terms, the Company has shifted its management resources from such AV-related fields as TVs and audio equipment to white goods. Moreover, the Company has pushed forward a strategy to expand activities in the premium zone and made steady progress in increasing profit. At the same time, every effort has been made to integrate the development, manufacturing, and sales functions and to delegate significant authority to local management with a view to establishing a global management structure that is capable of taking swift action. As a result, the Company reported substantial

sales growth in fiscal 2017 in China and other parts of Asia.

In order to build on these achievements, Panasonic established Panasonic India Appliances Company in April 2017. Looking ahead, every effort will be made to localize operations and to secure growth in major regions that are exhibiting strong signs of expansion.

Improving Semiconductor as well as LCD Panel and Solar Profitability in the Low-Profitable Business Category

Panasonic is witnessing steady improvements across the low-profitable business category as a whole. However, conditions remain difficult in each of the Company's semiconductor, LCD panel, and solar activities.

In the semiconductor business, Panasonic is continuously transitioning to automotive and industrial application fields while at the same time reducing fixed costs and thoroughly rationalizing operations. On this basis, the Company expects to return to profitability in fiscal 2020. Turning to LCD panels, Panasonic will also concentrate on automotive and industrial applications, where it can make the most of its inherent strengths. Once again, a return to profitability in LCD panels is expected in fiscal 2020. Business conditions for solar in Japan remain severe. The Company therefore plans to expand overseas operations by leveraging the sales channels of subsidiaries including Anchor Electricals Pvt. Ltd. Panasonic will also strengthen initiatives including its collaboration with Tesla Inc. in the U.S. as announced in December 2016.

Realizing Sales and Profit Growth in Fiscal 2018

Panasonic is working to increase sales and profit in high-growth businesses while improving profitability in stable-growth and low-profitable businesses as the means to realize sales and profit growth in fiscal 2018.

As far as sales are concerned, the Company expects to achieve growth across all business categories in real terms after excluding the effects of foreign currency exchange rates. High-growth business sales are projected to increase substantially. This is largely attributable to sales growth in the automotive batteries business, contributions from Ficosa following its inclusion in the Company's scope of consolidation, and an upswing in sales of devices in the automotive and industrial fields and air-conditioners. Stable-growth business trends are forecast to be firm, especially for white goods. As far as low-profitable business results are concerned, Panasonic is projecting an increase in mobile solutions sales. This is mainly due to the new consolidation of Zetes Industries, S. A., a Belgian logistics solutions company. Led by the Automotive business,

high-growth businesses are anticipated to drive overall sales. In specific terms, Panasonic is forecasting net sales of 7,800 billion yen in fiscal 2018, an increase of 6% compared with the fiscal year under review.

From a profit perspective, high-growth businesses are expected to significantly boost operating profit. This largely reflects the forecast increase in automotive battery as well as infotainment business sales and contributions led by automotive-related businesses including the new contribution of Ficosa. Stable-growth businesses are also projected to underpin operating profit growth, mainly on the back of further improvements in profitability in such businesses as white goods and wiring devices. As a part of its low-profitable business activities, Panasonic plans to expand profit by strengthening its management structure in TV and AV-related businesses. Accounting for each of aforementioned factors, overall operating profit is forecast to climb 21% compared with the fiscal year under review, to 335 billion yen in fiscal 2018.

Taking Steps to Firmly Entrench Sales and Profit Growth Trends in Fiscal 2019

Working toward fiscal 2019, Panasonic's outlook is to further boost high-growth business profit focusing mainly on the Automotive business. At the same time, the Company will look to generate profit in stable-growth businesses while improving profitability in low-profitable businesses.

Panasonic will maintain its existing fiscal 2019 operating profit and net profit attributable to Panasonic Corporation stockholders financial targets of 450 billion yen, and 250 billion yen or more, respectively. Working in unison, every member of the Group will endeavor to achieve these financial targets and firmly entrench a sales and profit growth trend.

Environment, Social, and Governance (ESG) Policy

Strengthen the Corporate Governance Structure and Systems

Adhering to a management philosophy that the Company has held since its foundation, Panasonic has continued to contribute to the further progress of society through its business activities. Grounded in the basic premise that a company is a public entity of society, every effort has been made to fulfill the Company's reporting responsibilities through dialogue with its various stakeholders including shareholders and customers. At the same time, Panasonic places considerable importance on enhancing corporate value by engaging in highly transparent business activities while acting in a fair, honest, and timely manner. In this regard, Panasonic has positioned

corporate governance as a critical platform.

In fiscal 2017, Panasonic undertook a variety of measures aimed at strengthening governance functions. This included the changes in the composition of the Board. Looking ahead, every effort will be made to utilize various mechanisms to monitor the effectiveness of the Board of Directors. Panasonic will improve the agility, transparency, and objectivity of its management going forward. [\(Please refer to page 63 for details.\)](#)

Putting in Place Long-Term Environmental Management Goals

Panasonic's management philosophy also underpins the Company's efforts to fulfill its corporate social responsibility (CSR). The Company has also formulated the Panasonic Code of Conduct as a guide to putting its management philosophy into practice. Moreover, the Company has put forward a sustainability policy that documents its responsibilities as well as specific contributions to society based on its management philosophy.

In addition to these policies and guidelines, Panasonic actively engages in measures that encompass a wide range of areas. Taking into consideration various global standards including sustainable development goals (SDGs), the Company work diligently to address a host of environmental, human rights and labor, safety and health, ethical, supply chain, and other issues.

In June 2017, Panasonic formulated the Panasonic Environment Vision 2050, which guides Panasonic in the practice of environmentally sustainable management. In addition to reducing energy consumption from both business activity and product perspectives, the Company will endeavor to minimize its environmental impact by expanding its energy creation and storage businesses while increasing opportunities for utilizing clean energy. [\(Please see page 80.\)](#)

Maintaining Global Human Resources to Support Our Management Strategies

Panasonic is working to create new businesses that are closer to its customers and markets that are expected to exhibit further growth. In order to expand, the Company is rearranging its business portfolio, undertaking strategic investments including M&A, and constructing autonomous management systems and structures overseas. Panasonic is promoting global human resource initiatives in support of its management strategies. In order to secure sustainable growth, every effort is being made to create a workplace environment in which employees can excel irrespective of nationality and years of service. Accordingly, the Company is focusing on developing and allocating the right people to the right jobs. [\(Please refer to page 75 for details.\)](#)



Top Inter

Kazuhiro Tsuga
President

Thoroughly Pursue A Better Life, A Better World while Extending Our Unique Contributions Throughout the World

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1 Looking Back on Fiscal 2017

—Panasonic experienced an increase in sales in real terms after excluding the effects of foreign currency exchange rates in fiscal 2017. How would you assess the Company's performance?

In recent years, Panasonic has taken the initiative and promoted the shift to a new business model. In specific terms, the Company is making the most of its strengths and technologies in areas where it excels with a focus on addressing customers' needs. As a result, we are seeing those efforts undertaken to date bear fruit with growth in the Automotive Business helping to boost sales in real terms.



Interviewer

Mr. Naoki Asami

Managing Director,
Nikkei Business Publications, Inc.

Previously served as the Silicon
Valley bureau chief,
editor-in-chief at Nikkei Electronics,
and Nikkei Business publisher

—With the raft of measures undertaken to date, have you completed business restructuring endeavors? What are your thoughts and approach toward reform?

I am confident that we have addressed all areas that currently require reform. Having said this, the need to promote reform is ever present.

As one recent example, our solar photovoltaic systems for the housing market in Japan, which used to generate substantial profit, have become unprofitable. As a result, we need to make changes to seek markets outside Japan. As conditions continue to change worldwide, we can expect the need for structural reform of our businesses to be a constantly resurfacing theme. Knowing this, we will make every effort to accurately grasp conditions as they evolve and will take the initiative in implementing appropriate measures.

Looking ahead, we will strive to constantly uncover fields in which we can put forward useful proposals based on our resources and technologies. Our next goal will then be to expand those areas in which we can make contributions.

2 The Automotive Business Where Our Areas of Contribution Continue to Expand

— Having led the Automotive business earlier in your career, what are your thoughts on the current status of this business?

Business conditions in this particular field have changed dramatically beyond our expectations. Rather than a change in users, I refer to changes in the value placed on environmental impact as well as the safety and security of the elderly. When I became responsible for the Automotive business in 2008, enjoyment stemmed largely from driving. Who could have foreseen that an era of electric vehicles, advanced driver assistance systems (ADASs), and self-driving cars would be upon us so quickly?

Under these circumstances, we can expect increased demand for more placid and safer vehicles, at least in the city. Segmentation is projected to considerably advance in the automobile sector in the future. In addition to public transportation vehicles, I believe that the nature of private cars will also vary. Against this backdrop, and as opportunities in the automotive field extend across a wide variety of areas from batteries through devices to systems and even to mobility services in the future, I expect that our role will expand beyond our position as a conventional manufacturer of component parts.

— Is there a chance that you will also provide solutions to general consumers seeking to choose a car?

Taking into consideration the growing demand for vehicles that the elderly can safely drive, we cannot be expected to stand idly by. As society continues to age going forward, and in the event that there are requests from society, I am predicting that the situations described above may possibly arise.

3 Established the Connected Solutions Company as a Driver of B2B Solutions Business Growth

— The Company went as far as lowering its flagship AVC banner when setting up the Connected Solutions Company, which is responsible for the B2B Solutions business. What led you to this decision?

First, we were forced to downsize as a result of declining profitability in the TV business, which was a mainstay component of the AVC Networks Company. At the same time, we undertook a review of other businesses within our portfolio. As a result, all that remained of the AVC Networks Company was virtually a focus on the B2B field. Recognizing the difficulties in strengthening the solutions business based solely on an amalgamation of old businesses, we changed the name of the company to Connected Solutions and also installed new management.

— The head of the Connected Solutions Company, Yasuyuki Higuchi, held a number of positions prior to his appointment including chairman of Microsoft Japan Co., Ltd.

We undertook to reform the Appliances, Automotive & Industrial Systems, and Eco Solutions companies mainly through internal human resources. However, Panasonic has limited experience in the B2B solutions field that underpins the Connected Solutions Company. As a result, Mr. Higuchi, who has held several senior positions across a variety of industries including the IT field and has a wealth of experience and knowledge in B2B solutions, was appointed CEO of the Connected Solutions Company.

— Do you envisage any difficulty in pushing forward the Solutions business in an electronics industry that previously revolved around the manufacture and sale of products?

Indeed, even if we contribute to our customers, we will to a degree have to wait and see before we can confidently predict profitability. B2B solutions requires wide-ranging expertise encompassing people, products, and data. However, no one company currently exists that is capable of bringing these disparate parts together into a single solution.

Our strengths lie in our abundant knowledge of people and products as well as our frontline and engineering. By adding to these strengths, we will be better placed to uncover issues that customers seek to overcome and offer forward appropriate solutions. The critical question here is to consider whether this undertaking is profitable or can be provided at what customers consider is a reasonable price. This is the most difficult hurdle, which we will work to overcome in concert with Mr. Higuchi.

4 Enhancing Our Organization Capacity Overseas in Line with Global Expansion

—What do you see as important when looking to expand globally in the future?

The most important point is to enhance our overseas organizational capabilities. Whether it is for B2C or B2B business purposes, our goal for the foreseeable future is to shift from a management approach that is centered on Japan to a locally driven model with the self-contained organizational capabilities to complete each task at respective on-site locations. We will look to take up a variety of challenges through our overseas businesses. This includes whether to draw from the top management of companies acquired overseas, or to appoint local staff to top management positions and empowering them

with the authority to act on their own. In the case of the latter, there is little or no need to take on a direct public role. Japanese staff can work behind the scenes in a support capacity. This is in fact the model that we have initiated in India.

—The sense of value and operating conditions differ from country to country.

First, it is imperative that we go to each country. It is important that we try with a variety of businesses. Through this process, we must learn as much as we can. We are now looking at which countries and what kind of business opportunities lie in.

—Which country or countries are you interested in now?

The key to success of our overseas expansion endeavors rests with our business in China. This manner in which conditions in China continues to change is like no other country. How we can raise our presence in China is an important barometer in foretelling our future.



5 Toward Realizing A Better Life, A Better World

—Panasonic will celebrate its 100th anniversary next year. While certain pundits have set the average lifespan of a company at 30 years, what are your thoughts on achieving this significant milestone?

With our founder at the helm, Panasonic embarked on addressing countless challenges during its early years. In the ensuing years, the Company has racked up a variety of successes and failures. Despite these ups and downs, we have never lost sight of our roots. We are acutely aware that the Company is a public entity of society. Our business is comprised of resources that are critical to society. Building on the knowledge and efforts of this resource, “people,” Panasonic’s existence revolves around the ability to make contributions. Contributing to society is not a one-sided product-out function. It is a market-in function with customers at the core. This does not change whether or not it is our 100th anniversary.



Every effort that I have made over the past five years since I became President has been derived from this understanding.

—What kind of help and service will Panasonic deliver in the future?

In a nutshell, and as stated in our corporate slogan, we will work to provide A Better Life, A Better World. We are conveying throughout the Company the need to firmly grasp the form that this will take as a result of this pursuit.

As far as A Better World is concerned, or more succinctly an area where we must address social issues, the definition of “Better” will differ depending on the situation or values of the respective country or nation. For example, in some nations, solving air pollution is the priority. Here, governments carry out measures in a top-down manner. There are also countries with insufficient social infrastructure, where there are villages without electricity. There are many issues that we do not recognize if we remain in Japan, and these can become business opportunities.

A Better Life, where the focus is on ensuring a comfortable and rich existence for individuals, also has many permutations depending on each individual’s position within society and value set. This can vary from an advanced lifestyle to one that entails a return to nature. Our goal is to gradually increase the depth of our businesses in response to these diverse values. By providing a wide range of services, we are better positioned to help realize A Better Life for our customers around the world.

In the Company’s early days in Japan, Panasonic was guided by the founder’s “tap water philosophy.” Accordingly, the Company’s primary role was to provide high-quality, high-performance products to as many people as possible at an affordable price. In other words, mass production was our best way of contributing to society. There are still many emerging markets in regions and countries around the world where this philosophy applies.

As far as developed countries are concerned, society has shifted away from a focus on tangible products. Compensation is increasingly seen in terms of such intangible items as services. Here A Better Life is not defined in terms of the purchase of products, but more on the prerequisite development of a service infrastructure. Put another way, realizing A Better Life is predicated on the development of A Better World. Again, for

developed countries, there is a wide variety of definitions of a quality product. Under these circumstances, we will provide products with unique attributes that meet the needs of individual customers while at the same time helping to realize A Better Life also through indirect services via B2B businesses.

—It would seem that areas in which the Company can contribute are expanding.

Our founder believed that expanding the areas in which we contribute would lead to improved profits. We are taking great care to draw on this philosophy as we push forward our business activities.

For example, if human resources from the TV business are shifted to the automotive field, the profit margins for those businesses and work that these human resources are responsible for will improve exponentially. This is the type of reform that I have continued to push forward.

6 The Future of the Electronics Industry

—Amid the growing impact of software and trend toward the use of networks, the value that electronics technology brings to society appears to be declining in relative terms. What is your outlook for the electrical industry?

In instances where the focus is limited to basic functions and performance, it is more than likely that products will be commoditized. From our perspective, we are promoting the transition to premium domains. Our focus is on providing products that customers can purchase with confidence. Even in those cases where the price is a little high, each purchase stems from an ability to exactly match individual needs.

Meanwhile, conventional cameras were for taking photographs. But today we see qualitative changes such as their use as a sensor for information gathering. With the dissemination of high-performance batteries, the potential now exists to replace fixed 100V cords with a more convenient and mobile option. In this way, we can expect new fields to emerge through combinations of AV, network, and AI technologies. Taking each of these factors into consideration, there is still ample room for the

electronics industry to evolve. The question then arises: How can these trends be turned into a business? In addressing this question, I am convinced there is a need to push forward technologies in areas that can be commercialized, step by step.

—As someone who has considerable experience in R&D, which technologies and fields do you believe have the potential to change the world in the future?

One area is the field of robotics. As far as Panasonic is concerned, robotics technologies have a strong role to play through industrial applications. My current interest, however, is in the potential for using robotics in the medical and nursing care fields. In an era where society continues to age, it will become increasingly important to provide machinery and systems support to both sectors going forward. I believe that society has expectations toward the development of robots that can support or help prevent elderly people from stumbling.

There will be new requests for adding value in the housing sector integrated with consumer electronics. Here, the opportunity exists for Panasonic to provide various unique housing space proposals. These include amenable housing for the elderly and consumer electronics that can be easily set with houses.

—In closing, do you have any message for stakeholders?

Society has become extremely complex over the almost 100 years since our founding. Unlike the electrification era, it has become increasingly difficult to predict the future using a few easy-to-understand key words. On the occasion of our 100th anniversary, we must reconsider the present and future. It is imperative that we think long and hard about what kind of contributions we can make for society.

Panasonic will continue to realize growth by thoroughly pursuing A Better Life, A Better World. As we work toward achieving our goals, I kindly request the continued support of all stakeholders.

We are working in unison with our business operations to support the Panasonic Group's growth strategy and to help achieve the management goals set for fiscal 2019.



Hirokazu Umeda
Director, Executive Officer
CFO

As the Newly Appointed CFO

—What are your aspirations as CFO?

In fiscal 2017, ended March 31, 2017, Panasonic achieved an increase in sales in real terms excluding the effects of foreign currency exchange rates. Looking ahead, we are growing increasingly confident in our ability to secure and maintain both sales and profit growth. While taking definitive steps to achieve its management goals for fiscal 2019, namely operating profit of 450 billion yen and net profit attributable to Panasonic Corporation stockholders of 250 billion yen or more, the Company will endeavor to increase its corporate value by implementing the following measures.

First, we will push forward measures that reflect each business's characteristics. At the same time, we will review and consider the need to reorganize the portfolio from a mid- to long-term perspective. As for the investments that are key to the Company's growth strategy, we will undertake the well-focused allocation of funds. Moving forward, we will then reinforce efforts to monitor progress in a bid to generate steady returns.

From a financial perspective, we will continue to engage in cash flow-oriented management while ramping up control over our balance sheet. This will help in setting up a robust platform that can flexibly adjust to changes in our business structure and respond to aggressive investment activity.

In addition, we will rebuild our core systems and ensure that the information necessary for management decisions is readily available. We will also improve the efficiency of indirect operations in order to proactively promote work style reform.

Moreover, amid a business environment that continues to change rapidly, we will place the utmost importance on communicating with shareholders and investors, and to reflect any feedback into our business management.

As CFO, I will endeavor to raise the effectiveness of initiatives in support of our business activities.

Financial Position

— Can you comment on the Company's financial position in fiscal 2017?

While Panasonic places considerable weight on return on invested capital, the Company remains conscious of ROE, an indicator of capital efficiency, in the conduct of its Group-wide business activities. At the same time, the Company focuses on improving financial stability as the underlying strength of growth investments. Cognizant of cash flows as the wellspring for enhancing corporate value, we have also continued to practice cash flow-oriented management.

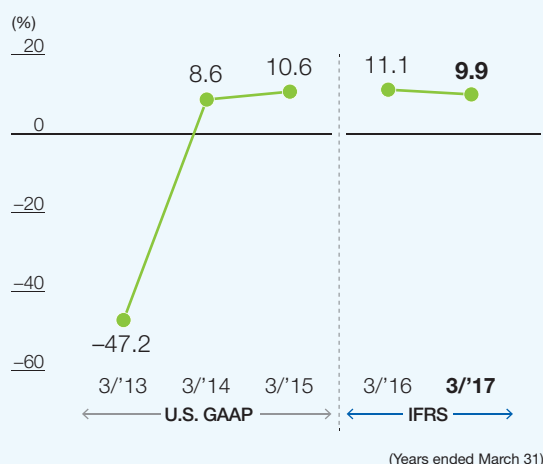
By carrying out various Group-wide initiatives based on this stance, Panasonic reported the following key financial indicators in fiscal 2017.

Key Financial Indicators for Fiscal 2017

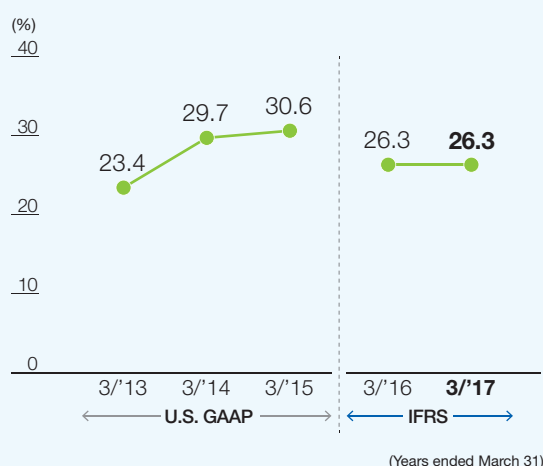
ROE	9.9%
Panasonic Corporation stockholders' equity to total assets ratio	26.3%

In addition to Standard & Poor's lifting the Company's credit rating from BBB+ to A- in November 2015, Panasonic's credit rating as assessed by Moody's rose from Baa1 to A3 in October 2016.

ROE



Shareholders' Equity Ratio (U.S. GAAP) / Panasonic Corporation Stockholders' Equity to Total Assets Ratio (IFRS)



Credit Ratings as of July 31, 2017

Ratings agency	Long term (outlook)	Short term
Rating and Investment Information	A (stable)	a-1
Standard & Poor's	A- (stable)	A-2
Moody's	A3 (stable)	—

Measures Aimed at Achieving Management Goals

—What measures will you take to achieve the management goals for fiscal 2019?

In line with our goal to realizing profit growth, we will work toward achieving operating profit of 450 billion yen and net profit attributable to Panasonic Corporation stockholders of 250 billion yen or more as management goals for fiscal 2019. In order to achieve these goals, we will undertake the following four measures.

1. Implement measures in line with the characteristics of each business while reviewing and reorganizing the portfolio

Panasonic categorized its activities into the three high-growth, stable-growth, and low-profitable businesses. We implement business strategies in line with the characteristics of each business.

We concentrate our management resources into high-growth business with the aim of boosting both sales and profit. Our energies in stable-growth businesses are directed toward generating steady profit and cash flows. As far as low-profitable businesses are concerned, we focus our attention on improving profitability. This entails pushing forward a host of initiatives including changing business activities, cutting back fixed costs, and streamlining operations.

Looking ahead, we will continue to carry out measures in line with the characteristics of each business, while reviewing and considering the need to reorganize the portfolio. Through these means, we will enhance our corporate value on a sustainable basis.

2. Undertake well-focused strategic investments while reinforcing efforts to monitor progress

Over the four-year period from fiscal 2016 to fiscal 2019, Panasonic plans to undertake strategic investments totaling 1 trillion yen in an effort to secure and maintain both sales and profit growth.

In undertaking strategic investments of 1 trillion yen, we have taken steps to clearly define objectives from a business strategy perspective. At the same time, each decision to invest has been made while carefully identifying perceived risks. As a result, investments in such areas as automotive rechargeable battery equipment and the acquisitions of Ficosa International, S.A. and Hussmann Corporation came to roughly 400 billion yen as of the end of fiscal 2017. With the addition of other candidate investments, most of which are classified in the high-growth business domain, approximately 80% has been either invested or decided.

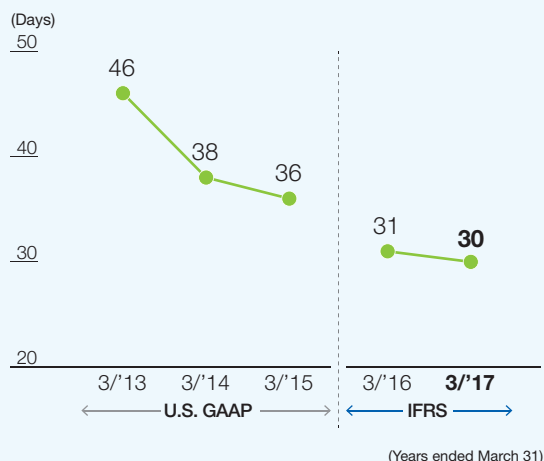
Moving forward, we expect to continue investing in automotive- and other related businesses. We will also maintain our focus on evaluating risks and return while undertaking well-focused investments. At the same time, we will closely monitor progress with a view to recouping profit and cash flows. We will place considerable emphasis on putting in place proper and appropriate measures.

3. Secure the necessary finance to fund growth investments

In addition to strengthening the ability of each business to generate cash flows, we are also working diligently to create cash from our balance sheet in order to secure the necessary fund for growth investments. As a result, our cash conversion cycle* improved one day compared with the previous fiscal year, to 30 days in fiscal 2017.



Cash Conversion Cycle



On a related note, Panasonic took a major step toward securing the necessary fund for growth investments by issuing unsecured straight bonds in Japan in the aggregate principal amount of 400 billion yen in September 2016. These bonds were issued in a timely manner when interest rates in Japan were hovering at extremely low levels.

* The cash conversion cycle (CCC) is an indicator of corporate capital efficiency. The CCC is calculated by deducting the amount of accounts payable from the sum total of accounts receivable and inventories measured in terms of the number of days of net sales. The shorter the number of days the higher is the amount of free cash flows available for strategic use.

4. Measures aimed at increasing net profit

Panasonic adopted IFRS* in fiscal 2017, ended March 31, 2017, in lieu of generally accepted accounting principles in the U.S.

The significance in adopting IFRS rests on the Company's decision to focus on IFRS-based operating profit going forward, and to **increase net profit and cash flow** while placing added weight on and controlling costs that are traditionally posted as non-operating items including structural reform, quality, litigation expenses. At the same time, steps will be taken to enhance management control and to strengthen governance by implementing management control based on IFRS at all subsidiaries in Japan and overseas.

Through each of the aforementioned 4 initiatives, **the Group as a whole will work diligently to achieve the management goals set for fiscal 2019. At the same time, we will endeavor to secure an ROE of at least 10% by increasing profitability.**

We will also focus on maintaining the level of cash flows at 150 billion yen or more on a constant free cash flow basis excluding strategic

investments by reinforcing the ability of each business to generate cash flows.

* Accounting line items other than finance income and expenses (gain/loss on foreign exchange and interest income/expenses) conventionally posted as other income/deductions are all included in operating profit/loss (other profit/loss) and impact operating profit under IFRS.

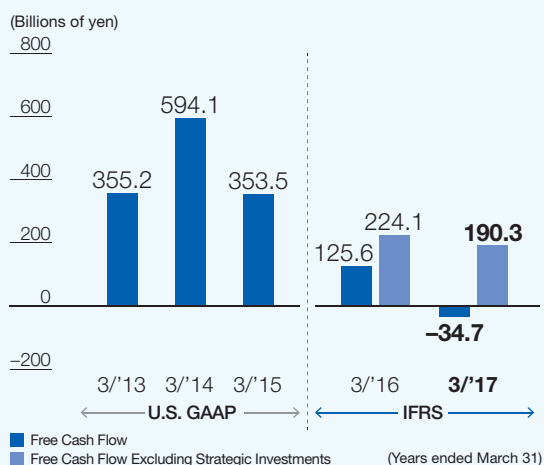
Approach Toward the Return of Profits to Shareholders

— Can you elaborate on the application of cash flows from each of the investment and shareholders return perspectives?

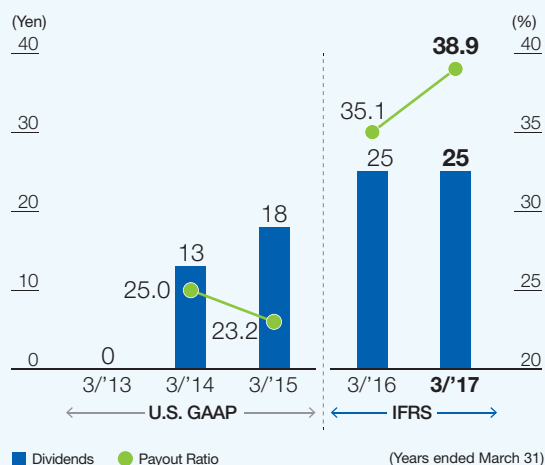
Panasonic is currently in a phase during which it will focus on securing and maintaining both sales and profit growth by proactively undertaking growth investments. As far as free cash flows are concerned, we will prioritize investments in a bid to enhance our corporate value. However, Panasonic has recognized the return of profits to shareholders as an important management concern since its establishment. With this in mind, we maintain the basic policy of distributing profits in line with our consolidated performance and continue to target a consolidated dividend payout ratio of between 30 and 40%.

Guided by this policy, the Company's annual dividend came in at 25 yen per share in fiscal 2017. This was the same level as the previous fiscal year. Moving forward, **we will make every effort to increase net income and generate free cash flows. In addition to maximizing our corporate value, we will balance the needs to maintain an appropriate payout ratio with the stable and continuous growth in dividends and the return of profits to shareholders.**

Free Cash Flow



Dividends / Payout Ratio



Leading the Connected Solutions Company, established in April 2017, to focus on the creation of B2B solutions by bringing together technologies products, and people.



Yasuyuki Higuchi
Representative Director
Senior Managing Executive Officer
CEO, Connected Solutions Company

Back to Work at Panasonic after 25 Years

—Mr. Higuchi, you have returned to Panasonic after 25 years. How has the electronics industry changed over this period?

Consumer electronics have lifted standards of living while making life better for people. In the audiovisual field, black-and-white TVs became color TVs, then came videotapes, hand-held cameras and DVDs. In the PC field, we have advanced from slow processing speeds with storage limited to floppy disks to CPU levels that require no additional improvement.

I believe the value added by technological progress has plateaued in the electrical equipment industry as physical abundance became prevalent. Competition has grown fiercer along with commoditization. Demand is also shifting from physical objects to such intangible items as services.



Interviewer
Mr. Naoki Asami

Managing Director,
Nikkei Business Publications, Inc.
Previously served as the Silicon
Valley bureau chief,
editor-in-chief at Nikkei Electronics,
and Nikkei Business publisher

—Why did you decide to return to Panasonic?

To be frank, I felt a desire to give something back to Panasonic, a company that has been good for my career, and to play a part in reviving one of Japan's prestigious electrical equipment manufacturers.

During Japan's period of advanced economic growth, it was possible to stick to the same strategy because domestic demand was growing and good-quality products made in Japan were selling well overseas. In other words, strategies had very long legs back then, but now it is necessary to constantly change strategies.

In addition to his appreciation of subtle nuances, President Tsuga has a keen business mind and a firm grasp on the potential of individual business models. Under his leadership, Panasonic is indeed in the process of promoting a change in strategy. When a company changes its business strategies, it needs people able to perceive the situation from an outsiders' perspective and have an understanding of other ecosystems around the world. I believe this is where I can make a contribution.

Since its founding, Panasonic's philosophy has been to contribute to society and quality of life throughout the world, while earning a profit on the value it provides. A strategy is needed in order to contribute to society. It is no longer possible to contribute to society just by desperately working hard.

I believe the experiences I have accumulated over the past 25 years outside Panasonic will be quite useful for the Company going forward.

From Product-Oriented Proposals to Solutions-Based Proposals

—How has Panasonic's corporate culture changed over the years?

From my first day back, I felt at ease and was able to smoothly work my way back into the Company. Under Mr. Tsuga's leadership, I get the impression that the internal atmosphere has become more open. Communication is good among the Executive Officers, and the atmosphere encourages direct engagement in even the more difficult conversations.

—In the solutions business in particular, it is important to have a good atmosphere and collaboration across organizational lines.

In our role of contributing to society and solving social issues, it is now more important than ever to propose solutions by truly understanding the issues faced by our customers, and coming up with ideas that are a combination of products and services, instead of the traditional product-out-type proposals that push forward newly developed technologies and products. To accomplish this, it is necessary to tear down walls between Business Divisions and coordinate efforts and integrate things across organizational boundaries from the solutions perspective. Panasonic has developed Regi-Robo, a completely automated self-checkout cash register that combines a wide range of technologies from robotics to RFID (electronic tags) and mobile devices, for convenience stores experiencing labor shortages. I believe we must accelerate projects like this that seek to solve specific issues facing customers.

Career

1980	Joined the Company	2015	Chairman, Microsoft Japan Co., Ltd.
1992	Joined The Boston Consulting Group, Inc.	Apr. 2017	Senior Managing Executive Officer of the Company / President, Connected Solutions Company (to the present)
1994	Joined Apple Japan, Inc.		
1997	Joined Compaq Computer Corporation		
2003	Representative Director and President, Hewlett-Packard Japan, Ltd.	Jun. 2017	Representative Director (to the present), Senior Managing Executive Officer (to the present)
2005	Representative Director and President, The Dai-ichi Kangaro, Inc.		
2007	Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (currently Microsoft Japan Co., Ltd.)		
2008	Director, Representative Executive Officer and President, Microsoft Kabushiki Kaisha / Vice President, Microsoft Corporation		

Interview with the New Divisional Company President

However, this is not a situation where a leap forward can be easily made. Our Business Divisions are basically outfitted to manufacture products, and the mission of each and every engineer is to develop individual products in their specific field of expertise. On top of this, we must layer on solutions, software and IT.

Connected Solutions Company's Business Model

— The Connected Solutions Company has a diverse range of businesses. Which domains or business models look the most promising?

When Panasonic says “connected,” the foremost meaning is being connected to the cloud, and this connection is where we can add value in the B2B solutions business. In this context, I believe that items that are difficult to commoditize will be in areas where materials and products are physically handled.

Take, for example, the field of factory automation. A system needs to be created that can control all layers of automation, including industrial robots, welding machines and a variety of other devices. Our business model is to assume complete responsibility for automating production environments with a mix of our machines and those of other manufacturers.

Like the Regi-Robo I mentioned before, I believe Panasonic's technologies can be applied outside of manufacturing as well, basically wherever objects move, by adding mechatronic technologies,



such as in the automation of kitchens. In addition, we can layer on technologies, such as by adding facial recognition to security camera systems, and integrating sound, light and visuals in the audiovisual field. I think there is unlimited potential here.

Our Passion for Being Connected

– The added value of connection –

**Connect via the cloud/IoT/
software (AI, etc.)**

**Connect single items and
elemental technologies**

Connect people across organizations

Connect with customers

Maximizing Contact with Customers

— What type of people are needed to advance business in the Connected Solutions Company?

We previously touched on how added value has plateaued as technology has advanced, but we have exceptional engineers who are developing new and interesting technologies all the time. These exceptional engineers will remain essential to our businesses. However, we must ask ourselves whether a particular technology is truly useful for our customers.

Looking ahead, the value added in business will move from products themselves to the control portion on the upper layer, so our engineers must think in terms of software. Moreover, the ideal engineer will have smooth social skills for talking with customers, the imaginative ability to rise above their field of responsibility and tackle problems from the customers' perspective, and the ingenuity to combine their own skills.

— It is clearly important that engineers also connect with customers.

We all need to start by visiting our customers. There is much to learn simply by going to our customers. Nobody here can say they have not met with a customer because they are always busy in the lab.

It is essential that engineers go to the customer. I believe this is especially true because Panasonic used to be a company stronger in engineering than marketing.

Rather than competing with technology, we must now compete with business models, but instead of just working hard, we must raise awareness to the business model level. This is an issue for all Japanese companies, not just Panasonic. B2B solutions is a field where learning about customer needs plays a major role. I believe change is possible by emphasizing such customer needs, rather than “internal logic.” Working in unison, the CNS Company will maximize contact with customers.

multiple complex technologies. In order for us to expand our global solutions business, it is therefore important that we accumulate achievements that are capable of attracting the same evaluation. With this in mind, the first step is to put in place a track record in Japan from which to launch global expansion.

I believe the best path forward for Panasonic is to shape its unique solutions business in Japan and then gradually expand it overseas using proven models. By adopting this process one step at a time, I would like us to steadily expand the scope of our contributions.

Accumulating Robust Achievements in Japan, Promoting Global Business Development

— How is the Connected Solutions Company positioned in terms of global business development?

I believe that is also an issue facing all Japanese companies. Japanese people are not accustomed to global management. Japanese companies are inexperienced at implementing cross-border governance as well as working with non-Japanese people even after entering into an M&A.

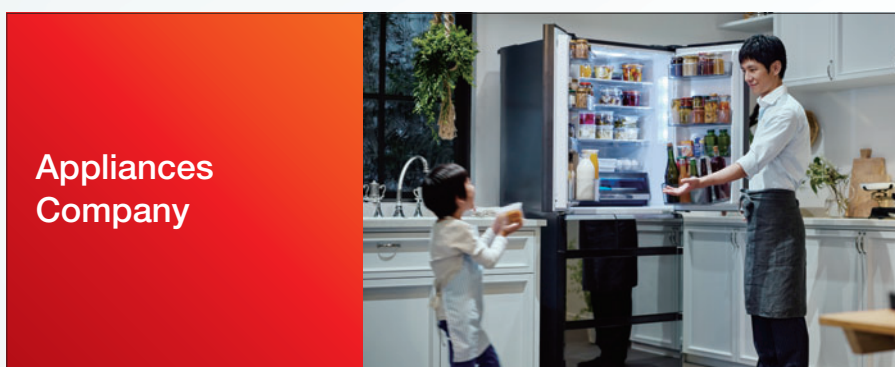
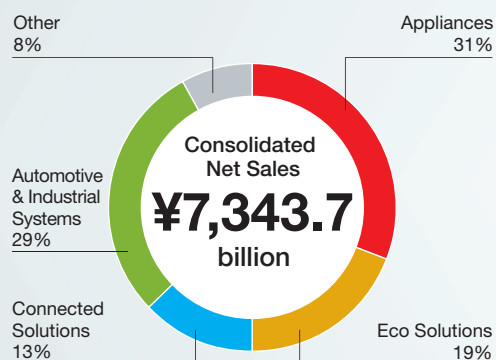
Japan's economy is mainly driven by exports of automobiles and electric machinery, and their good quality has contributed majorly to their selling well overseas. Japan competes globally on product quality, rather than management ability. If the business environment were still like this today, there would be no problem, but with the arrival of the solutions business, it has become imperative to add value in each region. Products do not sell just because they are made. Local organizational capabilities are necessary today.

— Tell us about your plans for the future.

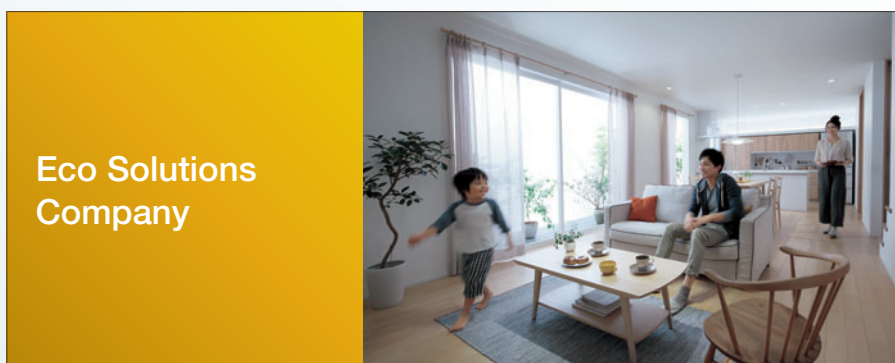
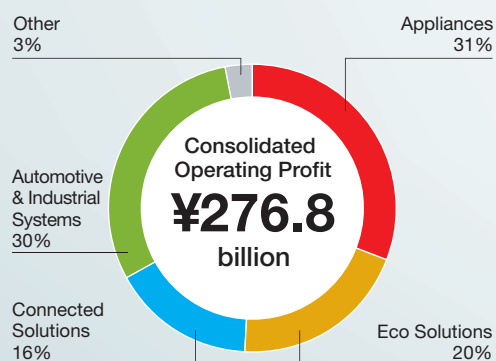
Since assuming the position of CEO of the Connected Solutions Company, I have had the opportunity to meet with a variety of customers. Drawing from these meetings, I am again impressed by the strength of the Panasonic brand in Japan. Certain customers also mentioned that Panasonic was the only company that could properly address certain tasks that required an analog-type comparison and adjustment as well as the combined use of

Overview of Divisional Companies (As of April 1, 2017)

Fiscal 2017 Net Sales Composition Ratio by Segment



Fiscal 2017 Operating Profit Composition Ratio by Segment



Breakdown by Segment

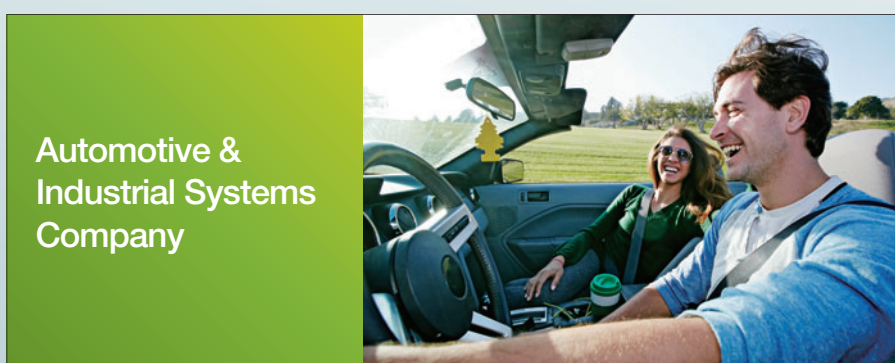
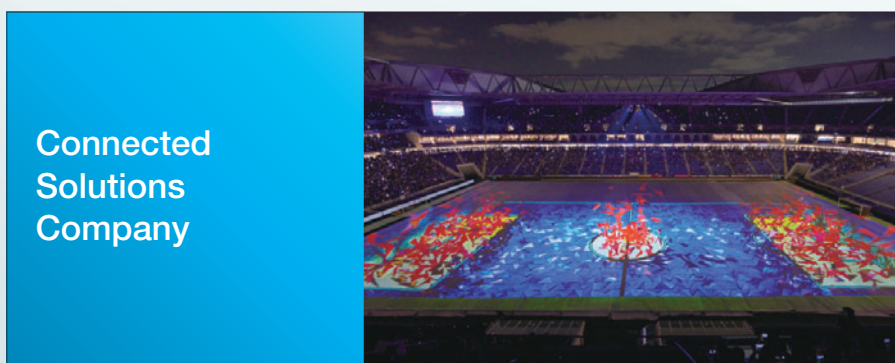
	Net Sales	Operating Profit
Appliances	2,503.4	98.9
Eco Solutions	1,547.3	64.2
Connected Solutions	1,051.2	50.4
Automotive & Industrial Systems	2,416.6	93.0
Other	674.4	8.0
Subtotal	8,192.9	314.5
Eliminations and Adjustments	(849.2)	(37.7)
Total	7,343.7	276.8

(Billions of yen)

Note 1: Net sales and operating profit for fiscal 2017 have been reclassified to conform to the presentation for fiscal 2018. Please refer to page 87 for the figures for fiscal 2017 presentation.

Note 2: Please refer to page 48 for segment changes in fiscal 2018.

Note 3: The net sales and operating profit composition ratios are calculated by dividing the sales and operating profit of each segment by consolidated sales and operating profit before elimination and adjustments.



[Please refer to page 48 for the segment changes in fiscal 2018.](#)

As the organizational headquarters of the Group's consumer electronics (CE) business activities, the AP Company leverages strengths accumulated in Japan and promotes business and profit growth in overseas markets. In the B2B business, we are strengthening the business platform through IoT technologies and inorganic initiatives as well as sales and marketing systems by region.

Room air-conditioners, TVs, refrigerators, washing machines, personal-care products, fixed-phones, microwave ovens, digital cameras, video equipment, home audio equipment, vacuum cleaners, rice cookers, showcases, large-sized air-conditioners, compressors, fuel cells etc.

Principal
Business Areas

Consumer
Electronics

B2B

In its B2C (prime contracts/services) business, the ES Company is strengthening in its home remodeling and nursing care-related products businesses responding to the needs. In its components (electronic/housing materials) business, the company is capturing demand in high-growth overseas markets and, in Japan, promoting the enhancement of its product/marketing strengths toward steady growth.

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

Principal
Business Areas

Housing

B2B

The CNS Company will connect its strengths in technologies, products and human resources while offering solutions that help solve social issues as well as the management issues faced by customers in the avionics, manufacturing, entertainment, distribution, logistics and public service industries. In this manner, we will drive the growth of the Group-wide B2B solutions business.

In-flight entertainment systems and connectivity, electronic-components-mounting machines, welding equipment, PCs and tablets, projectors, broadcast and professional AV systems, surveillance cameras, etc.

Principal
Business Areas

B2B

Established on April 1, 2017 with the aim of developing a customer-oriented business structure that will play a central role in the growth of the Group-wide B2B solutions business.

Focusing on its two mainstay businesses, automotive and industrial systems, the AIS Company contributes to the creation of a safe, comfortable society. Cars continue to evolve in response to demands from society, such as for a reduction in driver workload, the elimination of traffic accidents, as well as in response to a background of worldwide tightening of environmental regulations. In this environment, we are promoting active investment and aiming for business growth that exceeds the automobile industry average.

Automotive-use infotainment systems, electrical components, automotive mirror, lithium-ion batteries, automotive batteries, dry batteries, automation controls, electric motors, electronic components, electronic materials, semiconductors, LCD panels, etc.

Principal
Business Areas

Automotive

B2B

Overview of Business Divisions (As of April 1, 2017)

Appliances Company



Air-conditioners



TVs

- **Air-Conditioner Company**
Development, manufacture and sale of air-conditioners for home, office and store use, multi-unit air-conditioners for buildings, gas heat pump air-conditioners, absorption chillers, CO₂ heat pump hot water supply systems, etc.
- **TV Business Division**
Development, manufacture and sale of TVs, portable TVs, etc.
- **Home Entertainment Business Division**
Development, manufacture and sale of Blu-ray and DVD recorders, audio equipment, etc.
- **Imaging Network Business Division**
Development, manufacture and sale of digital cameras, digital video cameras, optical devices, etc.
- **Communication Products Business Division**
Development, manufacture and sale of cordless telephones/faxes, TV door intercom systems, home network systems, etc.

Eco Solutions Company



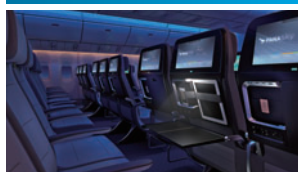
Modular kitchen systems



Solar photovoltaic systems

- **Lighting Business Division**
Development, manufacture and sale of residential, facility, store and outdoor lighting fixtures, lamps, devices, etc.; marketing of lighting design proposals for exterior and interior spaces using lighting software technologies
- **Energy Systems Business Division**
Development, manufacture and sale of wiring devices, distribution panel boards, solar photovoltaic systems, energy management-related equipment, condominium intercom systems, building systems, etc.

Connected Solutions Company



In-flight entertainment systems



Integrated line control systems

- **Panasonic Avionics Corporation**
Development, manufacture and sale of in-flight entertainment systems and connectivity; provision of repairs and maintenance services
- **Process Automation Business Division**
Development, manufacture and sale of placement machines, screen printers, FPD bonders, electronic component insertion machines, welding-related systems, integrated line control systems, and laser oscillators

Automotive & Industrial Systems Company



Lithium-ion batteries



Next-generation cockpit systems

- **Automotive Infotainment Systems Business Division**
Development, manufacture and sale of car AV systems, car navigation systems, car audio systems, car speakers, cockpit systems, etc.
- **Automotive Electronics Systems Business Division**
Development, manufacture and sale of vehicle control units, back and corner sensors, camera modules, switches, ITS terminals, smart keyless systems, onboard charging systems, inverter-integrated compressors, etc.
- **Rechargeable Battery Business Division**
Development, manufacture and sale of lithium-ion batteries, automotive batteries, battery modules for power storage, power storage systems, Ni-Cd batteries, etc.

Other



Housing



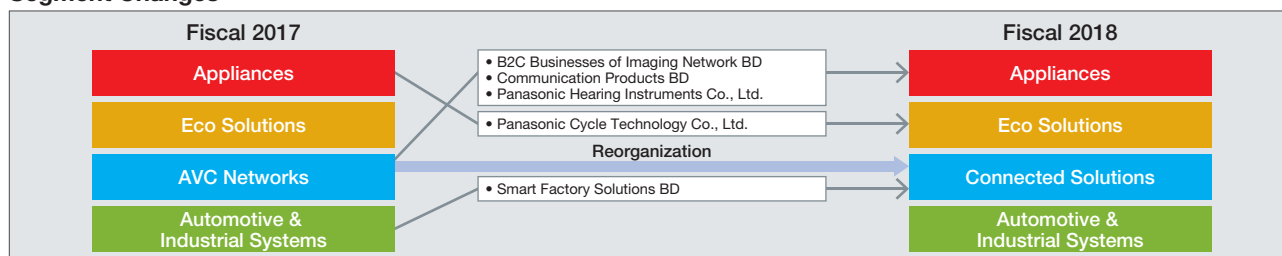
Urban development

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

- **Refrigerator Business Division**
Development, manufacture and sale of refrigerators, freezers, etc.
- **Laundry Systems and Vacuum Cleaner Business Division**
Development, manufacture and sale of washer/dryers, clothes dryers, vacuum cleaners, etc.
- **Kitchen Appliances Business Division**
Development, manufacture and sale of induction heating (IH) cooking equipment, microwave ovens, rice cookers, built-in cooking appliances, dishwashers, etc.
- **Beauty and Living Business Division**
Development, manufacture and sale of beauty appliances (shavers, hair dryers, oral care products, etc.), health enhancing products (blood pressure monitors, body composition meters, massage chairs, etc.), cooking appliances (home bakeries, coffee makers, juicers, etc.), electric irons and hearing aids
- **Refrigeration and Air-Conditioning Devices Business Division**
Development, manufacture and sale of air-conditioner compressors, refrigeration compressors, vacuum insulation materials, etc.
- **Smart Energy System Business Division**
Development, manufacture and sale of smart gas meter-use devices, fuel cells, etc.
- **Cold Chain Business Division**
Development, manufacture and sale of showcases, commercial-use refrigerators and freezers, ice-making machines, drink vending machines, etc.
- **Husmann Corporation**
Development, manufacture, sale and servicing of commercial-use refrigerated and freezer display cases
- **Housing Systems Business Division**
Development, manufacture and sale of water-related products including modular kitchen systems and modular baths, interior furnishing materials including floor, door, storage unit materials, and exterior finishing materials including drainpipe and roofing materials, residential building frames, and home elevators, etc.
- **Panasonic Ecology Systems Co., Ltd.**
Development, manufacture and sale of air purifiers, electric fans, ventilating fans, blowers for factory and facility use, etc.
- **Panasonic Cycle Technology Co., Ltd.**
Development, manufacture and sale of electric power-assisted bicycles, bicycles, electric power-assisted units, bicycle products, etc.
- **Media Entertainment Business Division**
Development, manufacture and sale of high-brightness projectors, business-use displays and business-use broadcasting equipment; provision of integrated special effects solutions
- **Mobile Solutions Business Division**
Development, manufacture and sale of PCs, tablets and settlement systems; provision of supply chain solutions
- **Security Systems Business Division**
Development, manufacture and sale of surveillance and security cameras, surveillance image recorders, etc.
- **Panasonic System Solutions Japan Co., Ltd.**
Development of system solutions (public systems, social systems, logistics/distribution, etc.); systems integration, implementation, operation and maintenance
- **Energy Device Business Division**
Development, manufacture and sale of dry batteries, micro batteries, nickel-metal hydride rechargeable batteries, etc.
- **Electromechanical Control Business Division**
Development, manufacture and sale of relays, connectors, touch panels, automotive power supply, automotive switches, light touch switches, motors, FA sensors, etc.
- **Panasonic Semiconductor Solutions Co., Ltd.**
Development, manufacture and sale of power semiconductors, LSIs, image sensors, optical semiconductors, etc.
- **Device Solutions Business Division**
Development, manufacture and sale of conductive polymer capacitors, various capacitors (aluminum electrolytic/film), anti-heat sheets, resistors, inductors, in-car and industrial-use sensors, etc.
- **Electronic Materials Business Division**
Development, manufacture and sale of circuit board materials, semiconductor encapsulation materials, plastic molding compounds, advanced films, etc.
- **Panasonic Liquid Crystal Display Co., Ltd.**
Development, manufacture and sale of IPS liquid crystal display (LCD) panels

Note: Ficosa International, S.A. was placed under the Automotive & Industrial Systems Company on July 4, 2017.

Segment Changes





Appliances Company (AP Company)

Performance figures (results, forecasts, targets):
production and sales consolidated

As the organizational headquarters of the Group's consumer electronics (CE) business activities, the AP Company leverages strengths accumulated in Japan and promotes business and profit growth in overseas markets. In the B2B business, we are strengthening the business platform through IoT technologies and inorganic initiatives as well as sales and marketing systems by region.

[Please also refer to "Panasonic IR Day 2017 Appliances Company Presentation materials" \(PDF\).](#)

Fiscal 2017 Performance (Based on Previous Organization)

For details,
refer to page 87

Favorable CE Performance in Japan, China and Other Asian Countries, Increase in Both Sales and Profits

In fiscal 2017, ended March 31, 2017, AP Company sales totaled 2,539.6 billion yen (up 1% year on year) mainly due to increased sales of the consumer electronics (CE) business in Japan, China and other Asian countries as well as to the new consolidation of Husmann Corporation (Husmann); excluding the effects of foreign currency exchange rates, AP Company achieved a 6% year-on-year increase in net sales. We achieved a significant increase in operating profit, which totaled 103.2 billion yen (a year-on-year increase of 89%) due to increased sales of white goods, the consolidation of Husmann Corporation, and other factors. In particular, in the CE business, through production and sales consolidated management, in China and other Asian countries on a local completion basis, and by creating premium products matched to local cultures and further expanding sales, we have improved profitability for 2 consecutive years since fiscal 2016.

As a key initiative for future growth, in the commercial refrigeration & food equipment business, IoT technology was utilized in refrigeration equipment (showcases, etc.) for Japanese retailers to launch a monthly fee-based service that optimizes energy efficiency settings and conducts maintenance and operations on the equipment. In addition, as the first attempt of its kind at Panasonic aimed at maximizing profit, the headquarters functions of the refrigerator compressor business were relocated to Singapore, which is closer to growth markets, and the speed

of management was increased. These and other initiatives are being conducted to also strengthen the B2B business.

Future Strategy

Securing Future Growth by Active Investment in High-Growth Businesses

AP Company has positioned 3 businesses as high-growth businesses—the air-conditioner business, which includes air conditioners for consumers and large-sized commercial air conditioners; the commercial refrigeration & food equipment business, which includes refrigerated showcases for stores; and the “small & built-in” business, which includes beauty products and cooking appliances— and is committing resources, both personnel and fund, on a priority basis and is also actively making inorganic investment. We will also aim to steadily expand earnings for the “major appliance business,” namely, refrigerators and washing machines, and “devices business” such as fuel cells, as stable-growth businesses.

As of fiscal 2018, the imaging networks business, which handles digital cameras and other products, and the communication product business, which handles fixed-phones and other products have been transferred from the former AVC Networks Company, positioned together with TV sets as the AVC business, and classified as low-profitable businesses.

While carefully identifying risks for low-profitable businesses, we will further expand stable-growth and high-growth businesses, aiming to achieve our fiscal 2019 targets; sales of 2.8 trillion yen and operating profit margin of 4.5%.

Opportunities

- Expanding middle and affluent income classes in China and elsewhere in Asia (Vietnam, Indonesia, the Philippines, Thailand, India, etc.)
- Growing demand for energy-saving, low environmental impact products due to rising global environmental awareness
- Growing demand in Japan for high-value-added products

Strengths

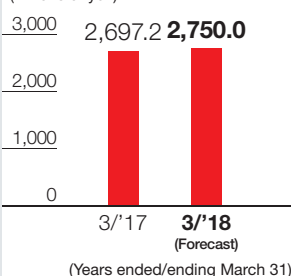
- Advanced CE-related technologies accumulated over many years
- Development/design/manufacturing/sales systems and structures in China and other Asian countries capable of responding rapidly and accurately to local needs
- Strong brand image/sales base backed by high share of Japanese CE market
- Brand familiarity due to long history of business development in Asia

Issues

- Profitability and growth of overseas CE businesses
- Profitability of B2B business

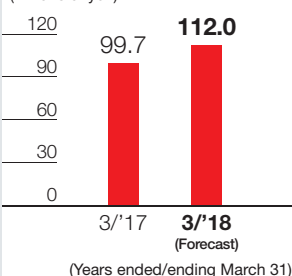
Net Sales

(Based on new organization / production and sales consolidated)
(Billions of yen)

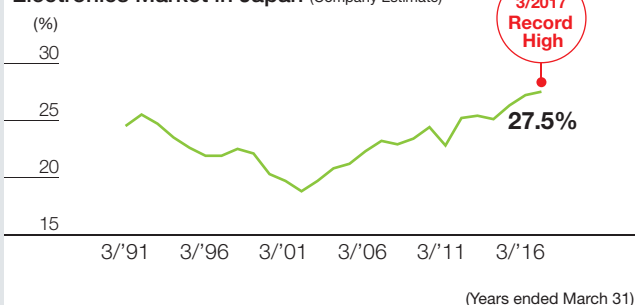


Operating Profit

(Based on new organization / production and sales consolidated)
(Billions of yen)



AP Company's Overall Share of Consumer Electronics Market in Japan (Company Estimate)



Aiming for Further Increases in Both Sales and Profits in Fiscal 2018 by Strengthening Overseas Home Appliances Business

Consumer Electronics Business For fiscal 2018, we are aiming to increase sales by 2% to 2,750.0 billion yen by strengthening sales overseas centering on white goods. Regarding profits, by improving profitability through expansion of premium products and regional development we will work to increase operating profit by 12% to 112.0 billion yen and thereby record 2 consecutive years of increases in both sales and profits.

In the CE business, we will develop out results from China, which is ahead in production and sales consolidated management, and other Asian countries into other regions. In India, which is experiencing significant growth, we established Panasonic India Appliances Company and will expand local organizational capabilities suited to the characteristics of the region. In Japan, where we have the No. 1 share in many products, including room air conditioners and dishwashers, we aim to further increase our share by strengthening

marketing to promote the entire categories of products in line with customer lifestyles.

In the B2B business, with environmental regulations being strengthened throughout the world, in regards to our large-sized commercial air conditioner business, we will bolster sales systems in each country and region, which will include inorganic investment, and work to reinforce environmental performance and upgrade products. In the commercial refrigeration & food equipment business, with the acquisition of Hussmann Corporation, we have acquired an industry-leading position in Japan, the U.S., China and other regions. Going forward, with CO2 refrigerant technology and IoT technology for reducing environmental impact and a lineup of equipment for small stores as strengths, we intend to develop the business into a global, highly profitable enterprise while leveraging Hussmann Corporation's business platform.

In addition, we are promoting initiatives for IoT appliances, where market growth is expected, and will launch products first in China and then develop them out into other countries' markets.

AP Company Business Portfolio

Business Category (Unique to AP Company)	Mid-Term Business Plan (Fiscal 2017-2019)			
High-growth business (Priority investment)	Air-conditioner	<ul style="list-style-type: none"> • Achieve high global growth through proactive inorganic investment • Strengthen product/sales competitiveness by boldly enhancing resources 	Investment	Sales
	Commercial Refrigeration & Food Equipment		↑	↑
	Small & Built-in		↑	↑ (Ratio)
Stable-growth business (Steady investment)	Major Appliance	<ul style="list-style-type: none"> • Pursue stable profitability expansion by growing in China, India and other Asian countries • Pursue profitability expansion by improving product mix 	↗	↑ (Amount)
	Devices/Other		→	↑ (Ratio)
Low-profitable business (Carefully assess investment)	AVC	<ul style="list-style-type: none"> • Minimize risks and pursue steady positive profitability 	↘	↑ (Ratio)



Eco Solutions Company (ES Company)

In its B2C (general contracts/services) business, the ES Company is strengthening its home remodeling and nursing care-related products businesses responding to the needs of society and customers. In its components (electronic/housing materials) business, the company is capturing demand in high-growth overseas markets and, in Japan, promoting the enhancement of its product/marketing strengths toward steady growth.

[Please also refer to "Panasonic IR Day 2017 Eco Solutions Company Presentation materials" \(PDF\).](#)

Fiscal 2017 Performance (Based on Previous Organization)

For details,
refer to page 88

Affected by Downsizing of Solar PV Systems Market Decreasing Sales and Profit

Net sales in fiscal 2017, ended March 31, 2017, totaled 1,545.7 billion yen (representing a year-on-year decrease of 3%) mainly as a result of foreign exchange rates combined with a decrease in sales brought about by a downsizing of the Japanese market for residential solar photovoltaic (PV) systems. Impacted by an increase in fixed costs, including upfront investments, operating profit fell 18% year on year to 62.5 billion yen.

With regard to fiscal 2017, we first reviewed the organization of the remodeling business, and made preparations in order to expand our business by unifying brands and increasing operating sites. In our Age-free (elderly-care) business, while focusing on future profitability, we increased the number of operating sites and secured personnel. In addition, we steadily gained orders for large-scale development projects, for which there is increased activity in the metropolitan area in the run-up to the Tokyo 2020 Olympic and Paralympic Games. Overseas, we were able to reliably capture demand for electronic materials, which is growing in ASEAN, India, Turkey and other countries.

Future Strategy

Fiscal 2019 Targets: Net Sales of 2.1 Trillion Yen, Operating Profit Margin of 5%

Traditionally, we had adopted the classifications "housing" and "non-housing" as our management framework but, in order to redefine the position and aims of each business, we have changed the classifications: the B2C (general contracts/services) business geared toward individual customers, such as for new building/remodeling general contract work and nursing care services; and the Components (electronic/housing materials) business, in which we are working with business partners, such as house makers and agents.

In the years to come in the B2C business, we will aim to be top in the industry in terms of both new building construction and general contract remodeling work and will seek to achieve high growth with profits by strengthening our organizational capabilities, such as construction and customer proposal capabilities. In the Components business, in addition to promoting the high-value-added products that are our strengths on the domestic market, we will aim for a significant increase in net sales in growth markets overseas.

As a result of these initiatives, as the ES Company Group, including PanaHome Corporation (PanaHome), we are aiming to realize net sales of 2.1 trillion yen and an operating profit margin (OPM) of 5% in fiscal 2019.

Opportunities

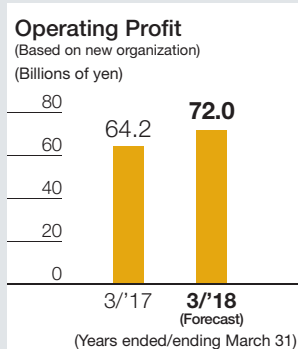
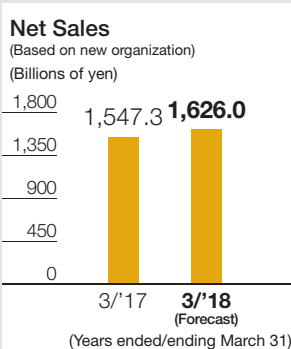
- Growth in remodeling market in Japan
- Increase in number of Japanese households consisting of the elderly
- Increase in large-scale development projects due to Tokyo Olympic and Paralympic Games and other factors
- High GDP growth in emerging countries (including Southeast Asia, India, the Middle East and Africa)

Strengths

- Robust domestic distribution channels and sales networks for electronic and housing materials
- Numerous contact points with customers and marketing capabilities via a robust domestic sales network that includes stores offering remodeling services and showrooms
- Ability to develop products that deliver value in response to new needs

Issues

- Enhance organizational skills (construction capabilities, etc.) in new building/remodeling general contract work
- Accelerate pace of overseas business development
- Response to downsizing domestic solar photovoltaic systems market



Market Environment (Company Estimate)

- | | |
|----------------------------|--|
| B2C Business | <ul style="list-style-type: none"> • 2017 Japanese remodeling market forecast: 6.2 trillion yen (YOY increase of 1.6%) • Number of Japanese households consisting of elderly only (compound average growth rate [CAGR] forecast, 2015 – 2020): 4.0% |
| Components Business | <ul style="list-style-type: none"> • 2017 Japanese new building market forecast: 46.02 million m² (YOY increase of 1.0%) • 2017 Japanese remodeling market forecast: 8.1 trillion yen (YOY increase of 1.5%) • Overseas real GDP CAGR forecasts 2017 – 2020: ASEAN 5.2%, United States 1.9%, India/South Asia/Middle East & Africa/Turkey 5.3% |

Earnings from Robust Components Business, Expand B2C Business

In fiscal 2018, we are aiming to increase both net sales and operating profit to 1,626.0 billion yen and 72.0 billion yen, or by 5% and 15% year on year, respectively.

In the Components business, we will further hone our strengths with a large number of high-market-share products and stably generate profit. In Japan, we will continue to strengthen our product and marketing capabilities, while in growth markets overseas we will focus on capturing demand for a range of our products, such as LED lighting equipment, indoor air quality (IAQ)-related products, and wiring equipment. In the underperforming solar business, we will secure production volume through collaboration with Tesla and expand sales in North America. We will also work on a recovery in sales by linking the benefits from this additional sales volume to

improvements in our domestic competitiveness.

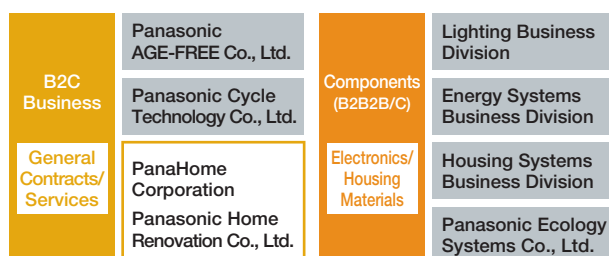
In the B2C business, Panasonic AGE-FREE Co., Ltd. will work to develop its nursing care service locations and improve their occupancy rates while improving on-site productivity and service quality by utilizing cutting-edge technologies. Panasonic Cycle Technology Co., Ltd., which is responsible for the bicycle-related business, will work to provide products that show a close affinity for customers' life stages and create new business models through collaboration with ES Company's other businesses.

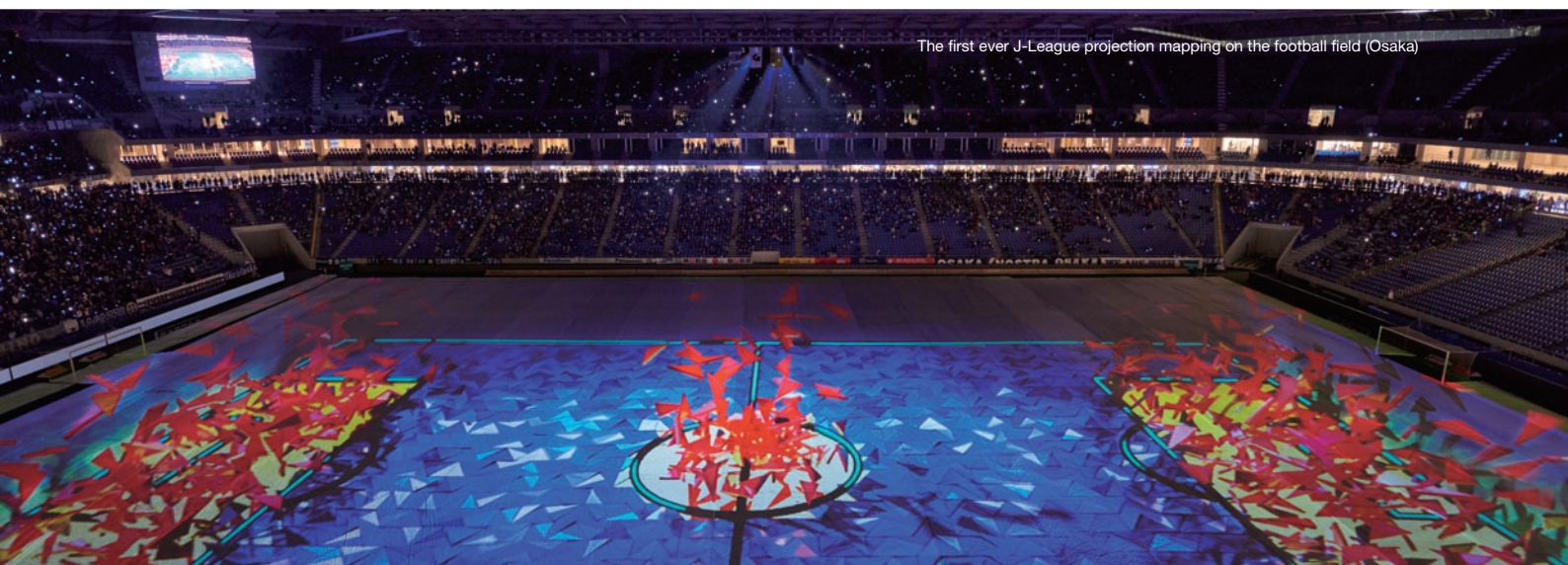
At the same time, we will also work to secure profit by controlling unnecessary or non-urgent investments and cost increases, and by controlling fixed costs in line with sales fluctuations.

Synergy Creation with PanaHome

By mutually utilizing the house design and construction technology capabilities possessed by PanaHome and the technologies at the disposal of ES Company and other companies, we will promote Panasonic's unique new building construction/remodeling general contract business. Based on the feedback received from our customers, we will create innovative housing-related products and create a virtuous circle. Through these efforts, we will improve our "Panasonic = Housing" presence.

Management Framework (from Fiscal 2018)





The first ever J-League projection mapping on the football field (Osaka)

Connected Solutions Company (CNS Company)

The CNS Company will connect its strengths in technologies, products and human resources while offering solutions that help solve social issues as well as the management issues faced by customers in the avionics, manufacturing, entertainment, distribution, logistics and public service industries. In this manner, we will drive the growth of the Group-wide B2B solutions business.

[Please also refer to "Panasonic IR Day 2017 Connected Solutions Company Presentation material" \(PDF\).](#)

Fiscal 2017 Performance (Based on Previous Organization)

For details,
refer to page 88

Sales and Profit Decreased due to Effects of Foreign Exchange, Earthquakes, etc.; Higher Profit in Real Terms

Net sales in fiscal 2017, ended March 31, 2017, totaled 1,040.7 billion yen (an 11% decrease compared with the previous fiscal year) due to the effects of foreign exchange, the Kumamoto Earthquakes and other factors. Operating profit totaled 29.6 billion yen (a year-on-year drop of 47%) due to the decrease in net sales and structural reform expenses. In real terms, excluding impact from currency exchange and transient expenses, a profit was secured.

As a main initiative, we steadily strengthened our management foundation to grow the B2B solution business. We transferred the consumer electronics business to Appliances Company, while process automation-related business was transferred from Automotive & Industrial Systems Company to CNS Company. We can expect synergistic effects between the mechatronics and process technologies of this business and the priority technologies of former AVC Networks Company, which mainly focuses on IoT. In addition to eliminating the losses made by the North American PC business and security businesses, the creation of new solutions businesses—including the business for the opening and closing ceremonies of the Rio de Janeiro

Olympic and Paralympic Games, the fully automated Regi-Robo self-registration machine, and next-generation signage—has made steady progress.

Future Strategy

A Customer-Centered Total Integrator That Contributes to Solving Customer Management and Social Issues

As a customer-centered total integrator, newly established CNS Company will provide solutions based on its strengths in core devices and technologies and contribute to solving customer management and social issues. For example, we aim to respond to every problem in a variety of scenarios, such as by leveraging our FA technologies and know-how of factory automation to automate and save on personnel in restaurant kitchens.

We will also work to maximize points of contact with customers. And we will enhance our consulting, concept design and integration capabilities, which create added value. By doing this, we will aim to add layers to the service business. Leveraging the strong awareness of our brand as well as our human resources and organizational capabilities in Japan, we will solidify our business model and aim to expand our overseas B2B solutions business with North America, Europe and China.

Opportunities

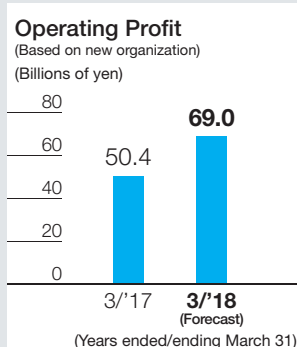
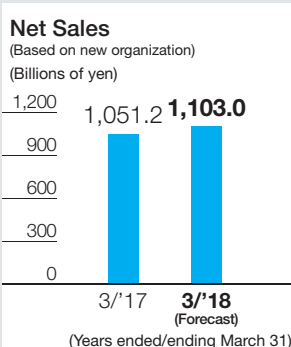
- Expanding needs for automation and labor saving in industrial fields against a backdrop of social issues
 - Labor shortage due to an aging society and lower birth rate and soaring labor costs, primarily in advanced countries
 - Surging freight traffic due to the progress of e-commerce
- Advances in Industry 4.0, AI/IoT utilization
- Increase in number of large-scale development projects brought about by Tokyo 2020 Olympic and Paralympic Games

Strengths

- Comprehensive capabilities to address B2B customer management issues in an all-Panasonic manner
- Technological capabilities to generate new value (image recognition, wireless/antenna and automation technologies, security, etc.)
- Product development, strong core devices
- Engineering system integration/sales capabilities that underpin solutions businesses in Japan

Issues

- Creation of a new solutions business pillar
- Structural reform toward highly profitable business
- Securing/fostering of solutions human resources



Core Devices with No. 1 Market Shares

Global Share No.1

- Rugged mobile PCs
- Ultrahigh-brightness laser projectors
- Placement machines
- Aircraft in-flight entertainment systems

No.1 Share in Japan

- Financial settlement systems (IC card R/W)
- Security cameras

Aim to Be a Highly Profitable Business with a Profit Margin of More Than 10%

As a long-term strategy, we will steadily raise our profitability in areas where we are continuously growing by reviewing our business portfolio.

We will also work on continuing to provide product differentiation, adding layers and strengthen the structure for services, and creating new mainstay businesses by maintaining close customer contacts and introducing new technologies. With these results, we aim to be a highly profitable business with operating profit of more than 10%.

Toward Higher Sales and Profitability in Fiscal 2018 and Fiscal 2019

We expect fiscal 2018 net sales to reach 1,103.0 billion yen (up 5% year on year) due to factors such as the recent consolidation of the Belgian logistics solutions company, Zetes Industries S.A. Operating profit is projected to expand to 69.0 billion yen (up 37% year on year), partly as a result of transient expenses were recorded in the previous fiscal year. For fiscal 2019, we will target higher sales and profit and aim for net sales of 1,186.0 billion yen and operating profit of 88.0 billion yen.

Toward FY2022

Clearly identify target areas, lay the groundwork for growth



*within the Panasonic Group **Process automation



Automotive & Industrial Systems Company (AIS Company)

Focusing on its two mainstay businesses, automotive and industrial systems, the AIS Company contributes to the creation of a safe, comfortable society. Cars continue to evolve in response to demands from society, such as for a reduction in driver workload, the elimination of traffic accidents, as well as in response to a background of worldwide tightening of environmental regulations. In this environment, we are promoting active investment and aiming for business growth that exceeds the automobile industry average.

[Please also refer to "Panasonic IR Day 2017 Automotive & Industrial Systems Company Presentation material" \(PDF\).](#)

Fiscal 2017 Performance (Based on Previous Organization)

For details,
refer to page 89

Progress Made in Business Shift to Automotive/Industrial Fields

In fiscal 2017, ended March 31, 2017, steady progress was made in the shift to the automotive and industrial business fields, and sales, heavily impacted by exchange rate movement, totaled 2,561.2 billion yen, a year-on-year decrease of 5%. Excluding the effects of foreign currency exchange rates, a sales increase was secured in real terms. There was a significant improvement in operating profit, which amounted to 109.3 billion yen, a year-on-year increase of 118%.

On the other hand the increase in fixed costs brought about by proactive investment for future business growth, which included upfront investment in an automotive-related business and the start-up costs of an automotive battery factory in the United States, exceeded the gains from increased sales. Excluding other income/loss and the effect of the exchange rates, operating profit decreased in real terms.

For the main initiatives in the automotive field for fiscal 2017, we took into consideration the needs of battery supply for the booming eco-conscious car market and actively invested in newly established automotive battery factories in the United States and China.

To strengthen collaboration with Ficosa International, S.A. (Ficosa), a Spanish automotive parts and systems supplier, with which we had involved a capital alliance since fiscal

2016, we decided to make additional investment and made Ficosa a consolidated subsidiary. We also acquired OpenSynergy GmbH, a German automotive software development company, and established a new vehicle test site at our domestic development base. We are accelerating the speed of development in the infotainment and Advanced Driver Assistance System (ADAS) fields.

Future Strategy (AIS Company)

Toward Realization of Increased Sales in Fiscal 2018

After having completed the reform of our business structure, we regard fiscal 2018 as a turnaround year for going on the offensive. The structural reforms carried out so far and the preparations made for the move into the automotive and industrial fields are steadily bearing fruit, and net sales are expected to exceed those of the previous fiscal year.

In the Automotive Business, we are focusing on securing orders in the four priority categories, the growth fields of In-Vehicle Infotainment (IVI) systems, e-cockpits, ADAS and electrical mechanisms. In the Energy Business, we are working to concentrate resources on the automotive field and planning to expand sales of automotive batteries. We will bolster profitability in the Industrial Business by shifting to devices for automotive and industrial use, which are high-value-added products. In this manner, we will

Opportunities

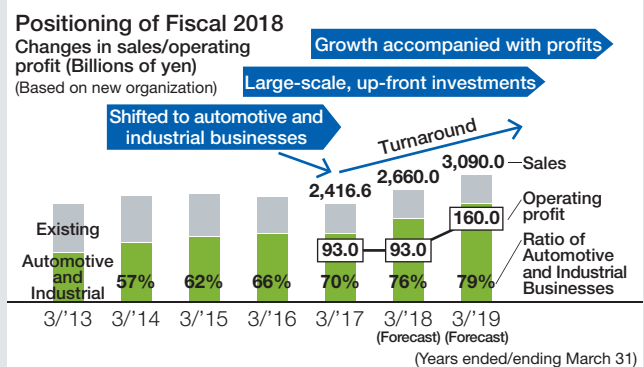
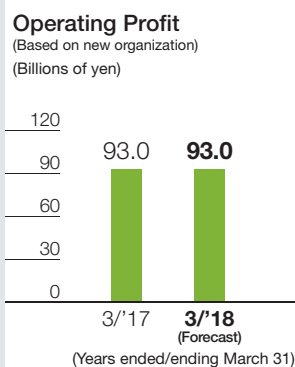
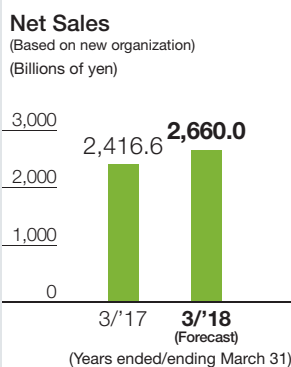
- Computerization/digitization of cars (connected cars)
- Shift in demand from gasoline-powered cars to eco-cars (more stringent environmental controls)
- Advances in Industry 4.0, IoT utilization

Strengths

- Group's technological assets accumulated through digital consumer electronics (image processing, sensing, downsizing, etc.)
- Technologies relating to in-vehicle infotainment
- Synergies with Ficosa International, S.A. and OpenSynergy GmbH
- Technologies for batteries that boast high capacity, high reliability

Issues

- Rise of car-sharing/ride-sharing (Declining demand for personal car ownership)
- Tight supply of and demand for lithium-ion battery materials
- Sudden increase in volume of in-car software development



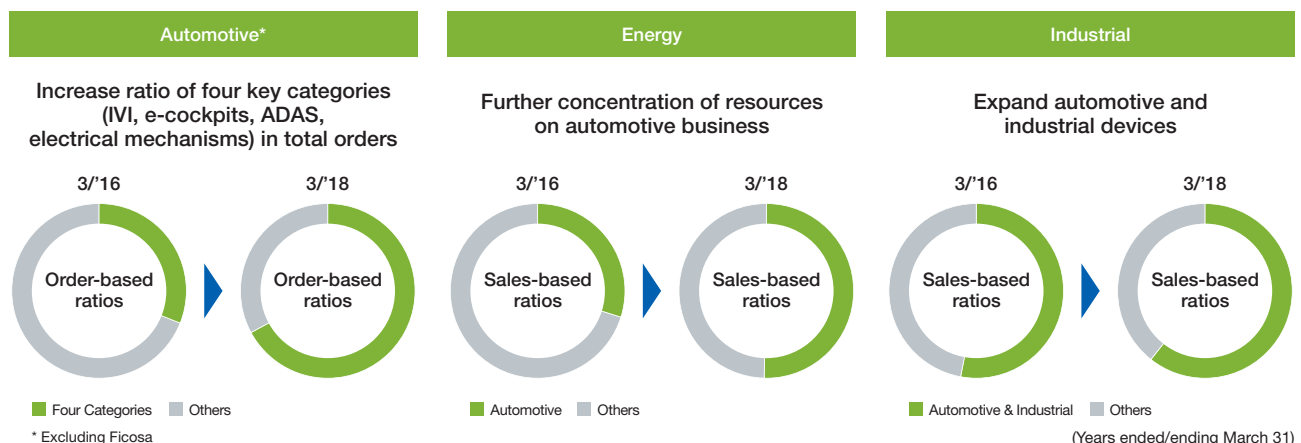
realize growth in line with profit in each of the three businesses by adhering strictly to a policy of “selection and concentration.”

Through these initiatives, we are aiming for fiscal 2018 net sales of 2,660 billion yen (a year-on-year increase of 10%). We expect to keep operating profit at 93.0 billion yen, at the same level as the previous fiscal

year, by continuing to make active investments aimed at future business growth. On the basis of ability, however, leaving aside temporary factors such as those related to financial provisions, we are expecting to achieve an increase in profit by covering the increase in fixed costs due to investment with profit from increased sales.

AIS Business Strategy Summary

Implement “selection and concentration” strategy in all business fields



Divisional Company Strategies

Future Strategies (Automotive Business)

Fiscal 2019 Target of 2.0 Trillion Yen in Net Sales—Pursuing Growth That Exceeds Industry Average

Following requests from society, including for the elimination of traffic accidents and a reduction in environmental impact, advances are being made in the digitization and electrification of cars. For example, in addition to e-cockpits and ADAS that are supporting safety and comfort driving, the spread of electric vehicles (EVs) can contribute to a reduction in CO₂ emissions. Hand in hand with the further development of cars of this type, the effective demand for automotive electronic equipment that AIS is targeting is expected to grow at an annual rate of 7%.

Through accelerated R&D as well as by expanding business to the field of system solutions and increasing production capacity, the company is pursuing growth that exceeds the industry average and aiming to realize fiscal 2019 net sales of 2.0 trillion yen.

Comfort Area Strategies

In the Comfort area, due to the growing need for safe and comfortable driving, system solution orders, such as IVI and e-cockpits, are steadily expanding. As one example, we will start deliveries of e-cockpit systems, including of the center console and head-up display, to Jaguar Land Rover Limited from fiscal 2018. We will be contributing to the realization of comfortable driving with our strengths in display technologies. We will also commence full-model supplies of new, large-scale IVI systems projects from the second half of fiscal 2018.

On the basis on these developments, we have set the fiscal 2019 sales target at 630.0 billion yen.

Safety Area Strategies

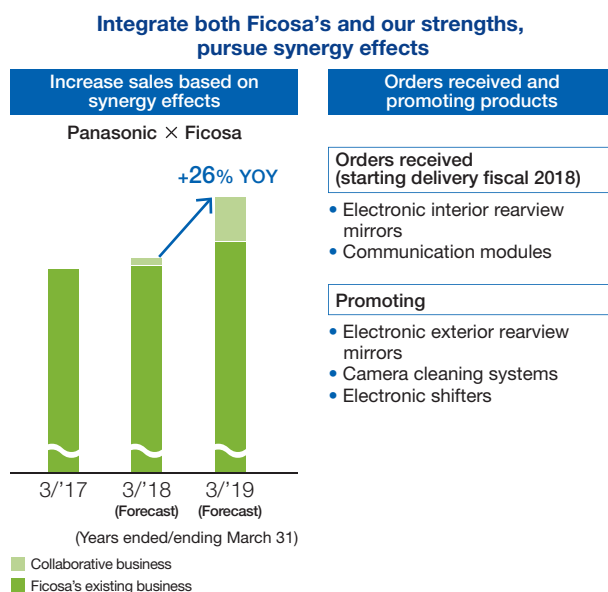
In the Safety area, we will concentrate our efforts on the ADAS business and work to integrate the cutting-edge

technologies that the Group possesses, such as image processing—centered on robust devices, including automotive camera modules and sonars—while expanding the systems business. We will develop and expand from the rear detection cameras already in mass production to camera systems for electronic mirrors, autonomous parking systems and autonomous driving in the future.

Collaboration with Ficosa, which became a consolidated subsidiary in April 2017, is progressing smoothly, and we will begin delivering collaborative products, such as electronic mirrors, in fiscal 2018. In the coming years, we will integrate the strengths of both companies and maximize the synergy effects to accelerate growth.

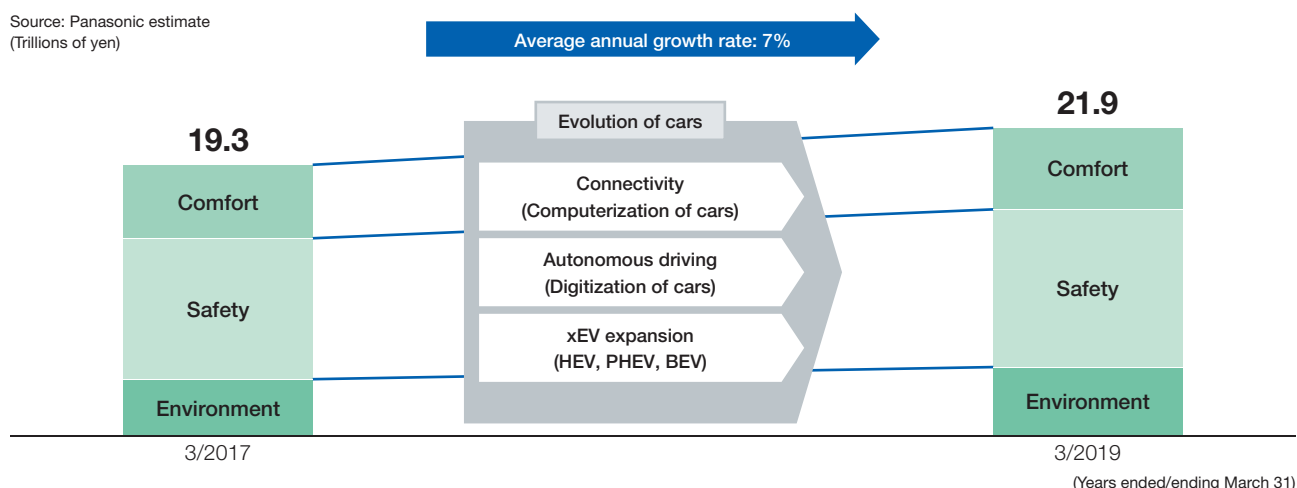
On the basis on these developments, we have set the fiscal 2019 Safety area sales target at 620.0 billion yen.

Acceleration of Growth through Acquisition of Ficosa as Consolidated Subsidiary



Effective Demand Forecast of Automotive Business

Source: Panasonic estimate
(Trillions of yen)



Environment Area Strategies

In the Environment area, we are producing electric-vehicle battery cells at our plant within the “Gigafactory” for the Model 3 of the U.S. electric carmaker Tesla, with whom we have a collaborative relationship. Having looked at the burgeoning market for EVs in China, we are also planning to embark on the mass production of automotive batteries during the course of fiscal 2018 at our factory in Dalian, China.

We are steadily building up orders for our automotive batteries by working closely with car makers. As of March 2017, the number of models that have been adopted by car makers has increased to a total of 50 models, and further orders for 18 models have been decided. In anticipation of greater demand in the years ahead, we are proceeding to expand our production capacity both in Japan and overseas.

In addition to these initiatives, we will aim for net sales in the Environment area of 750.0 billion yen in fiscal 2019 by increasing sales of devices for eco-cars, such as film capacitors and EV relays. As it is anticipated that there will be a shift away from hybrid cars to make plug-in hybrid cars and EVs, the mainstay eco-cars, we will also be focusing on developing batteries with high energy density.

Toward Optimization of Development Costs

The Automotive Business is working to optimize development costs, which are on an upward trend as orders increase. We will improve development efficiency by effectively utilizing internal and external resources and developed software platforms, and development costs are forecast to increase slightly in the years ahead even amid significant increases in net sales.

We will shift to a policy of “development investment proportional to sales” to optimize development costs and strengthen profitability.

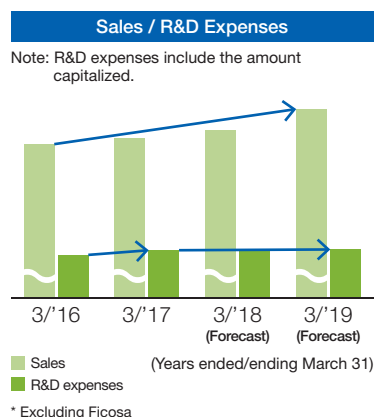
Looking ahead to Automotive Business Net Sales of 2.0 Trillion Yen

In the Automotive Business, we are looking to achieve net sales of 2.0 trillion yen in fiscal 2019, the fiscal year ending March 31, 2019. The results of the strategic and upfront investments made so far are steadily being accumulated, and the order acceptance rate already exceeds 90% of the sales targets.

In the years ahead, we will expand sales of systems and equipment products and securely capture ADAS demand in the Automotive Business, while focusing on strengthening the competitiveness of our automotive battery products and increasing production capacity in the energy business. Taking net sales of 2.0 trillion yen as our waypoint, we will aim for further business growth.

Automotive Business*: R&D Expense Management

Make the Most of Internal and External Resources



Streamlining

- Increase software reuse rate
- Promote platform development

Internal resources

- Transferred former AVC Company's technical resources

M & A

- Acquired Ficosa as consolidated subsidiary
- Acquired OpenSynergy

Automotive Business Strategies/Targets for Fiscal 2019

(Years ended/ending March 31)

Sales	3/2017 1.3 trillion yen	Average annual growth rate: +24%	3/2019 2.0 trillion yen
Comfort	540.0 billion yen	Advantages: Automotive and consumer digital AV technologies Actions: Develop systems and achieve links to ADAS	630.0 billion yen
Safety	370.0 billion yen	Advantages: Sensing and image processing technologies Actions: Accelerate development through collaboration with internal and external parties	620.0 billion yen
Environment	400.0 billion yen	Advantages: Advanced battery and power supply technologies Actions: Increase capacity and receive orders for larger number of models	750.0 billion yen

With the aim of expanding growth in the medium to long term, Panasonic has formulated its “R&D 10-Year Vision” and is promoting research and development throughout the Company.

In April 2017, the R&D organization was revamped in order to accelerate the creation of innovations.

Driving R&D Growth with the Autonomous Driving EV Commuter

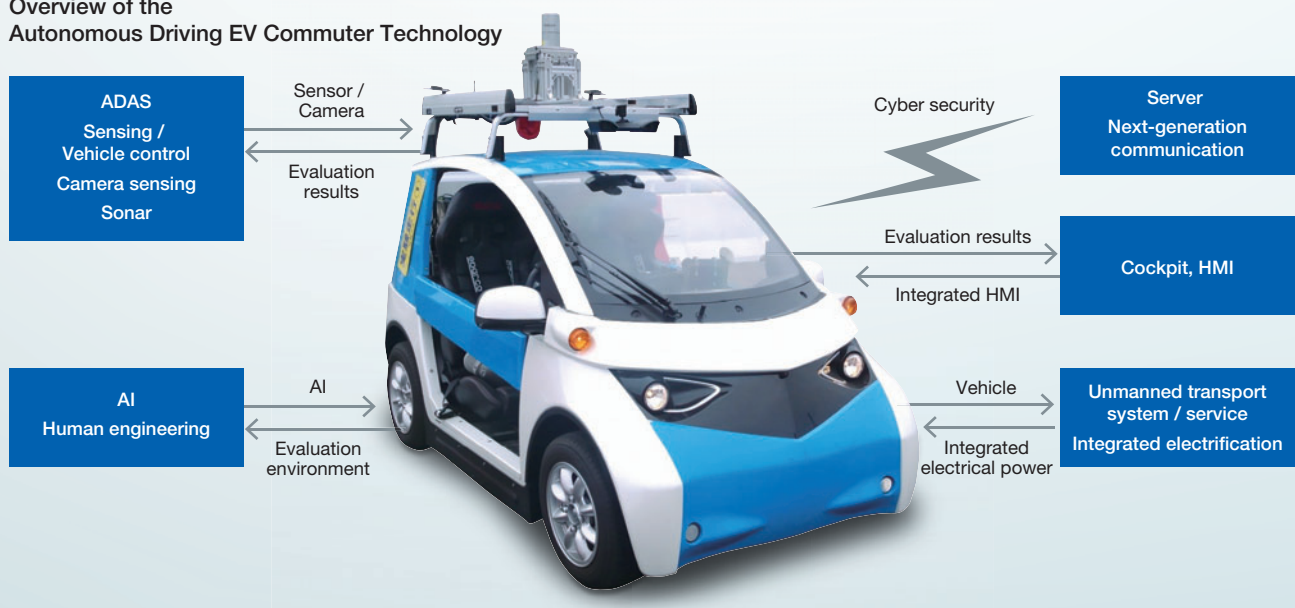
In fiscal 2017, Panasonic created its autonomous driving EV Commuter prototype, which includes functions that allow the vehicle to detect the road status, avoid parked cars, and automatically drive along pre-set routes without the operation of a human driver. R&D into autonomous driving technology often assumes driving along expressways or similar roads with relatively few obstacles, but Panasonic is focusing on its EV Commuter, which operates at speeds below 40 km/h in urban areas with many obstacles. As society continues to age, Panasonic believes that there will be an increased demand for this sort of commuting, over short distances of approximately 2 km.

Upon creating the prototype of an Autonomous Driving EV Commuter, Panasonic developed a unique, proprietary integrated electrification system with power circuits, inverters, motors and other parts installed in a single chassis with high levels of precision. This was made possible by leveraging technologies developed over the years in our consumer electronics business such as digital AV, sensing and image recognition, in addition to AI technology.

Panasonic has been carrying out multiple trials both on the test course it built in Yokohama and on Company land that offers an environment similar to public roads.

The technology developed in the field of autonomous driving has the potential to be developed in a wide range of other fields. For example, technology related to ADAS (Advanced Driver Assistance Systems), which prevent collisions happening, can be applied to drones, surveillance cameras, industrial robot modules, factory solutions, consumer electronics (vacuuming robots), and other product fields. That was one of the main purposes of this EV Commuter prototype. Autonomous driving, which the world is looking to see made practical, is positioned as the driver of the Company's R&D, along with the strengthening and acceleration of businesses related to ADAS through the accumulation of technology. Through these, Panasonic shall continue to carry out research and development with the aim of expanding its diverse and multi-faceted technologies, knowledge, and expertise into a range of different business fields.

Overview of the Autonomous Driving EV Commuter Technology



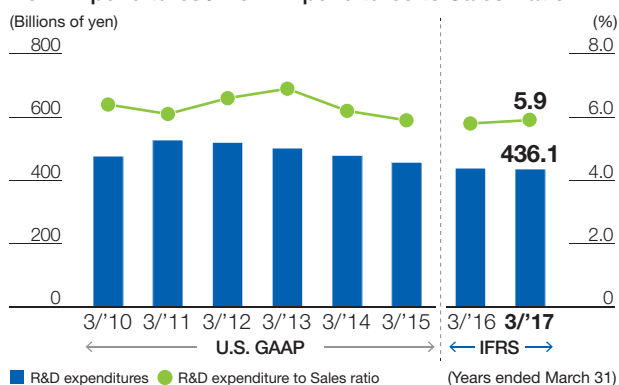
R&D Strategy—Promoting Further Innovation

Formulating and Promoting a Vision for Mid- and Long-Term Growth

Working to grow in the medium to long term means Panasonic's head office, in liaison with other business sectors, formulates and promotes directions and strategies. In particular, we consider it important to expand technologies developed by one product field into "technology platforms" for a range of other businesses, rather than restricting them to a single field.

To achieve this, a process by which first the market and the customers are known, after which products and solutions that respond to their needs are proposed, and then improvements are made based on customer evaluations is important. Panasonic's Head Office and the R&D sectors

R&D Expenditures / R&D Expenditures to Sales Ratio



of each Divisional Company work closely together to create the innovation and build up the technology that becomes a shared foundation for the entire group.

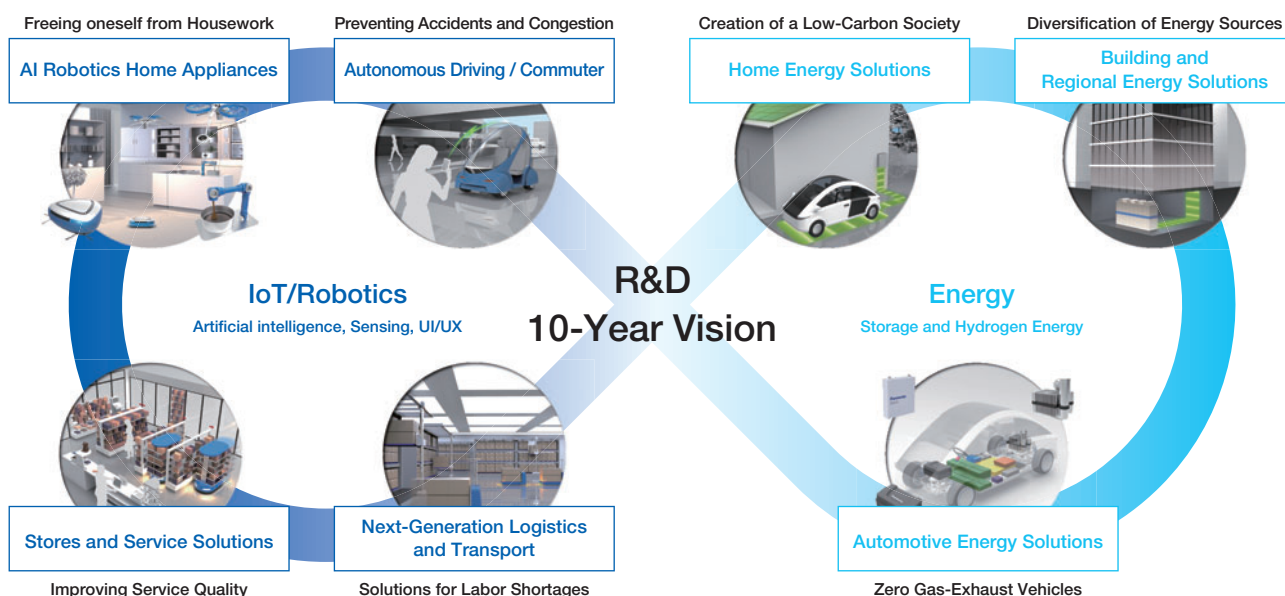
Panasonic's investment in R&D is among the top level in Japan's electrical and electronics products industry, and the Company has maintained its R&D expenditure levels even during difficult times for business. These unflagging efforts are now flowering in a range of different fields.

In fiscal 2016, Panasonic formulated its "R&D 10-Year Vision" as a guiding principle for future research and development. This vision lays out the direction of R&D in the medium to long term for the IoT/Robotics and Energy business fields.

In IoT/Robotics, work is actively being done on developing solutions related to sensing and AI in particular, along with trial runs for the EV Commuter. In fiscal 2017, two new areas of development were added: Housekeeping / Nursing-Care Robots, and Social Issue-Solving Robots (Please refer to "IoT/Robotics Technology" on the Panasonic website for details). As society ages, we need solutions that contribute to solving the lack of labor, which is becoming critical in a large number of industries. This is why Panasonic aims to provide solutions to businesses like customer service and logistics that are facing from labor shortage issues.

The focus in the Energy field is on Storage and Hydrogen Energy. Results are already being gained, such as the development of a prototype pure hydrogen fuel cell and the start of verification experiments using it.

R&D 10-Year Vision [Please refer to the "R&D 10-Year Vision" website for details.](#)

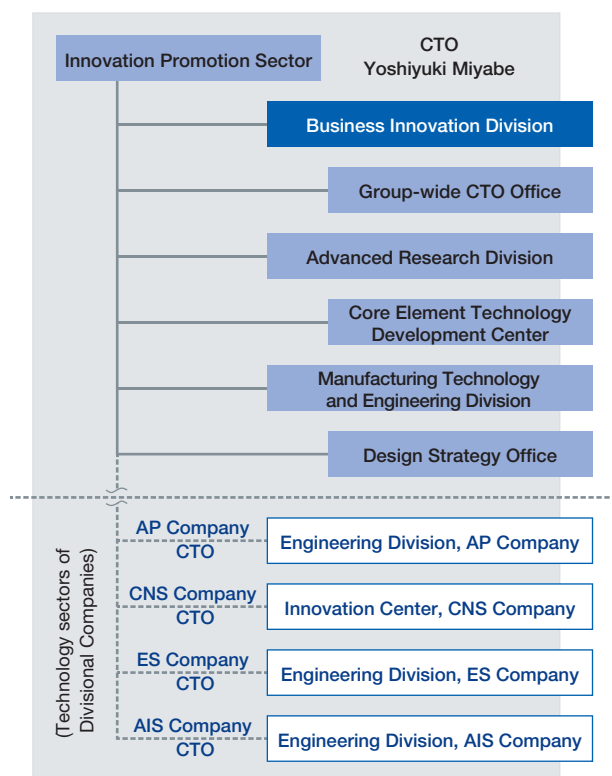


Research & Development

Organizational Changes to Accelerate Innovation

Believing that R&D activities at existing business sectors closer to customers will lead to accelerated commercialization, Panasonic has been promoting the move of R&D to the front lines. To further accelerate this movement, in April 2017 the R&D department at the head office was renamed the Innovation Promotion Sector, a clear statement that the entire company will be changing course towards the creation of innovation. The Innovation Promotion Sector includes a new Business Innovation Division, whose mission is to create new businesses, with a focus on services, and Mr. Wataru Baba, former Chief Innovation Officer for SAP Japan Co., Ltd., has been invited to serve as Associate Director. From a global perspective, the Company is aiming at the creation of a business model that utilizes AI and IoT technology.

Organization for promoting innovation



In addition, the functions and positioning of the Advanced Research Division have been changed. This Division used to lead the creation of the new businesses that would carry Panasonic into the future, which the individual business divisions were unable to do on their own. However, under this new organization, the new Business Innovation Division is now responsible for R&D in the field of AI and robotics as well as the creation of new businesses. This means accelerated creation of solution businesses in the field. As part of this change, the Advanced Research Division has become specialized in the research of innovative materials and devices, contributing to the promotion of innovation Company-wide through encouraging the sort of “non-linear” technological development that supports new businesses.

In addition, the R&D organization is being strengthened on a global basis, with optimal site development in R&D sites in North America, Europe, China, and the Asia/Oceania regions that draws on the personnel, technologies, and strengths of each area. In R&D for B2B, too, rather than not showing customers the product until it is finished, we share the process and invite their feedback. This agile development approach, using customer evaluations to make changes during development, is designed to increase development speed overall.

Promoting Further Open Innovation

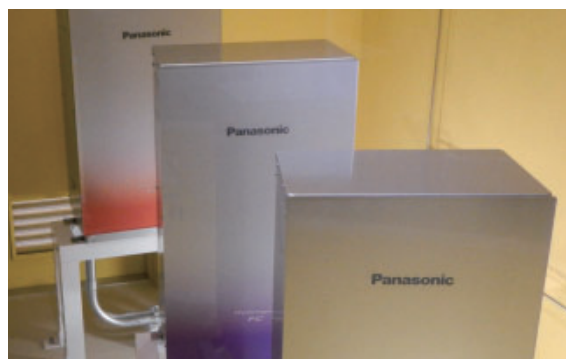
Panasonic has established Wonder LAB Osaka and Panasonic Laboratory Tokyo to serve as venues for “exchange” and “co-creation” by engineers working at the forefront of technology. In this way, the Company is actively promoting open innovation in a number of different ways, freeing it from the conventional in-house approach.

Notably, in the field of AI and robotics, in February 2017, Panasonic-AIST Advanced AI Joint Research Laboratory was established in conjunction with the National Institute of Advanced Industrial Science and Technology (AIST). The technology held by AIST is utilized and researchers in both labs liaise with each other to pursue research results that help solve social issues. Moreover, in April, the “Cross-Appointment system,” whereby university professors also serve concurrently as company employees, was started. To help accelerate the commercialization of advanced technology, Panasonic is pleased to welcome Professor Tadahiro Taniguchi of Ritsumeikan University, who carries out cutting-edge research in the rapidly-evolving world of AI and robotics.

Development of a Pure Hydrogen Fuel Cell That Can Help Bring About a Hydrogen-Based Society

Panasonic has sold more than 100,000 units of its Ene-Farm household fuel cells, which generate electricity and heat from hydrogen produced from city gas. A future hydrogen-based society is expected to use pure water fuel cells, which allow electricity to be generated directly from hydrogen with high efficiency and do not produce any carbon dioxide.

Panasonic is developing a small-scale pure hydrogen fuel cell prototype based on the technology developed for the Ene-Farm. Verification trials started in June 2016 at “Yume Solar Kan Yamanashi,” a prefectural facility in Yamanashi Prefecture. A prototype was also installed in a hydrogen station that opened in the city of Shizuoka in March 2017. These verification trials provide fundamental data for installation in social infrastructure. Commercialization is scheduled for 2020, the year of the Tokyo Olympic Games, to help bring about a hydrogen-based society.



Pure hydrogen fuel cell prototype device



Yume Solar Kan Yamanashi

Panasonic's “Consumer Electronics DNA” Inherited by the Automotive Sector

The “DNA” developed over many years at Panasonic's consumer electronics business now plays an active role in a range of business areas. In the automotive business in particular, starting with car battery sales in 1937 and then through the supply of car radios from 1954 onward, the Company has become one of the world's leading automotive battery and infotainment system providers. In addition, the various sensing technologies that will become the core of autonomous driving in the future are based on the technologies developed through the production of audiovisual equipment and white goods.

Optical technologies used in projectors and other devices, as well as technologies developed for televisions and smartphones, play a major role in head-up displays, which are a current focus of attention. Image recognition technologies that eliminate the effects of snow or mist in automotive camera images to make them clearer are derived from the technologies developed for televisions and security cameras.



Head-up display



The ATP-030 car radio, developed in 1959



Technology to remove the effects of snow or fog for clearer images
Before removal (Left) / After removal (Right)

Panasonic recognizes that corporate governance is an important basic structure for increasing corporate value and continues to work to enhance its effectiveness.

In fiscal 2017, ended March 31, 2017, discussions were held based on the results of a questionnaire on “Evaluation of the Board of Directors Effectiveness.” Measures to strengthen governance were conducted including changes in the composition of the Board. Panasonic will continue strengthening corporate governance going forward.

Strengthened Governance for Fiscal 2017

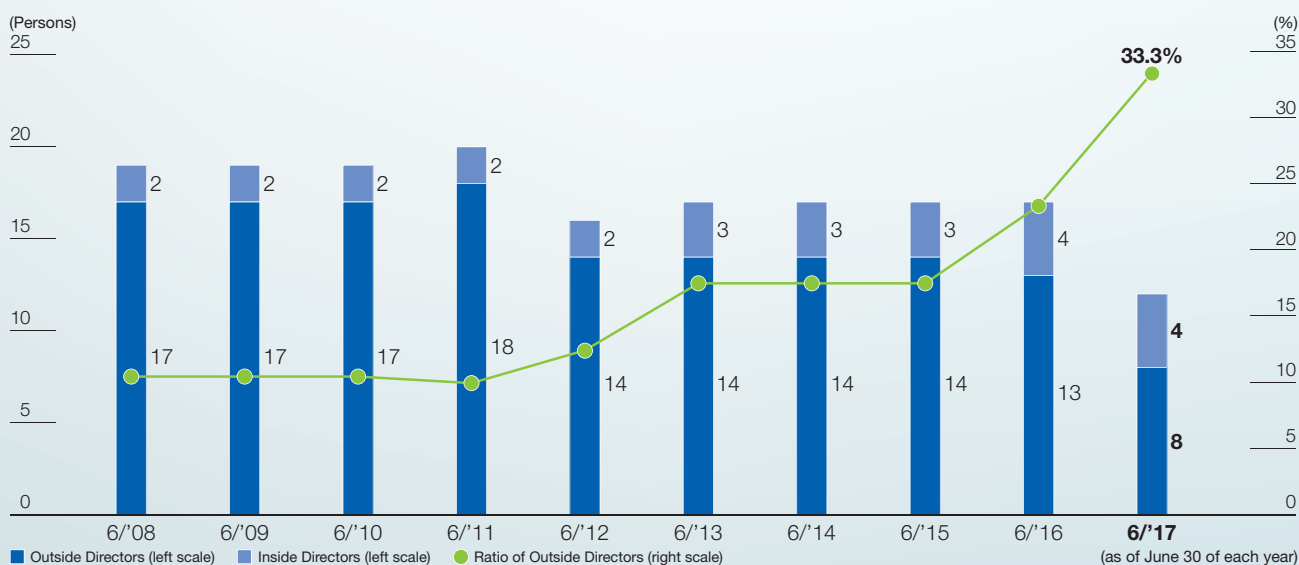
The Company’s Board of Directors focuses on determining corporate strategy and overseeing the Divisional Companies in order to ensure both speedy, strategic decision-making and sound, appropriate supervision. In addition, given the fact that the Group’s businesses span a broad range, officers who are well versed about corporate operations participate in the Board of Directors.

On the basis of this approach, the following three measures were conducted in order to further strengthen governance. Going forward, based on the new structure of Directors, the Company will continue utilizing the “Evaluation of the Board of Directors Effectiveness” and other mechanisms to raise or improve the Board’s agility, transparency and objectivity and thereby further strengthen corporate governance.

Measures to Strengthen Governance (from June 29, 2017)

Measures to Strengthen Governance		Aims
1. Changes in the composition of the Board	<ul style="list-style-type: none"> Setting the minimum ratio of Outside Directors to one-third (8 Inside Directors and 4 Outside Directors) Number of directors on the Board of Directors changed from 17 to 12 Appointment of diverse personnel 	<ul style="list-style-type: none"> Ensure independence, objectivity and transparency Enable deliberation on dynamic reforms Further speed up management
2. Change in the assignment of responsibilities as Representative Directors	<ul style="list-style-type: none"> Representative directors will be assigned in accordance with the functions, roles, and other factors required for Panasonic’s management (Previously, representation rights were conferred uniformly to Senior Managing Directors and above) 	<ul style="list-style-type: none"> Confer corresponding representation rights based on function and role
3. Introduction of CXO* titles	<ul style="list-style-type: none"> Introduced CXO titles for Executive Officers to indicate that the officer is the highest ranking officer for that function *CEO, etc. 	<ul style="list-style-type: none"> Clarify basic functions and roles essential to execution Make titles easier to comprehend globally

Number of Board Members / Outside Director Ratio



Corporate Governance Structure and Initiatives

Basic Policy

The Company, since its establishment, has operated its business under its management philosophy, “contributing to the progress and development of society and the well-being of people worldwide through its business activities.”

Also, the Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “a company is a public entity of society.” The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose and is working to enhance its effectiveness.

Outline of Structure (as of June 29, 2017)

The Board of Directors

- The Board of Directors is composed of 12 Directors including 4 Outside Directors, of which 1 is a woman (Outside Director).
- The Chairperson of the Board is the Chairman (Inside Director).
- The Company elects Outside Directors from among managers of external entities, who have extensive managerial experience in various careers and deep insight, and are expected to provide valuable opinions as supervisors of decision-making related to business execution and the execution of Directors’ duties.

- All directors are reelected at the annual general meeting of shareholders.

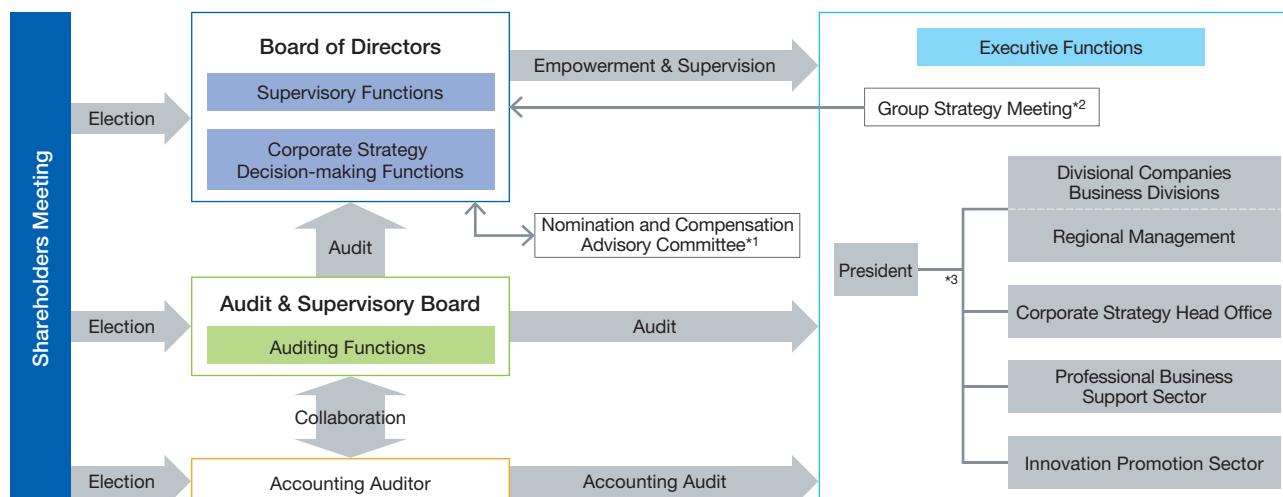
Main Items Discussed by the Board of Directors in Fiscal 2017

In addition to discussions on business policy, the Board of Directors deliberated on and decided matters related to mid- and long-term strategy, including M&A and large-scale capital investment projects, and important aspects of business execution, such as dividend policy and executive HR issues. In addition, it received business reports from Divisional Company Presidents and region representatives, conducted oversight of the execution of duties, and verified the internal control system and risk management system. Moreover, the Board of Directors issued resolutions on anti-takeover measures and other matters.

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

- The A&SB is composed of 5 A&SB members including 3 Outside A&SB Members, of which 1 is a woman (Outside A&SB Member).
- The Company sets A&SB Members who are able to exert their monitoring functions according to their individual discretionary decision, but not to majority vote decision. The A&SB Members are also able to independently act upon their own decision in pursuing liabilities of Directors.
- The Company sets Full-time Senior A&SB Members who are well versed about corporate operations and are able to comprehend actual condition of businesses by exercising

Corporate Governance Structure



*1 Deliberates on advisory matters and reports to the Board of Directors

*2 Complements Board of Directors' decision-making

*3 Including affiliated companies (Japan and overseas), etc.

their right to visit and investigate operating sites. The Senior A&SB Members are elected from among those who have experiences as higher or equal position of Directors or equivalent position.

- The Company elects Outside A&SB Members from among managers, lawyers, and certified public accountants, who have extensive expertise with various careers and deep insight and can be expected to conduct valuable audits of the execution of business by directors.

Optional Nomination and Compensation Advisory Committee

- Chaired by an Independent Outside Director
- Majority of members are Independent Outside Directors.
- Deliberates on the results of internal reviews of the nomination of candidates for Director, Executive Officer, and Audit & Supervisory Board Member and on the appropriateness, etc. of the Company's Director and Executive Officer Compensation System, and reports on these matters to the Board of Directors

Group Strategy Meeting

- Meetings are held twice monthly in principle to discuss and set the direction of the Group's mid- and long-term strategy and priority issues.
- Around 10 members of upper management participate, including the President, 4 Divisional Company Presidents, and non-Japanese Executive Officers.
- Managers of related business and functional divisions in positions of responsibility also participate in discussions depending on the matter considered.

Implementation and Utilization of Evaluation of the Board of Directors Effectiveness

The Board of Directors administered a questionnaire to all its members in December 2015 in order to further enhance the Board's effectiveness. Based on an analysis of questionnaire results, it was concluded with respect to the effectiveness of the Board of Directors that basically the current state of the Board is appropriate, but a number of opinions and proposals were presented. Discussions were held on the opinions and proposals, and improvement measures were implemented.

The Company conducted the effectiveness evaluation again in fiscal 2017, implementing the questionnaire after considering ideals for the Board of Directors and opinions and appraisals related to the recent revisions to the system of directors, as well as other perspectives expected in the Corporate Governance Code.

Response to Fiscal 2016 Questionnaire Results

- Opinions and proposals indicated on Board of Director roles and membership, and the composition of the Board was changed
- Opinions and proposals about the discussions at the Board of Directors Meetings, and revisions were made to the Standards for the Discussions at the Board of Directors Meetings
- Requests were made to improve agenda item documents, and agenda materials have been visualized

Fiscal 2017 Questionnaire and Results (February 2017)

Questionnaire items

- Composition of the Board
- Operation of the Board
- Discussion of business strategy
- Monitoring function related to compliance, risk and crisis management
- Nomination and Compensation Advisory Committee
- Information provided to Directors and A&SB Members
- Other requests and opinions

Questionnaire Results

1. General conclusions
 - Composition and operation of the Board assessed as appropriate
 - Many opinions on enhancing deliberations, especially deliberations on mid- and long-term strategy
2. Items implemented based on questionnaire results
 - Separate timeslot created within Board meeting for discussions on mid- and long-term strategy
 - Expanded timeslots for Board meetings
 - Broadening of themes handled by Nomination and Compensation Advisory Committee
3. Items for future consideration
 - Revisions to agenda items considered by the Board
 - Revisions to ratio of Outside Directors on the Board, further promotion of diversity

Utilization of Outside Directors

Purpose of Electing and Qualification of Independent Outside Directors

The Company elects independent Outside Directors from the standpoint that there be no conflict of interest between the Company and the Outside Directors, and the Company can increase and enhance the effectiveness of the monitoring of the Board based on an objective and neutral point of view.

Candidates for independent Outside Director who satisfy the following independence standards are elected from among those who have extensive knowledge and expertise, such as managers or experts of external entities.

Independence Standards for independent Directors / Audit & Supervisory Board Members (A&SB Members)

The Company established independence standards for independent Directors/A&SB Members based on independence standards required by financial instruments exchanges such as the Tokyo Stock Exchange. For example, the following persons are not considered independent.

- Major business partner of the Company or said executing person (including those who had fallen under this category in the past)
- Consultant, accountant or attorney (who currently is or was in the past, in the case of a legal entity) who receives a significant amount of money from the Company
- The aforementioned close relative (a second-degree or closer relative) or a close relative of an executing person of the Company or subsidiary

Also, “past” shall mean “within the last three years” and “major business partner” shall mean the annual amount of transaction exceeds 2% of either of their annual consolidated sales. “Significant,” in the case of individuals, shall be judged as 12 million yen. For a detailed definition of the Company’s independence standards please refer to the [PDF](#) “[Corporate Governance Report](#).”

Provision of Information and Assistance to Outside Directors

The division in charge provides support to Outside Directors, such as prior explanation of agendas of the Board meeting and provision of information to enable effective discussions at the Board meeting.

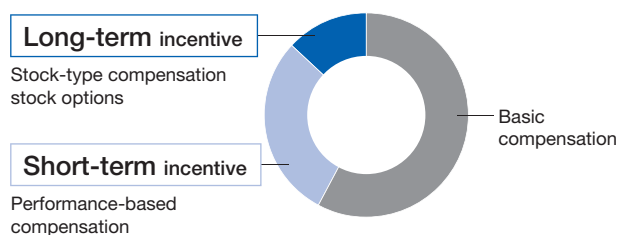
Compensation

Performance-based Compensation

The Company implemented performance-based compensation as a short-term incentive to provide incentive to boost business performance, and it shall be determined in conjunction with performance evaluation for Panasonic as a whole and the specific businesses a Director is in charge of, based on performance indicators, such as net sales, operating profit, free cash flow, and CCM*.

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

Illustration of Compensation Structure



Amount of Compensation for Directors and A&SB Members for the Fiscal Year Ended March 31, 2017

Classification	Number of persons	Amount (million yen)			
			Basic compensation	Performance-based compensation	Stock-type compensation stock options
Directors (other than Outside Directors)	14	1,481	878	308	295
A&SBMs (other than Outside A&SBMs)	3	61	61	—	—
Outside Directors	4	59	59	—	—
Outside A&SBMs	4	40	40	—	—

Note: One director and two A&SB Members who retired at the conclusion of the 109th Ordinary General Meeting of Shareholders held on June 24, 2016 are included in the above.

Directors Who Received Compensation over 100 Million Yen

Name	Classification	Amount (million yen)			
			Basic compensation	Performance-based compensation	Stock-type compensation stock options
Shusaku Nagae	Director	114	93	—	21
Kazuhiro Tsuga	Director	176	94	40	42
Kazunori Takami	Director	128	72	28	28
Hideaki Kawai	Director	109	62	26	21
Yoshiyuki Miyabe	Director	114	62	31	21
Yoshio Ito	Director	108	67	19	22
Tamio Yoshioka	Director	119	67	30	22
Yasuji Enokido	Director	120	67	31	22
Mototsugu Sato	Director	103	62	20	21
Tetsuro Homma	Director	118	67	29	22

Stock-type Compensation Stock Options

The Company implemented stock-type compensation stock options as a long-term incentive. Said stock options are to allot stock acquisition rights to Directors (excluding Outside Directors) of Panasonic and Executive Officers and certain other officers who are responsible for business operations over the Panasonic Group for the purpose of providing an incentive for allottees to further contribute to the improvement of long-term operating results and higher corporate value through sharing the benefits and risks of share holdings with Panasonic's shareholders.

For details about the conditions for the issuance and exercise of said stock options, please refer to the



["Corporate Governance Report."](#)

Information Disclosure / Dialogue (as of July 1, 2017)

Information Disclosure Approach and System

The Company's basic policy concerning information disclosure is as follows.

We will provide our various stakeholders, including customers and shareholders, with fair and accurate information on corporate financial affairs, business policies and activities, as well as corporate social responsibility activities in a timely, understandable and appropriate manner. At the same time, we will listen to our customers' requests and comments and reflect them in our business activities. We will seek to be an enterprise with high transparency.

(From the Panasonic Code of Conduct)

Under this basic policy, we disclose information where disclosure of this information is required by securities-related laws and regulations of all relevant countries and regions as well as other information that is deemed as necessary to disclose in a fair and timely manner while at the same time endeavoring to disclose accurately, fairly, and sufficiently.

Moreover, the Company has established disclosure control procedures and in the preparation and submission of annual securities reports, quarterly and other reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the descriptive content and the appropriateness of the disclosure procedures under the supervision of the President and Chief Financial Officer (CFO).

Based on listing regulations, Company information that requires timely disclosure shall be immediately reported to the Corporate Finance & IR Department or the Financial & Accounting Department and disclosed timely and appropriately.

Internal Control for Financial Reporting

The Company has documented the actual status of its internal control system, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities.

Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and Business Divisions, etc. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on the audits, the Internal Control Promotion Office supervises the Group-wide internal control audits 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 2017 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

Constructive Dialogue between Shareholders and Investors

The CFO is responsible for investor relations (IR) activities. The President, CFO, Chief Strategy Officer (CSO), and each President of Divisional Companies mainly engage in dialogue with shareholders and investors. This includes announcements of financial results and individual meetings. Also, the IR staff members in the Corporate Finance & IR Department are in charge of day-to-day communication with shareholders and investors.

Views obtained from shareholders and investors through IR activities and management issues are appropriately relayed to senior management and the relevant departments including divisional companies in internal meetings such as the Group Strategy Meeting and are utilized to improve the quality of management of the entire Group.

IR Activities for Institutional Investors and Security Analysts

The Company conducts presentation meetings of quarterly financial results announcements, annual presentation regarding business policy of the Company and Divisional Companies, and other activities. Also, for overseas investors, the Company holds presentation meetings utilizing conferences hosted by financial institutions.

Risk Management

At Panasonic, risk management functions in parallel with the development and execution of management strategies. The Company believes that by combining these two functions, it is better positioned to accomplish its business objectives and to increase its corporate value.

Basic Policy

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

Furthermore, by appropriately disclosing risks that impact business management to the public, improving the transparency of its management, and reducing risks through preemptive measures, the Company gives its stakeholders greater confidence.

Organizational Structure

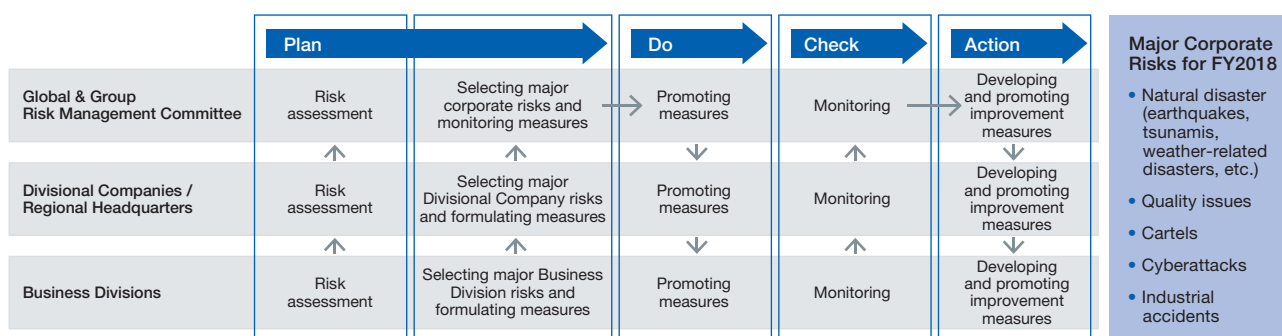
Panasonic has established the Global & Group Risk Management Committee, which is chaired by the Chief Risk Management Officer (CRO), and promotes risk management throughout the entire Panasonic Group. The committee conducts risk management that consists of annually identifying risks that impact business activities, conducting assessments of them based on common global standards, and determining the priority of risks to be addressed.

For risks determined to be significant, the Company treats them as major Group-wide risks and works to strengthen Group-wide risk measures by monitoring the progress of measures and making improvements.

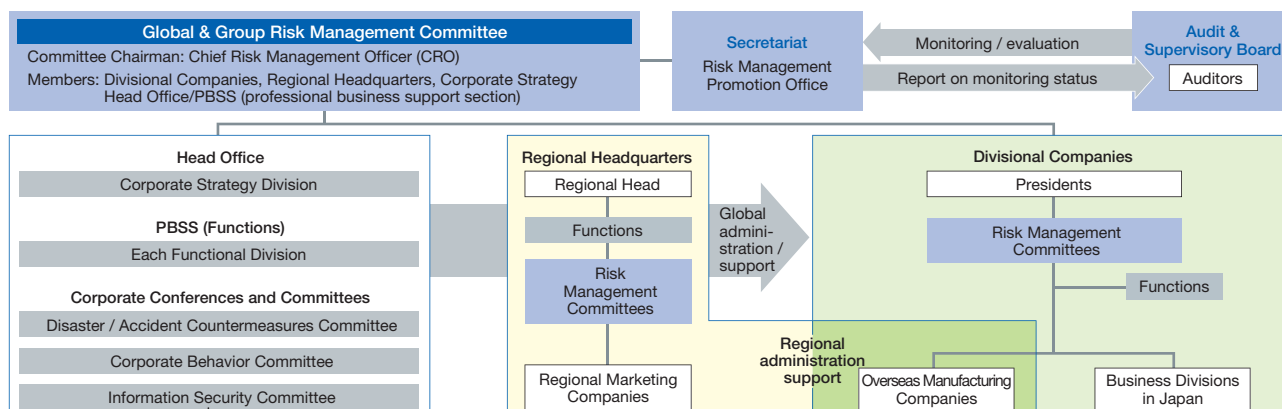
Business Continuity Management (BCM)

The Company engages in BCM, whose goal is to prevent a halt to the supply of products or the provision of services when contingencies such as major natural disasters have occurred, or, in the rare event that service has halted, to restart operations as quickly as possible.

Basic Framework for Risk Management



Risk Management Promotion Framework



Compliance

Concerted efforts to ensure corporate compliance are vital to Panasonic, based on the fact that any compliance violation may lead to the loss of trust from our customers and other stakeholders, or become a serious situation that puts at risk our ability to continue operations.

Basic Policy

We at Panasonic have set down a clear set of rules for compliance with the law and corporate ethics. We strive to achieve thorough adherence to these rules, with the aim of promoting fair operating practices in all countries and regions of the world, and to realize a sustainable society. This is the “Panasonic Code of Conduct” (refer to page 14), which incorporates the requirements of the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other norms.

Organizational Structure

To ensure the dissemination of compliance and fair business practices at the ground level throughout our worldwide operations, we have legal departments and executives in charge of ensuring adherence to the Code of Conduct, as well as managers in charge of export control and other persons responsible for supervising various other functions in our Divisional Companies, Business Divisions, and regional headquarters outside Japan. In fiscal 2016, Panasonic established a centralized organization with functions for handling compliance, risk, and governance issues that span multiple functional divisions. This move has accelerated the pace of support for fair operating practices in Panasonic’s business operations. In our observance of our own Code of Conduct, we have a global network of legal departments and executives in charge of ensuring adherence to the Code of Conduct, as well as managers in charge of export control and other persons responsible for supervising various other functions in our Divisional Companies, Business Divisions, and regional headquarters outside Japan.

Each year, we designate September as Compliance Awareness Month, which is marked by efforts to strengthen our awareness of the need to observe ethical and legal requirements. We conduct a Compliance Awareness Survey to check the degree of compliance awareness dissemination among our employees around the world. Once each year, we check the status of observance and practice of the Panasonic Code of Conduct in our business locations around the world. In addition, to prevent improprieties and achieve quick resolutions, we have established hotlines for whistleblowers in our worldwide

business locations, and for our business partners.

In addition to initiatives aimed at correcting the issues that we have discovered through such efforts at the business division level, we also bring those issues together centrally and comprehensively at our Head Office and incorporate them into Group-wide policies with considerations on societal conditions, and repeat this process in the pursuit of continuous improvement. We are currently promoting activities under the themes of preventing cartels and preventing bribery of government officials.

Preventing Cartels

We have put the following basic policies in place in an effort to prevent cartels, collusive bidding, and other such violations.

- Contact with competitors is allowed only in absolutely necessary cases and subject to prior approval.
- Agreements and exchanges of information with competitors regarding prices, quantity, and other competition-related matters are strictly prohibited.
- One who encounters behaviors that may give rise to suspicions of a cartel must make an objection, leave the room, and file an internal report.
- The Company establishes whistle-blowing systems and internal leniency systems to improve its ability to self-regulate and conduct appropriate monitoring based on risk assessment, thereby maintaining an effective anti-cartel system.

Preventing Bribery of Government Officials

Even as the authorities in different countries continue to bear down harder on corruption, with the expansion of business in developing countries and solutions businesses comes a higher risk of bribery of public officials. Panasonic continues to engage in efforts to prevent bribery of government officials through means such as issuing bribery prevention policies from senior executives, establishing standards and approval processes for spending on occasions such as meals and the like with public officials, managing business partners, and ensuring that training and awareness-raising activities for executives and employees are thoroughly carried out, especially for business sites located in countries and regions that are considered to have a high level of corruption.

Needless to say the prohibition on bribery of government officials, as provided in the Code of Conduct, entails a prohibition on offering benefits of any kind, including gifts, meals and entertainment, and on receiving personal benefits from any of our stakeholders, which would be contrary to laws and regulations and social ethics.

CSR Management

Based on the Management Philosophy, Panasonic has defined its mission as improving the quality of life in society and contributing to the advancement of culture around the world. Addressing various social issues, such as easing and mitigating climate change, are positioned as important priorities for management. By helping solve these issues, we aim to enhance our corporate value.

Basic Policy

Our Management Philosophy (see page 14) forms the basic policy of our CSR management activities. In order to put our management philosophy into practice, we have established the Panasonic Code of Conduct. In addition, Panasonic formulated its Sustainability Policy as a written record of its efforts to contribute to today's society and to fulfill its social responsibility.

Organizational Structure

For each area of activity relating to CSR— including human rights, fair operating practices, and the environment— Panasonic designates Executive Officers and functional divisions. Each Divisional Company, Business Division, regional office, and functional division has created various group meetings and opportunities for stakeholder engagement,

the results of which are incorporated into everyday activities. Using PDCA cycles, these Panasonic Group constituents monitor their progress and act autonomously.

For issues affecting the entire group for which there are strong demands from society for us to respond, including contributing to climate change mitigation and adaptation, as well as to water-related issues, decisions are made at Board of Directors' meetings and at Group Strategy Meetings.

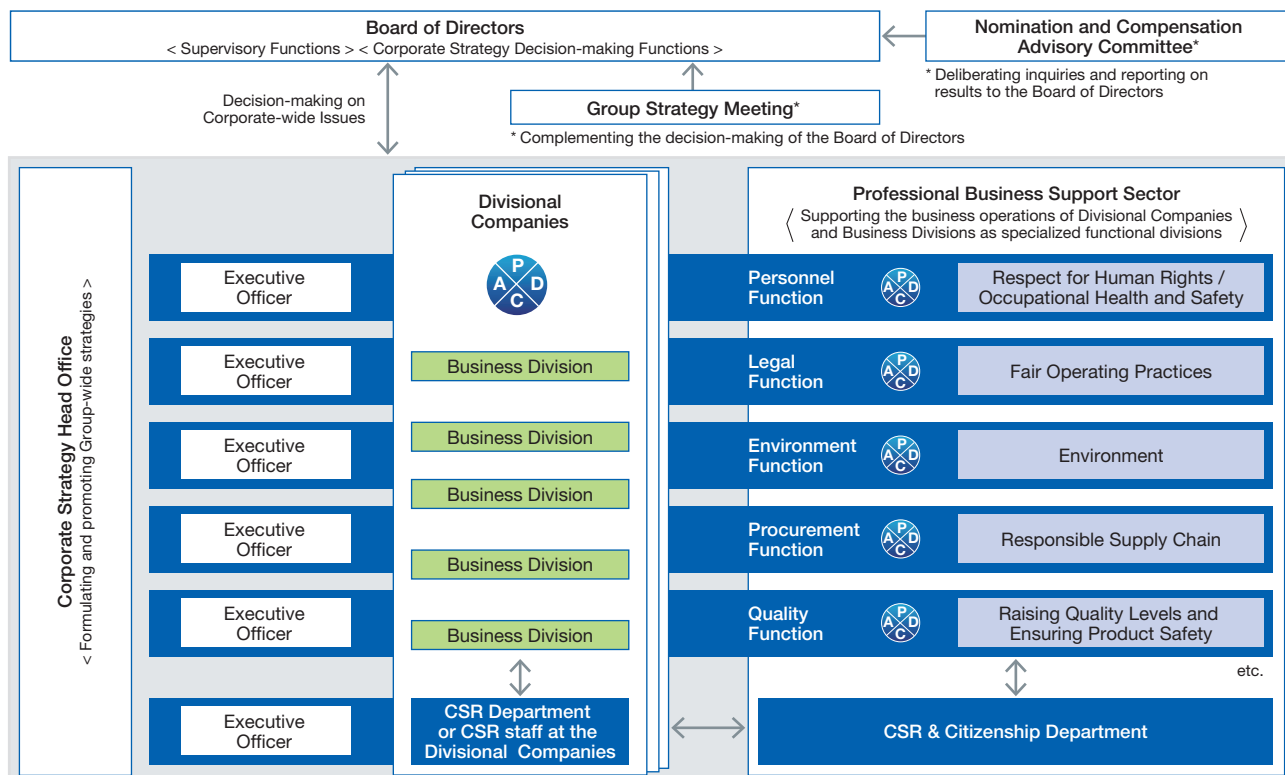
Concerning issues that are deemed the most material, the Company makes an analysis of and identifies such issues for each area of activity, and incorporates these important issues into its operational policies. Panasonic conducts its CSR activities with respect for worldwide guidelines and stakeholders' voices as a fundamental concept.

Dialogues with Stakeholders

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

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

System for the Promotion of CSR Activities



Directors, Audit & Supervisory Board Members and Managing Executive Officers

(As of June 29, 2017) (Based on information contained in the Company's Annual Securities Report)

Directors

Director, Chairman of the Board



Shusaku Nagae

Apr. 1972 Joined Matsushita Electric Works, Ltd. (MEW)
Dec. 2004 Managing Executive Officer, MEW
June 2007 Managing Director, MEW
June 2010 President, Panasonic Electric Works Co., Ltd. (former MEW)
Apr. 2011 Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.
Jan. 2012 In charge of Solution Business / President, Eco Solutions Company
June 2012 Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business
June 2013 Chairman of the Board of Directors (current position)

Representative Directors



Mototsugu Sato

Senior Managing Executive Officer / CSO / CHRO

Apr. 1979 Joined Matsushita Electric Works, Ltd. (MEW)
Apr. 2008 Executive Officer, MEW
Apr. 2011 Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW)
Oct. 2013 Executive Officer of the Company / In charge of Planning
June 2014 Director of the Company
Apr. 2015 Managing Director of the Company
Apr. 2016 Senior Managing Director of the Company / In charge of Human Resources
Mar. 2017 CEO, Panasonic Holding (Netherlands) B.V. (current position)
June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company (current position) / Chief Strategy Officer (CSO) (current position) / Chief Human Resources Officer (CHRO) (current position)

Director, Vice Chairman of the Board



Masayuki Matsushita

Apr. 1968 Joined the Company
Oct. 1981 Director, Washing Machine Division
Feb. 1986 Director of the Company
June 1990 Managing Director of the Company
June 1992 Senior Managing Director of the Company
Aug. 1993 Division Director, Corporate Industrial Sales Division
July 1995 In charge of Overseas Operations
June 1996 Executive Vice President of the Company
June 2000 Vice Chairman of the Board of Directors (current position)



Yasuyuki Higuchi

Senior Managing Executive Officer / CEO, Connected Solutions Company

May 2003 President and Representative Director, Hewlett-Packard Japan, Ltd.
May 2005 President and Representative Director, The Daiiei, Inc.
Mar. 2007 Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
Apr. 2008 Director, Representative Executive Officer and President, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
July 2015 Chairman of Microsoft Japan Co., Ltd.
Apr. 2017 Senior Managing Executive Officer of the Company / President (now CEO), Connected Solutions Company (current position)
June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company (current position)

Representative Director, President



Kazuhiro Tsuga

President / CEO

Apr. 1979 Joined the Company
June 2001 Director, Multimedia Development Center
June 2004 Executive Officer of the Company / In charge of Digital Network & Software Technology
Apr. 2008 Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company
Apr. 2011 Senior Managing Executive Officer of the Company / President, AVC Networks Company
June 2011 Senior Managing Director of the Company
June 2012 President of the Company
June 2017 Representative Director, President of the Company (current position) / President of the Company (current position) / Chief Executive Officer (CEO) (current position)

Directors



Jun Ishii

Managing Executive Officer / CRO / CCO

Apr. 1979 Joined the Company
June 2003 General Manager, Corporate Planning Group
Apr. 2007 Executive Officer of the Company
Apr. 2012 Managing Executive Officer of the Company
Apr. 2013 Director, Government and External Relations Division
Oct. 2013 In charge of Human Resources
Apr. 2014 In charge of Legal Affairs / In charge of Risk Management, Information Security and Business Ethics / In charge of Information Systems
June 2014 Managing Director of the Company
Apr. 2015 In charge of General Affairs and Social Relations (current position) / In charge of Fair Business & Compliance, Corporate Governance and Risk Management / In charge of Facility Management (current position)
June 2017 Director of the Company (current position) / Managing Executive Officer of the Company (current position) / Chief Risk Management Officer (CRO) (current position) / Chief Compliance Officer (CCO) (current position) / In charge of Corporate Governance (current position)

Representative Director



Yoshio Ito

Executive Vice President / CEO, Automotive & Industrial Systems Company

Apr. 1973 Joined the Company
Apr. 2006 Vice President, Panasonic AVC Networks Company / Director, System Business Group
Apr. 2009 Executive Officer of the Company / President, Lighting Company
Jan. 2013 President, Industrial Devices Company / President, Energy Company
Apr. 2013 Managing Executive Officer of the Company
Apr. 2014 Senior Managing Executive Officer of the Company / President (now CEO), Automotive & Industrial Systems Company (current position)
June 2014 Senior Managing Director of the Company
Apr. 2017 Executive Vice President of the Company
June 2017 Representative Director of the Company (current position) / Executive Vice President of the Company (current position)



Hirokazu Umeda

Executive Officer / CFO

Apr. 1984 Joined the Company
Oct. 2012 General Manager, Corporate Management Support Group, Corporate Strategy Division
Apr. 2017 Executive Officer of the Company / In charge of Accounting and Finance
June 2017 Director of the Company (current position) / Executive Officer of the Company (current position) / Chief Financial Officer (CFO) (current position)

Audit & Supervisory Board Members

Outside Directors



Masayuki Oku

(Independent director)

June 2005 President, Sumitomo Mitsui Banking Corporation / Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc.
June 2008 Director of the Company (current position)



Yoshinobu Tsutsui

(Independent director)

Apr. 2011 President, Nippon Life Insurance Company (current position)
June 2015 Director of the Company (current position)



Hiroko Ota

(Independent director)

Sep. 2006 Minister of State for Economic and Fiscal Policy
Aug. 2008 Professor of National Graduate Institute for Policy Studies (current position)
June 2013 Director of the Company (current position)



Kazuhiko Toyama

(Independent director)

Apr. 2003 Senior Representative Director (COO), Industrial Revitalization Corporation of Japan
Apr. 2007 Representative Director (CEO), Industrial Growth Platform, Inc. (current position)
June 2016 Director of the Company (current position)

Senior Audit & Supervisory Board Members



Hirofumi Yasuhara

Apr. 1979 Joined the Company
June 2008 Director, PanaHome Corporation
June 2012 Representative Director, PanaHome Corporation
June 2014 Senior Audit & Supervisory Officer (non-statutory, full-time), Automotive & Industrial Systems Company of Panasonic Corporation
June 2015 Senior Audit & Supervisory Board Member of the Company (current position)



Mamoru Yoshida

Apr. 1979 Joined the Company
Apr. 2008 Vice President, Panasonic AVC Networks Company / Director, Network Business Group
Apr. 2009 Executive Officer of the Company / Senior Vice President, AVC Networks Company
Apr. 2012 Managing Executive Officer of the Company / President, AVC Networks Company
June 2012 Managing Director of the Company
Apr. 2013 In charge of Technology, Intellectual Property and Information Systems
Apr. 2015 Senior Vice President, Appliances Company
June 2015 Managing Executive Officer of the Company
June 2016 Senior Audit & Supervisory Board Member of the Company (current position)

Outside Audit & Supervisory Board Members



Yoshio Sato

(Independent Audit & Supervisory Board member)

July 2007 President and Director, Chief Executive Officer (Representative Director) of Sumitomo Life Insurance Company
July 2011 President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company
Apr. 2014 Chairman and Representative Director of Sumitomo Life Insurance Company
June 2014 Audit & Supervisory Board Member of the Company (current position)
July 2015 Chairman of the Board, Representative Executive Officer of Sumitomo Life Insurance Company (current position)



Toshio Kinoshita

(Independent Audit & Supervisory Board member)

July 1983 Registered as Certified Public Accountant (Japan) (current position)
June 1994 Senior Partner of Chuo Audit Corporation (now MISUZU Audit Corporation)
July 1998 Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office
July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants
July 2013 Council Member of The Japanese Institute of Certified Public Accountants
June 2014 Audit & Supervisory Board Member of the Company (current position)



Mitsuko Miyagawa

(Independent Audit & Supervisory Board member)

Apr. 1986 Registered as Attorney at Law (Japan) (current position)
Apr. 1995 Partner, TMI Associates (current position)
June 2016 Audit & Supervisory Board Member of the Company (current position)

Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 29, 2017) (Based on information contained in the Company's Annual Securities Report)

Executive Officers

President

Kazuhiro Tsuga

Chief Executive Officer (CEO)

Executive Vice President

Yoshio Ito

CEO, Automotive & Industrial Systems Company

Senior Managing Executive Officers

Yoshiyuki Miyabe

Chief Technology Officer (CTO)
Chief Manufacturing Officer (CMO)
Chief Quality Officer (CQO)
Chief Procurement Officer (CPO)
Chief Information Officer (CIO)
Director, Business Innovation Division
In charge of FF Customer Support & Management and
Motor Business Administration Office

Mototsugu Sato

Chief Strategy Officer (CSO)
Chief Human Resources Officer (CHRO)
In charge of Business Development, Business Creation Project,
and Panasonic Spin-up Fund
CEO, Panasonic Holding (Netherlands) B.V.

Tetsuro Homma

CEO, Appliances Company
In charge of Consumer Business

Masahisa Shibata

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

Makoto Kitano

CEO, Eco Solutions Company
In charge of Construction Safety Regulations Administration Department

Yasuyuki Higuchi

CEO, Connected Solutions Company

Managing Executive Officers

Takashi Toyama

Representative in Tokyo
In charge of Government and External Relations
Director, Government and External Relations Division
In charge of Tokyo Olympic & Paralympic Business Promotion

Laurent Abadie

COO, Panasonic Holding (Netherlands) B.V.
Regional Head for Europe & CIS
Chairman & CEO, Panasonic Europe Ltd.
Managing Director, Panasonic Marketing Europe GmbH

Jun Ishii

Chief Risk Management Officer (CRO)
Chief Compliance Officer (CCO)
In charge of Corporate Governance
Director, Risk & Governance Management Division
In charge of General Affairs, Social Relations, Facility Management,
and Executive Support Office

Yukio Nakashima

In charge of Customer Satisfaction,
Senior Vice President, Appliances Company
In charge of Consumer Marketing
Director, Consumer Marketing Sector for Japan Region

Daizo Ito

Regional Head for India, South Asia, Middle East and Africa
Chairman, Panasonic India Pvt. Ltd.
Senior Vice President, Eco Solutions Company
In charge of Overseas Business

Toshiyuki Takagi

Senior Vice President, Appliances Company
President, Air-Conditioner Company

Shinji Sakamoto

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

Adoption of CXO titles

The Company has adopted "CXO" titles indicating the chief officers of each function in order to provide a clearer understanding of the positions to global stakeholders. Each "CXO" has the function as shown at right.
(as of June 29, 2017)

Target Functions	Titles
Management	CEO (Chief Executive Officer)
Technology	CTO (Chief Technology Officer)
Manufacturing Innovation	CMO (Chief Manufacturing Officer)
Quality	CQO (Chief Quality Officer)
Procurement	CPO (Chief Procurement Officer)
Information Systems	CIO (Chief Information Officer)
Risk Management	CRO (Chief Risk Management Officer)
Compliance	CCO (Chief Compliance Officer)
Corporate Communications, Advertising, and Citizenship	CBCO (Chief Brand Communications Officer)
Planning	CSO (Chief Strategy Officer)
Accounting and Finance	CFO (Chief Financial Officer)
Human Resources	CHRO (Chief Human Resources Officer)

Executive Officers

Masahiro Ido

In charge of Solution Sales
 Director, Business Solutions Division
 In charge of MICE Business Promotion
 Director, MICE Business Promotion Division
 Director, Tokyo Olympic & Paralympic Enterprise Division

Satoshi Takeyasu

Chief Brand Communications Officer (CBCO)
 Director, Groupwide Brand Communications Division
 In charge of Corporate Sports Promotion

Junichiro Kitagawa

Vice President, Appliances Company
 In charge of Overseas Marketing Director, Consumer Marketing Division

Yuki Kusumi

Vice President, Appliances Company
 In charge of TV, Imaging Products Business
 In charge of Major Appliances Business

Yoshiyuki Iwai

Vice President, Eco Solutions Company
 In charge of Intelligence & Liaison, Legal Affairs, and Intellectual Property

Makoto Ishii

In charge of Information Systems and Logistics

Toru Nishida

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

Kazuhiro Murata

Vice President, Eco Solutions Company
 Director, Marketing Division

Hiroyuki Aota

Vice President, Connected Solutions Company
 Director, Process Automation Business Division
 President, Panasonic Smart Factory Solutions Co., Ltd.

Masaki Arizono

Vice President, Connected Solutions Company
 Director, Media Entertainment Business Division

Masashi Yamada

Vice President, Eco Solutions Company
 Director, Housing Systems Business Division

Michiko Ogawa

In charge of Technics Brand
 Vice President, Appliances Company
 In charge of Home Entertainment Business and Communication Business
 Director, Home Entertainment Business Division
 General Manager, Technics Business Promotion

Hiroto Uehara

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

Eiichi Katayama

In charge of Strategic Business
 Vice President, Eco Solutions Company
 In charge of AGE-FREE Business and Life Solution Business
 President, Panasonic Cycle Technology Co., Ltd.

Mitsuki Wada

In charge of Procurement
 President, Global Procurement Company

Tatsuo Katakura

Vice President, Connected Solutions Company
 President, Panasonic System Solutions Japan Co., Ltd.

Kenji Tamura

Vice President, Automotive & Industrial Systems Company
 In charge of Energy Business
 Director, Rechargeable Battery Business Division

Thomas Gebhardt

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

Akira Kono

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

Masashi Nagayasu

Vice President, Automotive & Industrial Systems Company
 Director, Automotive Marketing & Sales Division

Manish Sharma

President, Panasonic India Pvt. Ltd.
 Vice President, Appliances Company

Eiji Fujii

Vice President, Automotive & Industrial Systems Company
 In charge of Technology
 Director, Engineering Division

Hiroyuki Tagishi

Vice President, Appliances Company
 Managing Director, Panasonic Appliances Asia Pacific

Hirokazu Umeda

Chief Financial Officer (CFO)
 In charge of Groupwide Cost Busters Project and BPR Project

Kiyoshi Otaki

Vice President, Appliances Company
 In charge of Small Appliances Business
 Director, Kitchen Appliances Business Division

Sadaaki Yokoo

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

Masahiro Shinada

Vice President, Eco Solutions Company
 Director, Energy Systems Business Division

While promoting a strategy that revolves around efforts aimed at maintaining global human resources, Panasonic is accelerating the training and application of staff who underpin future business growth.

In addition, the Company is working diligently to identify and mitigate any risks that could potentially have a negative impact on society and the Company's business, by promoting the utmost respect for human rights, raising quality levels and ensuring product safety while engaging in various initiatives including supply chain management.

Maintaining Global Human Resources to Support Our Management Strategies

While generating business close to customers and in markets that are expected to expand in the years to come, Panasonic is aiming for continued growth. There is also a need to prepare for a future labor shortfall in Japan. The Company is therefore promoting the maintaining of global human resources that, from the personnel standpoint, will underpin its management strategies, which include business replacement, strategic investment such as M&A as well as the construction of autonomous management systems and structures outside Japan. This basic policy involves building environments and structures, in which an individual can play an active role regardless of his or her nationality and years of service, and the promotion of optimal talent as well as development and assignment. Having for that reason newly established a Global Human Resources Department, the Company is implementing measures from the platform building and human resource development aspects, while working in cooperation with its six regional headquarters and the Human Resources departments of the 4 Divisional Companies.

From the platform building aspect, while expanding diversity—for example by increasing the number of employees joining the Group through M&A—the Company has formulated competencies as basic behavioral guidelines based on its Management Philosophy and is aiming to share values and deepen collaboration by devising ways to make those competencies more widely known. Having introduced a single set of global grades for which a quantitative scale is utilized, the Company is clarifying the requirements for each position. In this manner, Panasonic is promoting the mid-term development of each Divisional Company and Business Division as well as encouraging the promotion of optimal talent. In addition, so that overseas talents are able to

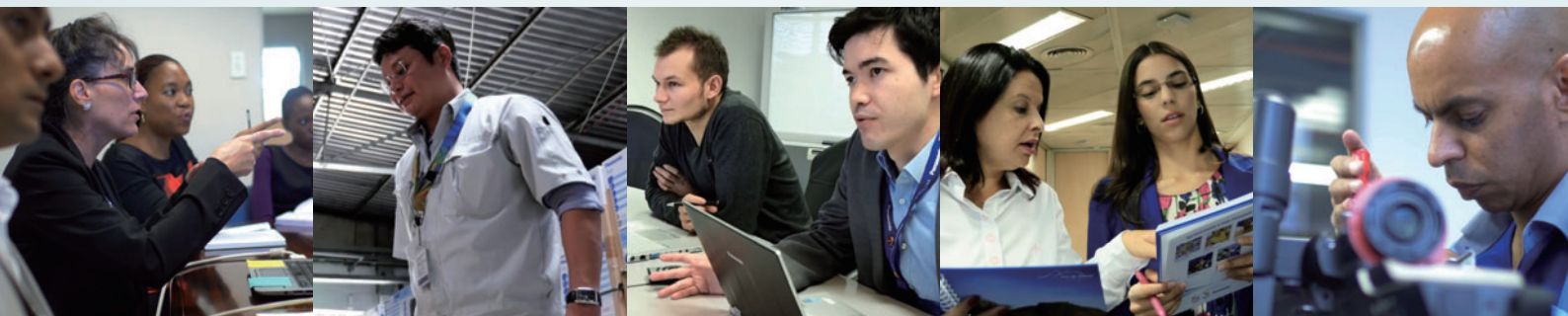
build wide-ranging careers, we are promoting measures from a variety of angles. These include the introduction of a global job posting system, by which positions are listed on a website and candidates are invited to apply. Another is a global human resource database in support of human resource management by means of maintaining a visual record of, for example, the skills and performance of individual talent.

From the perspective of developing talent, the Company is focusing on talent management to develop and promote optimal talent and is placing a regional talent management committee in each of the six regions. In addition to expanding its common global senior management development training, the Company is accelerating talent development by enhancing senior management development training by region.

Orientation of Management Strategies



Maintaining of Global Human Resources



Human Resources Development and Diversity

Basic Policy

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

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

Organizational Structure

The departments responsible for these matters consist of the Human Resources & Industrial Relations Department at Panasonic headquarters, plus the human resources departments in each of the 4 Divisional Companies (Appliances, Eco Solutions, Connected Solutions, and Automotive & Industrial Systems) and in all Business Divisions and affiliated companies under the Panasonic umbrella.

In addition, the Diversity & Organization Development Office has been established in the Human Resources & Industrial Relations Department as a part of efforts to create an organizational culture in which diversity thrives and support active participation by female employees. Further, Panasonic has established the Human Resources Development Company (HRDC) as an organization that specializes in human-resources-related education and training for employees of all levels.

Education and Training

In broad terms, Panasonic's training falls under one of three areas: job-rank-based talent fostering, including executive development and management enhancement; job-function-specific training (engineering, manufacturing, etc.); and self-development, which includes programs for increasing skill levels. In job-rank-based talent fostering, the HRDC is engaged in nurturing leadership in order to put the Panasonic management philosophy into practice. As part of this area, the HRDC provides training aimed at enhancing management ability among those in charge of organizations as a requirement.

In other areas, as well, the HRDC conducts specialized training.

Managerial Promotion

Panasonic fosters talented individuals, who are likely to become management candidates, from an early stage of their

careers by clearly identifying the requirements and career paths required of senior managers. Implementing strategic human resources rotation is one means toward this goal, and overall this accelerates the pace of career development.

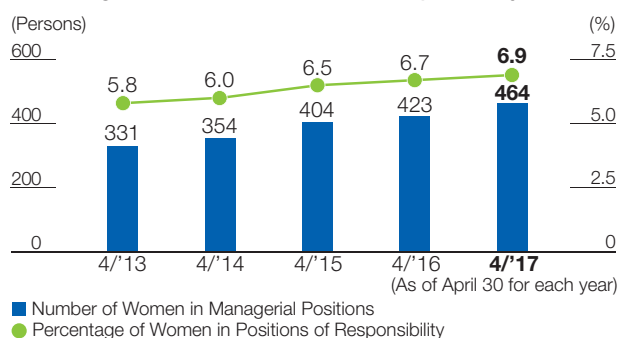
Furthermore, the Company implements 360-degree evaluations—as well as assessments by external organizations—of managerial candidates. This allows objective understanding of the strengths and weaknesses of candidates—in terms of leadership, capabilities, and other aspects. Thus, both the Company and the prospective manager on the path to managerial promotion are able to understand which negative issues must be addressed or overcome, as well as which type of skill development to focus on. This encourages future senior managers to develop their talent with high levels of self-awareness and drive.

Women's Participation in Management

The Company has implemented a "Role/Grade System" that determines compensation based on the work or role in which employees are currently engaged; there are no gender-based inequalities in this compensation system. However, particularly in Japan, Panasonic is aware that there is a need to employ greater numbers of women in upper management and decision-making positions; it is striving to ensure gender diversity. In terms of senior management, a female director (current board member Hiroko Ota) was appointed in fiscal 2014, and, in fiscal 2016, a female Executive Officer (current Executive Officer Michiko Ogawa) has been named.

To accelerate female participation in management, Panasonic holds study groups for female employees and provides career-advancement seminars for women leaders, creating opportunities for women to encounter role models' values and views on working, as well as further strengthening the management capabilities of superiors.

Number of Women in Managerial Positions / Percentage of Women in Positions of Responsibility



Note: Managerial position is defined as section leader or higher. Positions of responsibility include positions such as chief or assistant chief. Total of Panasonic Corporation and its key domestic Group companies (excluding SANYO Electric Co., Ltd.).

Respect for Human Rights

Basic Policy

As a company doing business globally, Panasonic treats, as a fundamental principle behind its business activities, interactions with not just its employees but all stakeholders with the maximum degree of concern and respect for their human rights. Panasonic's policies concerning human rights are expressly outlined in the Panasonic Code of Conduct ([refer to page 14](#)) and Global Human Rights and Labor Policies. These policies include items concerning such issues as working hours; wages; humane treatment; prohibition of discrimination; protection of privacy; concern for the human rights of foreign workers, trainees, and younger laborers; and the freedom of association plus labor-management dialogues, among others.

Panasonic supports the fundamental principles of the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The major parts of these principles are embodied in the Panasonic Code of Conduct. Panasonic is also taking an active approach to incorporating ideas concerning global human rights into its management, including by making reference to the Guiding Principles on Business and Human Rights, which were adopted by the UN Human Rights Council in June 2011.

In fiscal 2016, Panasonic complemented the Code of Conduct by establishing its "Global Human Rights and Labor Policies" and by implementing a management system for abiding by that policy. The management system consists of self-assessment checklists for properly evaluating risks and impacts related to human rights and for identifying risks, a manual outlining the procedures for mitigating the risks that have been identified and for carrying out continuous improvement, and other components.

Organizational Structure

The departments responsible consist of the Human Resources & Industrial Relations Department established at the Panasonic headquarters, the human resources departments established at each of the 4 Divisional Companies (Appliances, Eco Solutions, Connected Solutions, and Automotive & Industrial Systems), and all Business Divisions and affiliated companies under the Panasonic umbrella.

In addition, Panasonic has established an Equal Employment Opportunity Office at its headquarters and appointed full-time consultants to staff it. In addition, a consultation desk has been established at each Divisional

Company and Business Division in an effort to provide a place for employees and temporary staff to go to discuss any concerns relating to human rights and all forms of harassment, including sexual harassment, harassment based on power differentials, and topics related to the rights of members of sexual minorities (LGBT*). Beginning in January 2017, employees and temporary staff can also discuss harassment related to pregnancy, childbirth, or taking childcare leave.

*LGBT: An acronym for lesbian, gay, bisexual, and transgender

Initiatives for the Prevention of Modern Slavery

Modern slavery can occur in various forms including servitude, forced or compulsory labour and human trafficking, all of which include the deprivation of a person's (an adult or child's) liberty by another. Panasonic is committed to a work environment that is free from modern slavery in accordance with the laws and regulations of the respective countries in which it operates.

The Company operates a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in any of its supply chains. Panasonic will not knowingly use modern slavery in any of its products and/or services supplied, nor will it accept commodities, products and/or services from suppliers that it believes to engage in acts of modern slavery.

Due Diligence Process for Modern Slavery

- Panasonic Code of Conduct
- Standard Purchase Agreement
- 3-Step Procurement Policy
- Asking suppliers to meet our CSR requirements (Panasonic Supply Chain CSR Promotion Guidelines)
- Training
- Recruitment
- Supplier CSR Self-Assessments
- Confidential Whistleblowing

Raising Quality Levels and Ensuring Product Safety

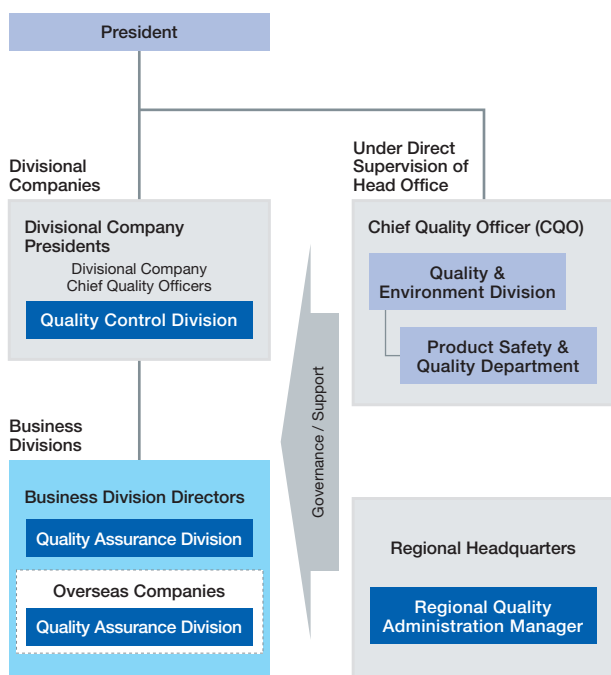
Basic Policy

Panasonic's Group-wide Quality Policy states that the Company will "truly serve customers by way of providing products and services that continuously meet and satisfy the needs of customers and society." The Company has also established a basic policy regarding the autonomous code of conduct for product safety. Under this policy, Panasonic actively strives to ensure the safety of its products, keeping to its principles of "the customer comes first" and of maintaining a "super-honest" attitude.

Organizational Structure

With the support and governance of the Panasonic head office, each Divisional Company and Business Division has implemented systems for undertaking its business with independent responsibility and self-sufficiency. Since September 2014, regional quality administration managers have been appointed for six regions: North America; Latin America; Europe and CIS; Southeast Asia and Oceania; India, South Asia, Middle East and Africa; and China and Northeast Asia. These managers monitor regional quality conditions and promptly share information on product safety-related defects with the various business operations. They also share information on safety standards and safety certifications in the regions on a timely basis, reinforcing the organizational structure of the business operations.

Quality Management Structure



Supply Chain Management

Basic Policy

With social responsibility in procurement, including consideration for the environment and human rights, being expected from society, Panasonic is working to conduct its business with suppliers that not only provide excellent technology and quality, but also honor social responsibilities including clean procurement; green procurement; compliance; information security; and human rights, labor, health and safety. Panasonic considers the promotion of CSR in its procurement departments to be crucial and conducts periodic management reviews.

Organizational Structure

The department responsible is the Global Procurement Company. Each of the Divisional Companies and their Business Divisions and other affiliated companies has its own procurement department. The Global Procurement Company is responsible for CSR procurement activities at the company-wide level. It works together with the Divisional Companies and their Business Divisions and other affiliated companies to strengthen efforts in this area. Each Divisional Company and Business Division draws up plans to follow and promote the company-wide rules and manuals, in order to keep the PDCA cycle in motion.

Main Initiatives

To ensure that employees involved in procurement activities better understand CSR procurement, and in order to raise their awareness of CSR procurement, Panasonic has created internal rules and manuals on CSR procurement, and disseminated the necessary information via handouts, the intranet, and training sessions. The Company signs a Standard Purchase Agreement with each of its suppliers provided that the supplier agrees with its management philosophy and CSR procurement policies. This agreement includes items related to CSR such as human rights, safe working environments, and consideration for the environment. Panasonic also issues and distributes the Supply Chain CSR Promotion Guidelines as guidelines that it expects its suppliers to follow and conduct regular evaluations of supplier initiatives related to CSR in addition to evaluations related to standards for evaluating quality, cost, delivery, and service (QCDS) and business results.

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

Various environmental issues, including climate change, resource depletion and water shortages, are becoming increasingly serious.

Amid this, Panasonic conducts business activities that consider the environment and promotes solutions to environmental issues through its products and services with the aim of fulfilling its corporate social responsibilities and reducing management risk.

Automotive Lithium-Ion Batteries Contribute to Environmental Protection Mitigating Climate Change through the Spread of Electric Vehicles

Electric vehicles (EVs) continue to spread throughout the world. This is because they are highly regarded for their low environmental impact since they do not emit any CO₂, a greenhouse gas, or nitrogen oxide, which is harmful to living organisms, when they are driven. If all gasoline-powered vehicles were switched to EVs, it is estimated that in Japan CO₂ emissions would be reduced up to approximately half. (Regarding electricity for the power source, this takes into account CO₂ emitted by thermal power plants.)

Panasonic takes pride in its top market share (capacity basis) in the area of automotive lithium-ion batteries, said to be the heart of the EV. From the time of nickel-metal hydride batteries, before lithium-ion batteries, Panasonic has promoted research and development while collaborating closely with automakers, the customer, and has continued to meet expectations in the areas of both safety and quality, which are the most important requirements for batteries. The trust and track record accumulated backed by this long history has led to the Company's competitive advantage in the industry and large market share.

What competitors are unable to match in particular is the Company's battery material technologies and mass production technologies for high-quality products. For example, our "18650" lithium-ion battery had approximately 30% larger capacity and a lifespan approximately twice as long as regular products at the time it was developed. The product has started to be supplied to Tesla's EV "Model S" in fiscal 2013 and to "Model X" in fiscal 2016, and the top model is capable of traveling long distances of over 500 kilometers on one charge.

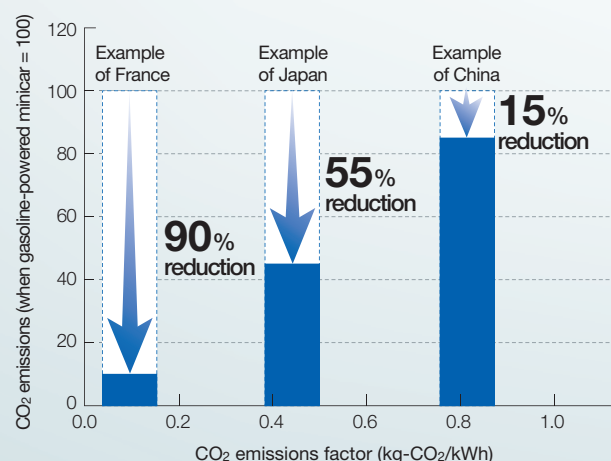
In recent years, Panasonic has been augmenting production capacity for lithium-ion batteries in the U.S. and China with a view to future demand growth [\(for details, refer to pages 5-6 and 26\)](#).

By underpinning the spread of EVs with exceptional technological capabilities in the field of batteries, the Company intends to continue helping to mitigate climate change, a global environmental issue.



"18650" lithium-ion battery

CO₂ Reductions from EV Utilization



Source: "Are electric vehicles environmentally-friendly?"
(National Institute for Environmental Studies)

History of Panasonic's Battery Business

1931	● Dry battery
1937	● Lead-acid storage battery
1964	● Nickel-cadmium battery, charger
1971	● Lithium primary battery
1973	● Coin-shaped lithium battery
1989	● Nickel-metal hydride battery
1994	● Lithium-ion battery
2004	● Automotive battery (nickel-metal hydride battery)
2010	● Automotive battery (prismatic lithium-ion battery), storage system

● Primary battery ● Rechargeable battery

Vision and Policy

Panasonic Environment Vision 2050

In June 2017, Panasonic formulated “Panasonic Environment Vision 2050,” which guides the Panasonic Group in environmentally sustainable management to 2050. Many of Panasonic’s products consume energy such as electricity for the life of the product. Under the new environment vision, Panasonic will reduce the impact on the global environment by not only reducing the amount of energy consumption of its products but also by enhancing its energy creation and storage businesses and by contributing to increasing opportunities for utilizing clean energy in various situations in society. Furthermore, Panasonic, as a global corporate citizen, aims to be a benefit to the environment by creating more energy than it uses.

To realize this vision, Panasonic will also work on enhancing development of related technologies.

Panasonic Environment Vision 2050

To achieve “a better life” and “a sustainable global environment,”

**Panasonic will work towards
creation and more efficient utilization of energy
which exceeds the amount of energy used,**

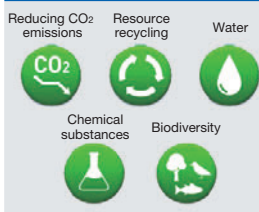
aiming for a society with clean energy and a more comfortable lifestyle.

Energy used < Energy created

Environmental Action Guideline

Toward achieving a sustainable society, we will strive to develop our business through the creation of environmental value. For this purpose, we will address environmental challenges through our business activities and will expand our environmental initiatives based on collaboration with stakeholders.

Initiatives to address environmental challenges



Initiatives based on collaboration with stakeholders



Environmental Action Plan “Green Plan 2018”

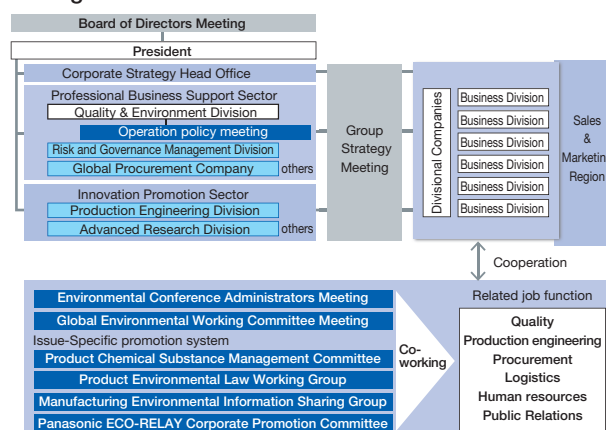
Environmental Governance

Organizational Structure

Panasonic formulates its annual environmental management policy in accordance with the Group management policy, Environment Vision 2050, Environmental Action Guideline, and the environmental action plan, “Green Plan 2018.” The annual environmental policy is shared across the entire organization through the Operation Policy Meeting led by the Executive Officer in charge of environmental affairs, who has authority delegated from the President. Companies, Business Divisions, and Regional Headquarters outside Japan establish their own environmental Policies and targets based on this Group policy, and plan and promote their activities accordingly. The progress and results of activities for the key environmental targets we pledged for achievement to society under the Green Plan 2018 and Environment Vision 2050 are examined in the Group Strategy Meeting. This meeting is attended by the Presidents of Panasonic Corporation and the 4 Divisional Companies as well as other members of senior management, for reviews of policy direction, issues, and particularly important measures to be adopted.

From fiscal 2017, the Environmental Compliance Administrators Meeting (to be held twice a year) attended by the Executive Officer in charge of environmental affairs and environmental compliance administrators at the 4 Divisional Companies was newly established to accelerate decision-making for corporate-wide action in the area of the environment. In addition, as has been the way until now, successful practices, challenges in implementation, and approaches to mid-term to long-term targets at Divisional Companies and various regions are shared and discussed at the Global Environmental Working Committee Meeting, held twice a year, which consists of environmental compliance administrators and environmental operation administrators at Divisional Companies and Regional Headquarters, seeking to enhance the level of corporate-wide environmental sustainability management through the PDCA management cycle.

Promotion System of Environmental Sustainability Management in Fiscal 2018



Initiatives to Address Environmental Challenges

CO₂ Reduction

The Paris Agreement that went into effect in November 2016 sets out a target of limiting global temperature increases to less than 2°C above pre-industrial levels and a more ambitious target of keeping global temperature increases to less than 1.5°C above pre-industrial levels, as well as sets a goal of virtually zero for CO₂ and other greenhouse gas emission levels for the second half of this century. To achieve these targets, it is essential to cut CO₂ emissions to the greatest extent possible, and companies are required to make further contributions to reducing CO₂ emissions.

Panasonic has introduced a unique indicator, “size of contribution in reducing CO₂ emissions,” to accelerate emissions reduction, targeting our products (for energy saving and energy creation). The size of contribution in reducing CO₂ emissions is defined as the amount achieved by deducting the actual emissions from the amount that would have been emitted without the improvements by the energy-saving performance of our products and productivity from fiscal 2006, and this amount is combined with the emission reduction resulting from power generation by energy-creating products. In other words, it reflects the continuous efforts being made to reduce CO₂ emissions. Panasonic will continue to maximize the size of contribution in reducing CO₂ emissions.

We will improve the energy-saving performance of our products to reduce the energy consumed in using the products. The more energy-saving products are introduced and promoted, the more the size of contribution in reducing CO₂ emissions will increase.

By using electricity generated by solar power generation and such, we can reduce CO₂ emissions from thermal power plants. Panasonic will further foster its energy creation business to increase the size of contribution in reducing CO₂ emissions.

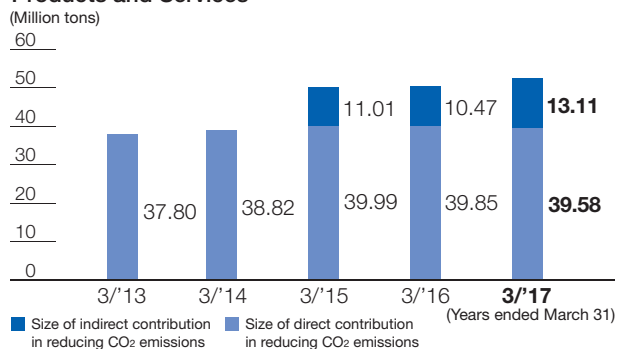
Meanwhile, Panasonic has been reinforcing its housing, automotive, and B2B businesses, and is disclosing the CO₂ reduction effect results in these areas since fiscal 2015. Specifically, the data represents “air conditioning load reduction effects from improved insulation performance in Panasonic housing,” “energy-saving effects from products by other companies equipped with Panasonic energy-saving compressors and motors,” and “improved fuel economy effects from electric vehicles equipped with Panasonic automotive batteries,” etc. We regard such contribution in reducing CO₂ emissions as “indirect” contribution to reducing CO₂ emissions, to distinguish it from the direct contribution from products under the Panasonic brand such as home appliances. This indicates that Panasonic products support the CO₂ reduction effects of products from other manufacturers.

Panasonic is also working to reduce CO₂ emissions in factories. The Company achieved an 8% reduction in CO₂ emissions per basic unit in fiscal 2017 compared to fiscal 2014. In addition to individual efforts implemented in each factory, energy-saving and CO₂ emission reduction measures including horizontal introduction of good examples across the company, specialist training, and visualization/reduction of energy consumption are promoted. To continuously study mechanisms for CO₂ reduction, the Factory CO₂ Reduction Working Group was set up in fiscal 2017 as a corporate-wide program. Furthermore, Panasonic is promoting the adoption of LED lighting and photovoltaic power generation systems at its business sites.

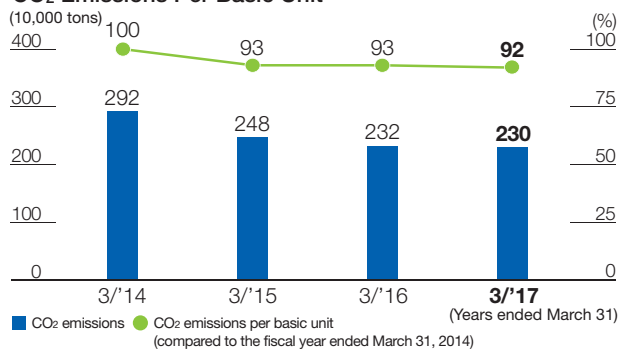
Resource Recycling

As a responsibility of a manufacturer that uses a large volume of resources, Panasonic has been promoting Recycling-oriented Manufacturing under the theme of recycling resources since 2010, placing it as an important

Size of Contribution in Reducing CO₂ Emissions through Products and Services



CO₂ Emissions in Production Activities and CO₂ Emissions Per Basic Unit



issue along with CO₂ emissions reduction.

Recycling-oriented Manufacturing has three aspects under this concept, which are to minimize the amount of total resources used and maximize the amount of recycled resources, aim towards Zero Waste Emissions by reducing our landfill disposal of waste from production activities, and recycle used products. We have been working on the weight reduction and downsizing of products to minimize the total resources used, and are continuing to increase resource collection through introduction of new recycling technologies and systems to expand the usage of recycled resources. Furthermore, by reducing the amount of factory waste and thoroughly recycling resources from waste, we are working to reduce the amount of waste treated in landfills to as close to zero as possible.

Green Plan 2018, revised in 2016, stipulates a further increase in the usage amount of recycled resins and better factory waste recycling rates. Also, actions for recycling-oriented manufacturing were given further detail, such as by specifying concrete efforts to expand the range of recycling-oriented products. The fiscal 2017 waste recycling rate was 99.0%, and the Company continues to conduct initiatives toward achievement of the Green Plan 2018 target (99% or higher). Recycled resin usage is being promoted by setting a target figure that will ensure increased usage.

Water Conservation

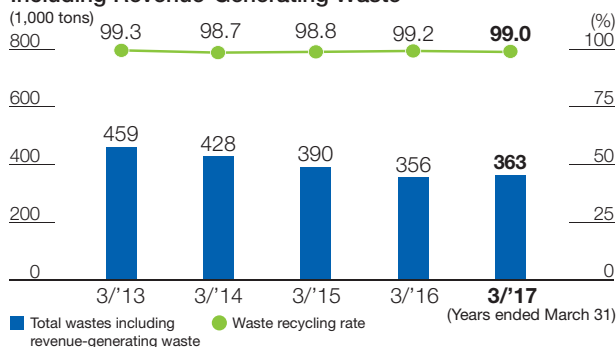
With water shortages becoming an increasingly serious social problem, Panasonic is working to conserve water resources both in its products and production activities in order to fulfill its social responsibilities and reduce management risks. Our Environmental Policy stipulates that we make efforts to conserve water resources by using water efficiently and preventing pollution. In Green Plan 2018, we aim to expand the range of products that contribute

to saving and recycling water. At the same time, we will work on reducing the volume of water we consume and using more recycled water in our production processes in order to conserve water resources throughout our business activities.

In risk management, we are aiming to complete our water risk assessments for all our production sites by fiscal 2019. Concrete actions that we have taken for this include an evaluation of the scale of water risks in all regions where our production sites are located in order to identify and mitigate the impact of our production activities on our use of water. In the evaluation, we employ evaluation tools such as the mapping tool Aqueduct from the World Resources Institute (WRI) and the Water Risk Filter from the World Wide Fund for Nature (WWF), which can not only assess the physical risks of water shortages but also examine the risks in water-related regulations as well as reputation risks in each region. We are also making use of public databases available from the respective national governments.

Furthermore, in areas with higher water risks, we are working to collect information through public local information as well as through interviews with relevant organizations, etc. By conducting detailed analysis and close examination of such local information and production site data including water use volume, we will specifically identify the impacts on our production activities. At the same time, we will work to conserve water resources and reduce business risks in regions where water risks are determined to be high, by focusing on initiatives to reduce water consumption and expand water recycling.

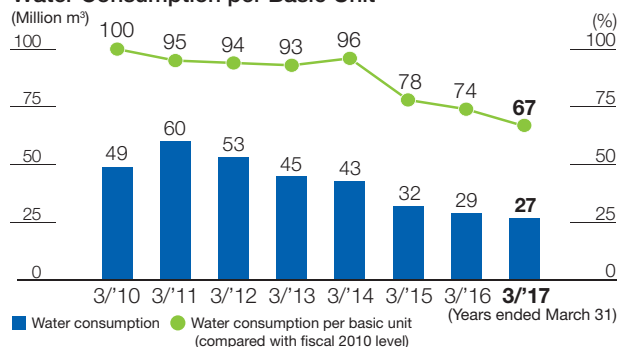
Amount and Recycling Rate of Total Wastes Including Revenue-Generating Waste*



*Waste that is potentially saleable

Note: Recycling rate = Amount of resources recycled / (amount of resources recycled + amount of landfill)

Water Consumption in Production Activities and Water Consumption per Basic Unit



Note1. Water used at factories per basic unit of production = Water used at factories / Production volume

2. Then-SANYO Electric and Panasonic Liquid Crystal Display not included in fiscal 2010

10-Year Financial Summary

Panasonic Corporation and Subsidiaries, Years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS standards in addition to conventional US GAAP standards.

U.S. GAAP

	3/2008	3/2009	3/2010	3/2011	3/2012	3/2013	
For the year (Millions of yen)							
Net sales	9,068,928	7,765,507	7,417,980	8,692,672	7,846,216	7,303,045	
Operating profit	519,481	72,873	190,453	305,254	43,725	160,936	
Income (loss) before income taxes	434,993	(382,634)	(29,315)	178,807	(812,844)	(398,386)	
Net income (loss) attributable to Panasonic Corporation	281,877	(378,961)	(103,465)	74,017	(772,172)	(754,250)	
Capital investment	449,348	494,368	385,489	403,778	333,695	310,866	
Depreciation	282,102	325,835	251,839	284,244	295,808	277,582	
R&D expenditures	554,538	517,913	476,903	527,798	520,217	502,223	
Free cash flow	404,687	(352,830)	198,674	266,250	(339,893)	355,156	

At year-end (Millions of yen)

Interest-bearing debt	388,606	745,665	1,327,992	1,595,269	1,575,615	1,143,395	
Cash and cash equivalents	1,214,816	973,867	1,109,912	974,826	574,411	496,283	
Total assets	7,443,614	6,403,316	8,358,057	7,822,870	6,601,055	5,397,812	
Panasonic Corporation shareholders' equity	3,742,329	2,783,980	2,792,488	2,558,992	1,929,786	1,264,032	
Total equity	4,256,949	3,212,581	3,679,773	2,946,335	1,977,566	1,304,273	

Per share data (Yen)

Net income (loss) attributable to Panasonic Corporation per common share:							
Basic	132.90	(182.25)	(49.97)	35.75	(333.96)	(326.28)	
Diluted	132.90	(182.25)	—	—	—	—	
Dividends declared per share	35.00	30.00	10.00	10.00	10.00	0	
Panasonic Corporation shareholders' equity per share	1,781.11	1,344.50	1,348.63	1,236.05	834.79	546.81	

Financial Indicators

Operating profit/sales (%)	5.7	0.9	2.6	3.5	0.6	2.2	
Income (loss) before income taxes/sales (%)	4.8	(4.9)	(0.4)	2.1	(10.4)	(5.5)	
ROE (%)	7.4	(11.8)	(3.7)	2.8	(34.4)	(47.2)	
Net income (loss) attributable to Panasonic Corporation/sales (%)	3.1	(4.9)	(1.4)	0.9	(9.8)	(10.3)	
Total asset turnover ratio (Times)	1.2	1.1	1.0	1.1	1.1	1.2	
Financial leverage (Times)	2.0	2.1	2.6	3.0	3.2	3.8	
Interest-bearing debt/total assets (%)	5.2	11.6	15.9	20.4	23.9	21.2	
Panasonic Corporation shareholders' equity/total assets (%)	50.3	43.5	33.4	32.7	29.2	23.4	
Payout ratio (%)	26.3	—	—	28.0	—	—	

Exchange rate (Yen)

1 USD	114	101	93	86	79	83	
1 EUR	162	143	131	113	109	107	
1 RMB	—	—	—	—	—	13.3	

Note to U.S. GAAP

- The Company's financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the fiscal year ended March 2016.
- In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. See the Company's annual securities report and financial announcements for the details.
- The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing differences between acquisition date and payment date.
- Capital investment and depreciation do not include intangibles.
- Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
- Due to the adoption of the provisions of FASB Accounting Standards Codification (ASC) 810, "Consolidation," fiscal 2009 and prior years' data have been restated.
- SANYO Electric Co., Ltd. (SANYO) and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009. The operating results of SANYO and its subsidiaries prior to December 2009 are thus not included in Panasonic's consolidated financial statements.
- "Diluted net income (loss) attributable to Panasonic Corporation common shareholders per share" from fiscal 2010 to fiscal 2014 has been omitted because the Company did not have potential common shares that were outstanding for the period.
- Effective from the beginning of fiscal 2013, investments and depreciation expenses in molding dies are included in "Capital investment" and "Depreciation (tangible assets)," respectively. Accordingly, the amounts of "Depreciation (tangible assets)" and "Capital investment" for fiscal 2012 are changed.
- Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.
- Interest-bearing debt is equal to the sum of short-term debt, including current portion of long-term debt, and long-term debt.
- Formulas for financial ratios are as follows:
Operating profit ratio = Operating profit / Net sales
ROE (Return on equity) = Net income (loss) attributable to Panasonic Corporation / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year
Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year
Interest-bearing debt ratio = Interest-bearing debt / Total assets
Payout ratio = Dividends declared per share/Basic net income attributable to Panasonic Corporation common shareholders per share

3/2014	3/2015	3/2016
7,736,541	7,715,037	7,553,717
305,114	381,913	415,709
206,225	182,456	217,048
120,442	179,485	193,256
217,033	226,680	248,794
278,792	242,149	235,033
478,817	457,250	449,828
594,078	353,455	124,406
642,112	972,916	725,919
592,467	1,280,408	1,014,264
5,212,994	5,956,947	5,596,982
1,548,152	1,823,293	1,705,056
1,586,438	1,992,552	1,854,314
52.10	77.65	83.40
—	77.64	83.39
13.00	18.00	25.00
669.74	788.87	734.62
3.9	5.0	5.5
2.7	2.4	2.9
8.6	10.6	11.0
1.6	2.3	2.6
1.5	1.4	1.3
3.8	3.3	3.3
12.3	16.3	13.0
29.7	30.6	30.5
25.0	23.2	30.0
100	110	120
134	139	133
16.4	17.7	18.9

IFRS

	3/2016	3/2017
For the year (Millions of yen)		
Net sales	7,626,306	7,343,707
Operating profit	230,299	276,784
Profit before income taxes	227,529	275,066
Net profit attributable to Panasonic Corporation stockholders	165,212	149,360
Capital investment	252,905	311,641
Depreciation	238,214	224,405
R&D expenditures	438,851	436,130
Free cash flow	125,551	(34,746)
At year-end (Millions of yen)		
Interest-bearing debt	724,841	1,124,004
Cash and cash equivalents	1,012,666	1,270,787
Total assets	5,488,024	5,982,961
Panasonic Corporation stockholders' equity	1,444,442	1,571,889
Total equity	1,647,233	1,759,935
Per share data (Yen)		
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic	71.30	64.33
Diluted	71.29	64.31
Dividends declared per share	25.00	25.00
Panasonic Corporation stockholders' equity per share	622.34	673.93
Financial Indicators		
Operating profit/sales (%)	3.0	3.8
Profit before income taxes/sales (%)	3.0	3.7
ROE (%)	11.1	9.9
Net profit attributable to Panasonic Corporation stockholders/sales (%)	2.2	2.0
Total asset turnover ratio (Times)	1.3	1.3
Financial leverage (Times)	3.8	3.8
Interest-bearing debt/total assets (%)	13.2	18.8
Panasonic Corporation stockholders' equity/total assets (%)	26.3	26.3
Payout ratio (%)	35.1	38.9
Exchange rate (Yen)		
1 USD	120	108
1 EUR	133	119
1 RMB	18.9	16.1

Note to IFRS

1. The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).
2. The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing differences between acquisition date and payment date.
3. Capital investment and depreciation do not include intangibles.
4. Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
5. Interest-bearing debt is equal to the sum of short-term debt, including current portion of long-term debt, and long-term debt.
6. Formulas for financial ratios are as follows:
 Operating profit ratio = Operating profit / Net sales
 ROE (Return on equity) = Net profit attributable to Panasonic Corporation stockholders / Average Panasonic Corporation stockholders' equity at the beginning and the end of each fiscal year
 Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
 Payout ratio = Dividends declared per share/Basic earnings per share attributable to Panasonic Corporation stockholders

Financial Review

Panasonic has begun applying International Financial Reporting Standards (IFRS) on a voluntary basis as of the fiscal year ended March 2017. Financial figures for previous consolidated fiscal years are also presented in accordance with IFRS standards.

Operating Results

Business Overview

During the year ended March 31, 2017 (fiscal 2017), the global economy continued its generally moderate recovery as the U.S. economy began to turn around against a backdrop of steady consumer spending and improved capital investment and as excessive concerns over a slowdown in China were alleviated. Japan saw signs of a recovery in exports and capital investment on the back of the improving overseas economy, though consumer spending continued to stagnate. While there were significant changes in the economic environment with respect to national politics, monetary policies, exchange rates and so forth, the economy overall has recovered to a moderate degree.

In this economic environment, Panasonic invested in its growth businesses, positioning fiscal 2017 as the “year to lay a solid foundation for growth” toward realizing its vision for fiscal 2019 and beyond. Regarding initiatives in fiscal 2017, in the housing business, the Company integrated the remodeling business brands of Panasonic and PanaHome Corporation (PanaHome) into “Panasonic Reform” in April 2016. The Company announced that it would make PanaHome a wholly owned subsidiary through a tender offer for PanaHome common stock and subsequent procedures. Going forward, the Company will promote business strategies by making maximum use of the management resources of both Panasonic and PanaHome. In December 2016, Panasonic also announced that the Company had reached an agreement with Tesla, Inc. on collaborating in the manufacture of solar cells and solar modules in the U.S. For the automotive business, Panasonic announced in March 2017 that it would make Ficosa

International, S.A. (Ficosa), a Spanish automotive parts and systems supplier, a consolidated subsidiary. Panasonic and Ficosa plan to accelerate commercialization of electronic mirrors and other jointly developed products. In the B2B business, in commercial refrigeration & food equipment, one of the core Panasonic business, the Company acquired Hussmann Corporation (Hussmann) of the U.S. and made it a consolidated subsidiary in April 2016. In December 2016, Panasonic announced it would make Zetes of Belgium a consolidated subsidiary to expand its overseas logistics solutions business, and in March 2017, the Company made Panasonic Industrial Devices SUNX Co., Ltd. a wholly owned subsidiary to further enhance its factory automation equipment business.

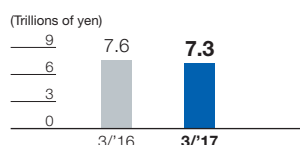
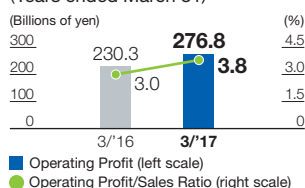
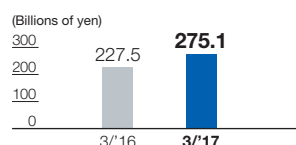
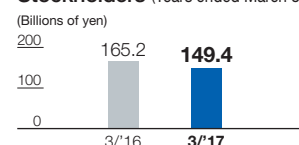
Net Sales

Consolidated group sales for fiscal 2017 decreased to 7,343.7 billion yen from 7,626.3 billion yen a year ago due to the substantial impact of yen appreciation. Sales increased, however, in real terms. In the domestic market, sales decreased slightly year on year due mainly to sluggish sales of solar photovoltaic systems for household use, while sales in home appliances and automotive-related businesses were firm. In the overseas business, sales also decreased year on year mainly due to exchange rates and despite the contribution of newly consolidated Hussmann and strong sales of rechargeable batteries and electromechanical control devices. In real terms excluding the impact of exchange rates, consolidated group sales increased 2% from a year ago.

Financial Results

(Billions of yen)

		3/2016	3/2017	vs. 3/2016 %/amount	
Net sales		7,626.3	7,343.7	96% (102%)*	−282.6
Operating profit		230.3	276.8	120%	+46.5
Other income (deductions)		−2.8	−1.7	—	+1.1
Profit before income taxes		227.5	275.1	121%	+47.6
Net profit attributable to Panasonic Corporation stockholders		165.2	149.4	90%	−15.8
ROE		11.1%	9.9%	—	−1.2%
Exchange rate	1 USD	120 yen	108 yen	*In real terms excluding the effect of exchange rates	
	1 EUR	133 yen	119 yen		
	1 RMB	18.9 yen	16.1 yen		

Sales (Years ended March 31)**Operating Profit**
Operating Profit/Sales Ratio
(Years ended March 31)**Profit Before Income Taxes**
(Years ended March 31)**Net Profit Attributable to Panasonic Corporation Stockholders**
(Years ended March 31)**Overview by Geographic Region**

By geographic region, overall sales in Japan declined by 1% to 3,659.1 billion yen, from 3,700.4 billion yen a year ago. Sales overseas decreased by 6% to 3,684.6 billion yen, from 3,925.9 billion yen a year ago. However, in real terms, excluding the impact of exchange rates, sales increased by 5% year on year. In Americas, sales totaled 1,272.2 billion yen, a year-on-year increase of 2%, and a 12% increase in real terms. In Europe, sales declined 13% from the previous fiscal year to 607.7 billion yen, which represents a 3% decline in real terms. In Asia and China, sales were 1,804.7 billion yen, a 9% decrease from a year ago, but a 3% increase in real terms.

Sales by Region

	3/2017		
		Yen basis vs. 3/2016	Local currency basis vs. 3/2016
Domestic	3,659.1	99%	99%
Overseas	3,684.6	94%	105%
Americas	1,272.2	102%	112%
Europe	607.7	87%	97%
Asia/China	1,804.7	91%	103%
Total	7,343.7	96%	102%

Operating Profit

Cost of sales decreased from 5,367.7 billion yen a year ago to 5,157.2 billion yen. Selling, general and administrative expenses totaled 1,842.9 billion yen, a decrease from 1,845.4 billion yen a year ago. Share of profit of investments accounted for using the equity method declined slightly year on year to 8.4 billion yen. In other income (expenses), there was a loss of 75.2 billion yen, compared to a loss of

191.4 billion yen the previous fiscal year, due in part to declines in business restructuring expenses and legal costs related to rechargeable batteries, cathode-ray picture tubes, etc.

As a result, operating profit totaled 276.8 billion yen, an increase from 230.3 billion yen the previous fiscal year. Fixed costs in the form of upfront investments for future growth increased and exchange rates had an impact, but profit increased owing to the effects of streamlining initiatives, the aforementioned improvement in other income, and other factors. The operating profit ratio also improved to 3.8%, from 3.0% a year ago.

Profit Before Income Taxes

Finance income declined from 23.6 billion yen the previous fiscal year to 21.8 billion yen. Finance expenses were 23.5 billion yen, down from 26.4 billion yen a year ago.

As a result, profit before income taxes was 275.1 billion yen, compared to 227.5 billion yen the previous fiscal year.

Net Profit Attributable to Panasonic Corporation Stockholders

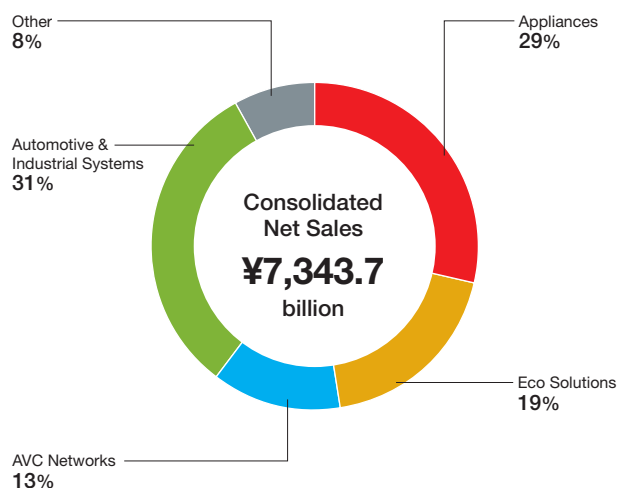
Income taxes were 102.7 billion yen, compared to 36.3 billion yen a year ago. Income taxes the previous fiscal year includes the amount of benefits from restatement of deferred tax assets of Panasonic Corporation based on improvement to its profitability and greater profit stability resulting from the Company's decision on introducing the consolidated tax system in Japan.

As a result, net profit attributable to Panasonic Corporation stockholders totaled 149.4 billion yen, compared to 165.2 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 64.33 yen, against 71.30 yen the previous fiscal year.

Segment Information

Some businesses were reclassified into different segments on April 1, 2016, so the prior-year figures in the following analysis have been adjusted to conform with this year's presentation.

Fiscal 2017 Net Sales Composition Ratio



Breakdown by Segment

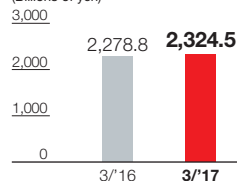
	(Billions of yen)	
	Net Sales	Operating Profit
Appliances	2,324.5	104.3
Eco Solutions	1,545.7	62.5
AVC Networks	1,040.7	29.6
Automotive & Industrial Systems	2,561.2	109.3
Other	656.6	8.0
Subtotal	8,128.7	313.7
Eliminations and Adjustments	-785.0	-36.9
Total	7,343.7	276.8

Note: Net sales composition ratio is calculated by dividing the sales of each segment by consolidated sales before elimination and adjustments (sales in the "Subtotal" column).

Appliances (AP)

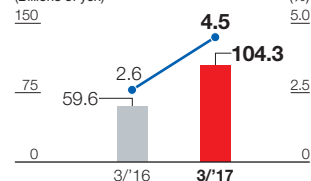
Sales (Years ended March 31)

(Billions of yen)



Operating Profit (Years ended March 31)

(Billions of yen)



Sales in the Appliances segment increased 2% year on year to 2,324.5 billion yen.

In fiscal 2017, sales increased overall in the fiscal year under review due to firm sales of home appliances in Japan, Hussmann Corporation (Hussmann) of the U.S. becoming a consolidated subsidiary, and other factors.

Looking at the main Business Divisions (BDs) of this segment, in the Air-Conditioner Company, room air-conditioners and commercial air-conditioners saw sales growth in Japan, while overseas sales were brisk primarily in Asia. However, sales declined due to the impact of exchange rates.

In the Laundry Systems and Vacuum Cleaner BD, sales declined due to withdrawing from the North American market, but increased in Japan, largely thanks to new drum-type washer-dryer products.

In the TV BD, sales declined due to a lack of sales growth in the European market. However, sales in Japan were brisk on an expanded lineup of 4K TVs.

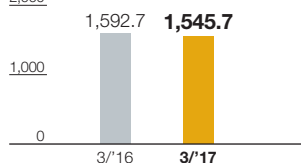
In the Refrigerator BD, sales declined due to the impact of exchange rates, but sales in Japan increased on brisk sales of high value-added products and also increased overseas in Asia.

Operating profit totaled 104.3 billion yen, an increase of 44.7 billion yen from a year ago. Factors included improved profitability from a shift to high valued-added products in Japan, including home appliances and 4K TVs, and Hussmann becoming a consolidated subsidiary.

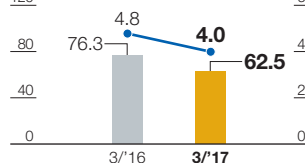
Eco Solutions (ES)

Sales (Years ended March 31)

(Billions of yen)

Operating Profit
(Years ended March 31)

(Billions of yen)



Sales in the Eco Solutions segment decreased 3% year on year to 1,545.7 billion yen due to lower sales of residential solar photovoltaic systems in Japan caused by market contraction and to the impact of exchange rates.

Looking at the main BDs of this segment, in the Housing Systems BD, sales were equivalent to the previous fiscal year thanks to a strong performance from water-related products and exterior finishing materials and despite slow sales of interior furnishing materials caused in part by sourcing difficulties for some materials.

In the Energy Systems BD, sales declined due in part to contraction in the Japanese market caused by lower feed-in tariffs for photovoltaic power. The Company began collaborating with a U.S. electric vehicle manufacturer for future expansion of the solar cell business.

In the Lighting BD, sales in the devices business, which includes LED lighting fixtures, increased on sales growth to offices, schools and other facilities in Japan and sales growth in China overseas, but overall in this BD sales declined due to contraction in the domestic market for existing light sources and lower sales from the devices business in Europe and North America.

At Panasonic Ecology Systems Co., Ltd., sales of air purifiers and ventilation systems were firm in China and sales of ventilation systems were strong in North America, but overall sales declined due to the impact of exchange rates.

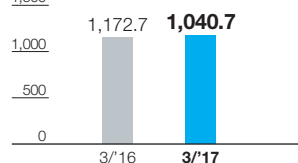
In addition, the Age-free (elderly-care) business experienced growth with an increase in the number of sites providing nursing services.

Operating profit totaled 62.5 billion yen, a decrease from a year ago of 13.8 billion yen. Though sales increased in the Housing Systems BD and Lighting BD, the total was impacted by a decline in sales of residential solar photovoltaic systems in Japan.

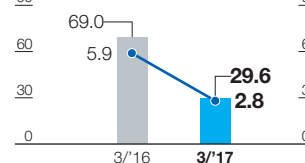
AVC Networks (AVC)

Sales (Years ended March 31)

(Billions of yen)

Operating Profit
(Years ended March 31)

(Billions of yen)



Sales in the AVC Networks segment decreased 11% year on year to 1,040.7 billion yen.

In fiscal 2017, sales decreased overall due to a negative rebound from the previous fiscal year when there was special demand in the aircraft in-flight entertainment systems business associated with interior refurbishment of existing aircraft, to contraction in the market for fixed phones and conventional analog private branch exchanges (PBXs), and to the impact of exchange rates and the Kumamoto Earthquake.

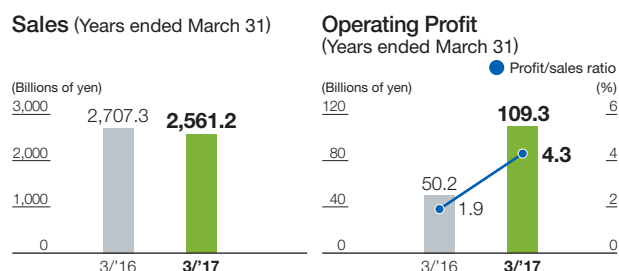
Looking at the main businesses of this segment, in the Solution Business, industry-specific initiatives were effective and there was sales growth in Japan centering on the distribution, logistics and public sectors and sales growth overseas centering on the North American entertainment industry, but the fall back from special demand a year ago and the impact of exchange rates were significant, so, overall, sales declined.

In the Visual and Imaging Business, sales declined on the impact of exchange rates and the Kumamoto Earthquake, though there was sales growth from high value-added products like mirrorless interchangeable-lens cameras, high-end compact cameras and high brightness projectors.

In the Mobility Business, in the IT Products BD, sales of notebook PCs were brisk in Japan, and the North American market, where sales were stagnant the previous fiscal year, recovered due to strengthening the sales system and conducting customer-focused activities, but overall sales declined due to the impact of exchange rates and a decrease in sales of existing products in the Storage BD.

Operating profit totaled 29.6 billion yen, a year-on-year decline of 39.4 billion yen. Though profitability improved with a shift to high value-added products, exchange rates had a negative impact as did the negative rebound from special demand the previous year for aircraft in-flight entertainment systems.

Automotive & Industrial Systems (AIS)



Sales in the Automotive & Industrial Systems segment decreased 5% year on year to 2,561.2 billion yen.

In fiscal 2017, steady progress was made in shifting the business to the automotive and industrial fields, but sales declined overall due to the impact of exchange rates.

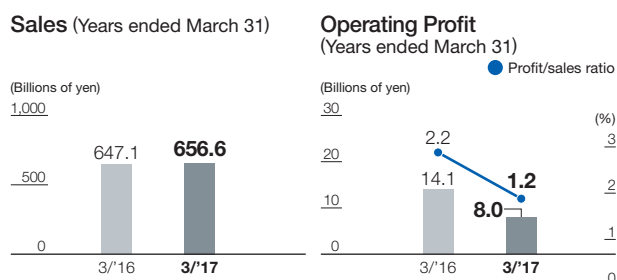
Looking at the main businesses of this segment, in the Automotive Business, there was sales growth in automotive cameras, sensors, switches and other electrical components, but sales declined due to the impact of exchange rates. Sales of infotainment systems such as car navigation systems were slow in Europe and other regions, but strong in Japan and China.

In the Energy Business, sales increased on strong sales of lithium-ion batteries to U.S. electric vehicle manufacturers. In the Industrial Business, despite sales growth in automotive and industrial products like car relays, motors and electronic materials, sales declined due to the impact of withdrawing from LCD panels for televisions and other factors.

In the Factory Solution Business, sales declined on the impact of exchange rates, but there was growth in mounting equipment as well as integrated line systems for overall process management, which include inspection devices and other peripheral equipment.

Operating profit totaled 109.3 billion yen, increasing 59.1 billion yen from a year ago. Though exchange rates had an impact, the positive factors included growth in sales and profit for automotive and industrial applications led by the Industrial Business.

Other



Sales in the Other segment increased 1% year on year to 656.6 billion yen.

In fiscal 2017, PanaHome Corporation sales increased thanks to promoting the Net Zero Energy House in the housing construction contracting business, promoting sales of multistory housing, and receiving steady orders for rental apartments, as well as to strong sales of detached single-family houses and condominiums.

Operating profit totaled 8.0 billion yen, a year-on-year decrease of 6.1 billion yen due in part to the impact of an increase in fixed costs at PanaHome Corporation.

Business Division Information for Fiscal 2017 (Sales)

		yen (billions)					
		1st quarter (Apr.–June)	2nd quarter (July–Sep.)	3rd quarter (Oct.–Dec.)	4th quarter (Jan.–Mar.)	Full year (Apr.–Mar.)	Percentage 2017/2016
AP ^{*1}	Air-Conditioner Business	155.1	109.1	90.2	107.8	462.2	99%
	Commercial Refrigeration & Food Equipment Business	72.2	65.3	65.0	59.1	261.6	186%
	Small & Built-in Appliance Business	97.4	92.5	111.1	87.1	388.1	96%
	Major Appliance Business	119.8	129.2	137.2	108.7	494.9	101%
	AV Business	107.6	100.8	143.6	89.4	441.4	91%
ES	Lighting BD	67.0	74.5	85.4	81.1	307.9	96%
	Energy Systems BD	74.8	79.7	82.0	88.0	324.6	89%
	Housing Systems BD	82.4	91.3	98.5	95.0	367.1	100%
	Panasonic Ecology Systems Co., Ltd.	37.9	35.6	38.5	40.6	152.5	96%
AVC ^{*2}	Mobility Business	45.9	40.8	46.4	52.1	185.2	93%
	Visual and Imaging Business	59.4	56.6	63.9	67.1	247.0	89%
	Communication Business	27.1	26.7	25.3	22.4	101.6	79%
	Solution Business	106.1	108.9	114.5	139.4	468.9	91%
AIS ^{*3}	Automotive Business	161.3	159.8	167.9	182.6	671.6	97%
	Energy Business	107.6	118.8	138.7	128.5	493.6	101%
	Industrial Business	218.8	219.4	215.0	217.6	870.8	91%
	Factory Solutions Business	35.9	38.4	36.4	39.1	149.8	97%

*1 Each business in Appliances consists of the following BDs. The figures of BDs are production and sales consolidated basis.

- Air-Conditioner Business : Air-Conditioner Company
- Commercial Refrigeration & Food Equipment Business : Cold Chain BD, Hussmann Corporation
- Small & Built-in Appliance Business : Kitchen Appliances BD, Beauty and Living BD
- Major Appliance Business : Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
- AV Business : TV BD, Home Entertainment BD

*2 Each business in AVC Networks consists of the following BDs, etc.

- Mobility Business : IT Products BD, Storage BD
- Visual and Imaging Business : Imaging Network BD, Visual Systems BD, Security Systems BD
- Communication Business : Communication Products BD, Office Products BD
- Solutions Business : Panasonic Avionics Corporation, Domestic/Overseas Solutions

*3 Each business in Automotive & Industrial Systems consists of the following BDs.

- Automotive Business : Automotive Infotainment Systems BD, Automotive Electronics Systems BD
- Energy Business : Rechargeable Battery BD, Energy Device BD
- Industrial Business : Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.
- Factory Solutions Business : Smart Factory Solutions BD

Financial Condition and Liquidity

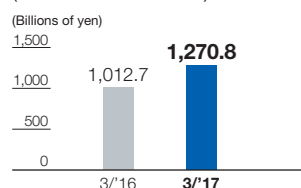
Sources of Liquidity and Funding

The Panasonic Group's basic policy is to self-generate the funds needed for business activities. Funds generated are efficiently utilized through intra-Group financing. Based on this, when funds are needed for working capital or business investment, outside financing is obtained through appropriate means based on financial strength and credit market conditions.

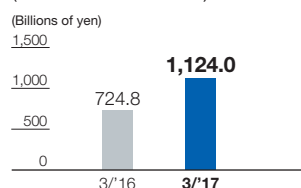
Cash and cash equivalents as of March 31, 2017 were 1,270.8 billion yen, increasing from 1,012.7 billion yen as of the end of the previous fiscal year.

Interest-bearing debt increased to 1,124.0 billion yen as of March 31, 2017 from 724.8 billion yen at the end of the previous fiscal year due to the issue of corporate bonds and other factors.

Cash and Cash Equivalents
(Years ended March 31)



Interest-Bearing Debt
(Years ended March 31)



Cash Flows

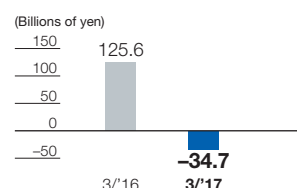
The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium-to-long term. The Company simultaneously also works to create cash flows through continuing reductions to working capital, revisions to asset holdings and other measures.

Net cash provided by operating activities for fiscal 2017 was 385.4 billion yen and net cash used in investing activities was 420.1 billion yen. Free cash flow, the total of the two, was an outflow of 34.7 billion yen, a year-on-year

decrease of 160.3 billion yen. The main reasons for the year-on-year difference in

free cash flow were a substantial decline in working capital the previous fiscal year and acquiring Hussmann in the fiscal year under review.

Free Cash Flows
(Years ended March 31)



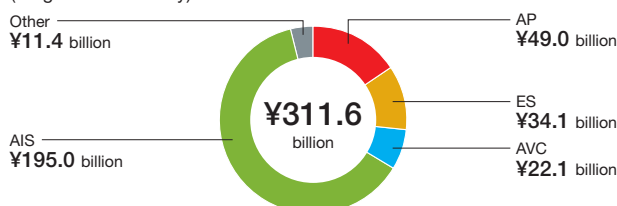
Capital Investment and Depreciation

The Panasonic Group conducts capital investment based on a policy of making steady investments primarily in key businesses for future growth.

Capital investment in fiscal 2017 (tangible assets only) increased by 23% to 311.6 billion yen from 252.9 billion yen a year ago. Major capital investment was made at production facilities (in the U.S.) for lithium-ion batteries for automobiles.

Depreciation (tangible assets only) decreased by 6% to 224.4 billion yen from 238.2 billion yen a year ago.

Fiscal 2017 Capital Investment by Segment
(tangible assets only)



Assets, Liabilities and Equity

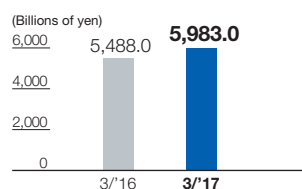
The Company's consolidated total assets as of March 31, 2017 were 5,983.0 billion yen, an increase of 494.9 billion yen from March 31, 2016. This was due mainly to an increase in goodwill associated with the acquisition of Hussmann and non-liquid assets and an increase in cash and cash equivalents from the issue of corporate bonds.

The Company's consolidated total liabilities were 4,223.0 billion yen, an increase of 382.2 billion yen from March 31, 2016 that was due to the issue of straight bonds and other factors.

Panasonic Corporation stockholders' equity increased by 127.4 billion yen compared to March 31, 2016 to 1,571.9 billion yen due to recording net profit and other factors, despite worsening in other components of equity caused by yen appreciation and other factors. As a result, the ratio of Panasonic Corporation stockholders' equity was 26.3%, equivalent to the level on March 31, 2016. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 1,759.9 billion yen.

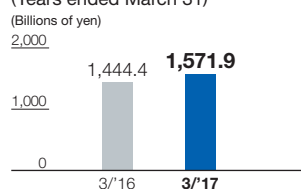
Total Assets

(Years ended March 31)



Panasonic Corporation Stockholders' Equity

(Years ended March 31)



Consolidated Statements of Financial Position

March 31, 2017 and 2016, and April 1, 2015



Please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#) for more details.

(Millions of Yen)

	April 1 2015	March 31 2016	March 31 2017
Assets			
Current assets:			
Cash and cash equivalents	1,279,943	1,012,666	1,270,787
Trade receivables	1,006,002	835,456	847,003
Other financial assets	165,648	165,496	143,519
Inventories	776,965	769,650	806,309
Other current assets	121,107	110,494	137,201
Total current assets	3,349,665	2,893,762	3,204,819
Non-current assets:			
Investments accounted for using the equity method	138,266	160,667	155,987
Other financial assets	137,552	149,422	161,986
Property, plant and equipment	1,361,738	1,288,234	1,323,282
Goodwill and intangible assets	469,378	474,149	665,132
Deferred tax assets	274,710	454,204	407,720
Other non-current assets	89,480	67,586	64,035
Total non-current assets	2,471,124	2,594,262	2,778,142
Total assets	5,820,789	5,488,024	5,982,961
Liabilities and Equity			
Current liabilities:			
Short-term debt, including current portion of long-term debt	260,435	21,728	177,038
Trade payables	943,836	894,927	955,965
Other financial liabilities	273,663	276,810	329,625
Income taxes payable	60,990	70,779	66,785
Provisions	396,636	386,260	317,261
Other current liabilities	898,953	832,836	865,389
Total current liabilities	2,834,513	2,483,340	2,712,063
Non-current liabilities:			
Long-term debt	711,043	703,113	946,966
Retirement benefit liabilities	436,281	580,712	467,749
Provisions	11,539	12,958	17,679
Deferred tax liabilities	52,476	44,502	62,531
Other non-current liabilities	15,491	16,166	16,038
Total non-current liabilities	1,226,830	1,357,451	1,510,963
Total liabilities	4,061,343	3,840,791	4,223,026
Equity:			
Panasonic Corporation stockholders' equity			
Common stock	258,740	258,740	258,740
Capital surplus	653,101	645,949	636,905
Retained earnings	833,991	878,208	1,051,445
Other components of equity	37,234	(107,922)	(164,632)
Treasury stock	(247,548)	(230,533)	(210,569)
Total Panasonic Corporation stockholders' equity	1,535,518	1,444,442	1,571,889
Non-controlling interests	223,928	202,791	188,046
Total equity	1,759,446	1,647,233	1,759,935
Total liabilities and equity	5,820,789	5,488,024	5,982,961

Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2017 and 2016

Consolidated Statements of Profit or Loss

(Millions of Yen)

	2016	2017
Net sales	7,626,306	7,343,707
Cost of sales	(5,367,667)	(5,157,163)
Gross profit	2,258,639	2,186,544
Selling, general and administrative expenses	(1,845,393)	(1,842,928)
Share of profit of investments accounted for using the equity method	8,445	8,378
Other income (expenses), net	(191,392)	(75,210)
Operating profit	230,299	276,784
Finance income	23,618	21,832
Finance expenses	(26,388)	(23,550)
Profit before income taxes	227,529	275,066
Income taxes	(36,296)	(102,624)
Net profit	191,233	172,442
Net profit attributable to:		
Panasonic Corporation stockholders	165,212	149,360
Non-controlling interests	26,021	23,082
Earnings per share attributable to Panasonic Corporation stockholders	Yen	
Basic	71.30	64.33
Diluted	71.29	64.31

Consolidated Statements of Comprehensive Income (Loss)

(Millions of Yen)

	2016	2017
Net Profit	191,233	172,442
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(79,205)	73,513
Financial assets measured at fair value through other comprehensive income	—	4,260
Subtotal	(79,205)	77,773
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(164,668)	(61,304)
Net changes in fair value of cash flow hedges	(2,588)	964
Unrealized holding gains of available-for-sale securities	7,069	—
Subtotal	(160,187)	(60,340)
Total other comprehensive income (loss)	(239,392)	17,433
Comprehensive income (loss)	(48,159)	189,875
Comprehensive income (loss) attributable to:		
Panasonic Corporation stockholders	(54,617)	174,892
Non-controlling interests	6,458	14,983

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(Millions of Yen)

	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Panasonic Corporation stockholders' equity	Non-controlling interests	Total equity
Balances as of April 1, 2015	258,740	653,101	833,991	37,234	(247,548)	1,535,518	223,928	1,759,446
Comprehensive income								
Net profit	—	—	165,212	—	—	165,212	26,021	191,233
Other comprehensive income (loss)—net of tax	—	—	—	(219,829)	—	(219,829)	(19,563)	(239,392)
Total comprehensive income (loss)	—	—	165,212	(219,829)	—	(54,617)	6,458	(48,159)
Transfer from other components of equity to retained earnings	—	—	(74,673)	74,673	—	—	—	—
Cash dividends	—	—	(46,322)	—	—	(46,322)	(19,611)	(65,933)
Purchase of treasury stock	—	—	—	—	(115)	(115)	—	(115)
Disposal of treasury stock	—	(2,893)	—	—	17,130	14,237	—	14,237
Transactions with non-controlling interests and other	—	(4,259)	—	—	—	(4,259)	(7,984)	(12,243)
Balances as of March 31, 2016	258,740	645,949	878,208	(107,922)	(230,533)	1,444,442	202,791	1,647,233
Comprehensive income								
Net profit	—	—	149,360	—	—	149,360	23,082	172,442
Other comprehensive income (loss)—net of tax	—	—	—	25,532	—	25,532	(8,099)	17,433
Total comprehensive income (loss)	—	—	149,360	25,532	—	174,892	14,983	189,875
Transfer to hedged non-financial assets	—	—	—	0	—	0	—	0
Transfer from other components of equity to retained earnings	—	—	72,870	(72,870)	—	—	—	—
Cash dividends	—	—	(58,025)	—	—	(58,025)	(17,648)	(75,673)
Purchase of treasury stock	—	—	—	—	(106)	(106)	—	(106)
Disposal of treasury stock	—	(6,324)	—	—	20,070	13,746	—	13,746
Transactions with non-controlling interests and other	—	(2,720)	—	—	—	(2,720)	(12,080)	(14,800)
Cumulative effects of new accounting standards applied	—	—	9,032	(9,372)	—	(340)	—	(340)
Balances as of March 31, 2017	258,740	636,905	1,051,445	(164,632)	(210,569)	1,571,889	188,046	1,759,935

Consolidated Statements of Cash Flows

Years ended March 31, 2017 and 2016

(Millions of Yen)

	2016	2017
Cash flows from operating activities		
Net profit	191,233	172,442
Depreciation and amortization	278,391	270,767
Impairment losses on property, plant and equipment, goodwill and Intangible assets	47,638	45,868
Income tax expenses	36,296	102,624
(Increase) decrease in trade receivables	125,036	(7,983)
(Increase) decrease in inventories	(29,644)	(36,612)
Increase (decrease) in trade payables	(18,900)	64,044
Other – net	(92,845)	(116,107)
Subtotal	537,205	495,043
Interest received	20,409	16,956
Dividends income received	1,581	1,857
Interests expenses paid	(26,261)	(23,816)
Income taxes paid	(113,579)	(104,630)
Net cash provided by operating activities	419,355	385,410
Cash flows from investing activities		
Purchase of property, plant and equipment	(245,269)	(278,594)
Proceeds from sale of property, plant and equipment	27,560	51,155
Purchase of intangible assets	(45,095)	(63,220)
Purchase of investments accounted for using the equity method and other financial assets	(58,369)	(29,119)
Proceeds from sales and redemption from investments accounted for using the equity method and other financial assets	53,950	31,163
Proceeds from sales of subsidiaries	1,997	11,622
Purchase of subsidiaries, net of cash acquired	(31,356)	(142,844)
Other – net	2,778	(319)
Net cash used in investing activities	(293,804)	(420,156)
Cash flows from financing activities		
Increase (decrease) in short-term debt	3,391	6,261
Proceeds from long-term debt	157	400,549
Repayments of long-term debt	(251,729)	(50,900)
Dividends paid to Panasonic Corporation stockholders	(46,322)	(58,025)
Dividends paid to non-controlling interests	(19,611)	(17,648)
Purchase of treasury stocks	(115)	(106)
Proceeds from sale of treasury stock	8	9
Transactions with non-controlling interests	(405)	(2,946)
Other - net	5,061	17,404
Net cash provided by (used in) financing activities	(309,565)	294,598
Effect of exchange rate changes on cash and cash equivalents	(83,263)	(1,731)
Net increase (decrease) in cash and cash equivalents	(267,277)	258,121
Cash and cash equivalents at the beginning of the year	1,279,943	1,012,666
Cash and cash equivalents at the end of the year	1,012,666	1,270,787

Corporate Data (As of March 31, 2017)

Panasonic Corporation and Subsidiaries
Years ended March 31

Corporate Data

Company Name: Panasonic Corporation
(TSE Securities Code: 6752)

Founded: March 1918 (Incorporated in December 1935)

Head Office Location:
1006, Oaza Kadoma, Kadoma-shi, Osaka
571-8501, Japan

Stated Capital: 258,740 million yen

Consolidated Companies (including parent company):
496 companies

Associated Companies under the Equity Method:
91 companies

Number of Employees: 257,533 persons

Share Data

Number of Shares Issued: 2,453,053,497 shares
(Including 120,648,723 shares held by Panasonic)

Number of Shareholders: 486,489

TSE Securities Code: 6752

Unit of Stock: 100

Stock Exchange Listings: Tokyo, Nagoya

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

Depository for American Depositary Receipts (ADRs)
Stock Exchange: U.S. Over-the-Counter (OTC) Market
ADR Ratio: 1 ADR = 1 Share
Symbol: PCRFY

Stock Transfer Handling Office
JPMorgan Service Center
P.O. Box 64504
St. Paul, MN 55164-0504, U.S.A.
Tel: +1-800-990-1135 (U.S.: toll free)
+1-651-453-2128 (International)

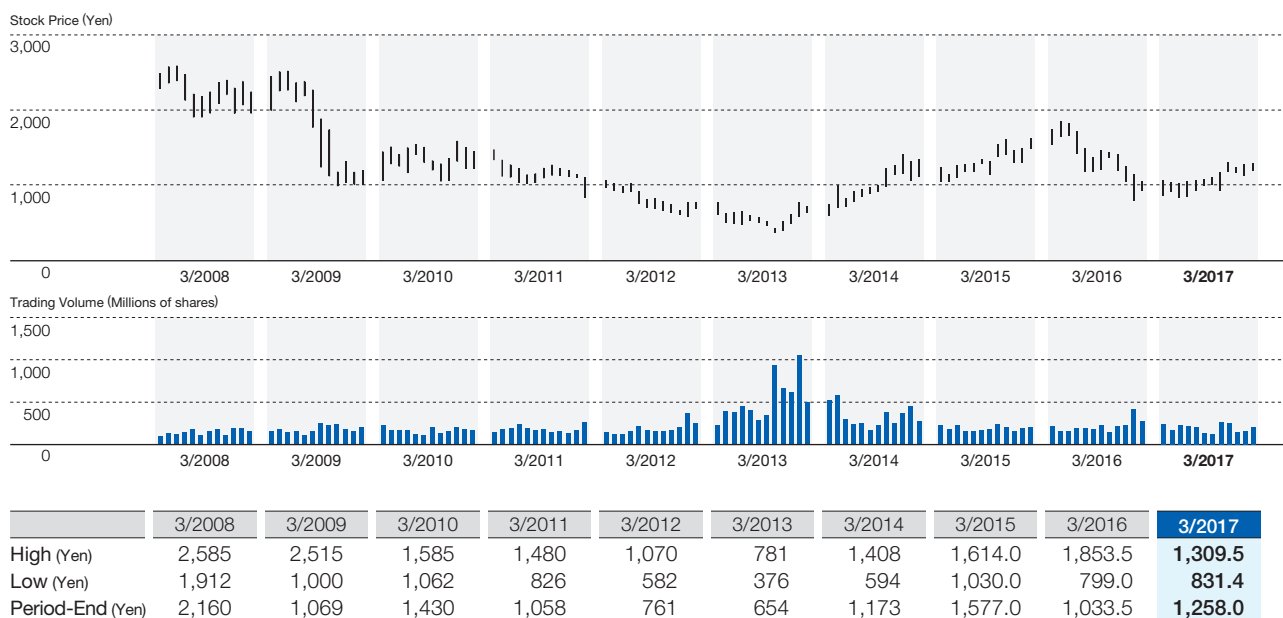
	3/2008	3/2009	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017
Number of Shares Issued (in thousands of shares)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of Shareholders	234,532	277,710	316,182	364,618	557,102	577,756	499,728	469,295	514,129	486,489
Distribution by Type of Shareholders (%)										
Japanese Financial Institutions, etc.	31.6	34.1	30.8	30.9	34.2	28.3	27.2	30.1	30.6	30.8
Overseas Investors, etc.	28.7	22.5	25.3	22.7	21.9	25.3	33.2	32.9	31.2	32.6
Other Corporations	6.7	7.1	7.1	7.1	8.4	8.3	7.4	7.1	6.9	7.0
Individuals and Others	18.6	20.7	21.2	23.7	29.7	32.3	26.4	24.1	25.9	24.7
Treasury Stock	14.4	15.6	15.6	15.6	5.8	5.8	5.8	5.8	5.4	4.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	153,132	6.24
The Master Trust Bank of Japan, Ltd. (trust account)	124,761	5.08
NIPPON LIFE INSURANCE COMPANY	69,056	2.81
STATE STREET BANK AND TRUST COMPANY	58,199	2.37
Panasonic Corporation Employee Shareholding Association	43,695	1.78
Japan Trustee Services Bank, Ltd. (trust account 5)	42,194	1.72
SUMITOMO LIFE INSURANCE COMPANY	37,465	1.52
MOXLEY AND CO LLC	34,794	1.41
STATE STREET BANK WEST CLIENT - TREATY 505234	32,792	1.33
THE BANK OF NEW YORK MELLON SA/NV 10	32,573	1.32

Notes: 1. Amounts less than one thousand have been discarded.
2. The number of treasury stock is 120,648 thousand shares.

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



Corporate Bonds

Unsecured Straight Bonds in Japan

Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
8th	10	2.050%	100 billion yen	March 20, 2019
11th	7	1.081%	150 billion yen	March 20, 2018
12th	5	0.387%	220 billion yen	March 19, 2020
13th	7	0.568%	80 billion yen	March 18, 2022
14th	10	0.934%	100 billion yen	March 19, 2025
15th	5	0.190%	200 billion yen	Sept. 17, 2021
16th	7	0.300%	70 billion yen	Sept. 20, 2023
17th	10	0.470%	130 billion yen	Sept. 18, 2026
4th*	10	1.593%	30 billion yen	June 20, 2019

* Originally issued by former Panasonic Electric Works. Panasonic succeeded corporate bonds of former Panasonic Electric Works on January 1, 2012.

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Panasonic

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