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FOR IMMEDIATE RELEASE

Media Contacts:

Megumi Kitagawa (Japan)
Public Relations Group
(Tel: +81-3-3574-5664)

Panasonic News Bureau (Japan)
(Tel: +81-3-3542-6205)

Jim Reilly (U.S.)
(Tel: +1-201-392-6067)

Anne Guennewig (Europe)
(Tel: +49-611-235-457)

Investor Relations Contacts:

Hayato Wakabayashi (Japan)
Corporate Finance & IR Group
(Tel: +81-6-6908-1121)

Yuko Iwatsu (U.S.)
Panasonic Finance (America), Inc.
(Tel: +1-212-698-1360)

Hiroko Carvell (Europe)
Panasonic Finance (Europe) plc
(Tel: +44-20-3008-6887)

Panasonic Announces Company Split (Simplified Absorption Type) Associated with the Integration of System LSI Businesses

Osaka, Japan, July 31, 2014 -- Panasonic Corporation ([TSE:6752] “Panasonic”) had previously issued releases titled, “Fujitsu and Panasonic to Consolidate System LSI Businesses in New Company” dated February 7, 2013, and “Regarding the Consolidation of System LSI Businesses in New Company” dated April 23, 2014. Panasonic today announced that it resolved at its meeting of the Board of Directors held today to execute a business integration agreement (the “Business Integration Agreement”), under which, in order to integrate the design and development functions etc. of the system LSI business run by Fujitsu Semiconductor Limited (Yokohama-shi, Kanagawa; “Fujitsu Semiconductor”), a wholly-owned subsidiary of Fujitsu Limited (Minato-ku, Tokyo; “Fujitsu”), and the system LSI business run by Panasonic, a new company to be established by Fujitsu (“NewCo”) would succeed to Fujitsu Semiconductor’s systems LSI business and related assets, and to Panasonic’s systems LSI business and related assets (“Business Subject to Integration”) through a company split (the absorption-type company split pursuant to the Business Integration Agreement and the absorption-type company split agreement related to the Business Subject to Integration as specified in the Business Integration Agreement will be referred to as the “Absorption-type Company Split”).

It is forecast that under the Absorption-type Company Split the decrease in Panasonic's net assets in conjunction with the company split will be less than the 10% of the total assets on the last day of the immediately preceding fiscal year, and the reduction in Panasonic's sales will be less than 3% of the sales for the immediately preceding fiscal year, accordingly, some of the matters and details for disclosure relating to the company split have been omitted.

1. Background and purpose of the Absorption-type Company Split

Panasonic's system LSI business owns cutting-edge technology and a large intellectual property rights portfolio, and through the provision of the advanced system LSI, it has supported the products not only of Panasonic, but of domestic and overseas customers too. In recent years, however, it has had to face market changes, the rise of overseas semiconductor manufacturers, and other changes in the competitive environment. Under these circumstances, Fujitsu and Panasonic, sharing the recognition that in order for the system LSI business to grow in the market going forward, it is necessary to specialize in marketing, design and development functions (i.e., become fabless) as well as to build a business framework that is globally competitive by consolidating the technology, personnel, intellectual properties, customer bases, and other management resources of both companies in a form that will create profits. Hence, the two companies executed a basic agreement with the Development Bank of Japan Inc. ("DBJ") and continued discussions. At the Board of Directors meeting convened today, a resolution was passed to execute the Business Integration Agreement, a capital contribution agreement concerning a capital contribution by DBJ to NewCo, and a shareholders agreement concerning the operation, governance and other matters of NewCo.

Specifically, the business integration will be implemented in the following manner;

(i) Fujitsu will establish NewCo by the end of September, 2014;

(ii) Panasonic will have NewCo succeed to the Business Subject to Integration through the Absorption-Type Company Split, and as consideration for this Panasonic will receive common shares of NewCo;

(iii) Fujitsu Semiconductor will have NewCo succeed to the system LSI business and related assets of Fujitsu Semiconductor through an absorption-type company split, and as consideration for this Fujitsu Semiconductor will receive common shares and class shares without voting rights of NewCo. Fujitsu Semiconductor will distribute the allotted new shares of NewCo to Fujitsu as dividends in kind;

(iv) Panasonic will contribute to NewCo 5.0 billion yen in cash (the “Cash Contribution”), and as consideration for this Panasonic will receive common shares and class shares without voting rights of NewCo; and

(v) DBJ will contribute to NewCo 20.0 billion yen in cash.

It is planned that the above (ii) to (v) will be implemented during the fourth quarter of 2014 (all of the foregoing transactions related to NewCo will be collectively referred to as “All Subject Transactions”). It is planned that after All Subject Transactions are implemented, the voting rights ratio of Panasonic, Fujitsu and DBJ in NewCo will be 20%, 40%, and 40%, respectively.

2. Overview of the Absorption-type Company Split

(1) Schedule of company split (planned)

November 28, 2014: Board of Directors meeting approving the company split agreement
November 28, 2014: Execution of the company split agreement
During the fourth quarter of 2014:
Planned date of company split (effective date)

(Note) Because for Panasonic, the Absorption-type Company Split falls under a simplified absorption-type company split stipulated in Article 784, Paragraph 3 of the Company Law, a general shareholders meeting concerning approval of the absorption-type company split will not be convened.

(2) Form of Absorption-type Company Split

In the Absorption-type Company Split, Panasonic will be the splitting company, and NewCo will be the succeeding company.

(3) The details of the share allotments related to the Absorption-type Split; calculations

At the time of the Absorption-type Company Split, NewCo will issue 13,200,000 shares of common shares, and allot them to Panasonic. Further, Panasonic will make the Cash Contribution to NewCo, and receive an allotment of 6,800,000 shares of common shares and 3,200,000 shares of class shares without voting rights. The details of the allotment were decided after consultations among Panasonic, Fujitsu and DBJ, taking into consideration matters such as the valuation of assets subject to succession in the Absorption-type Company Split, the valuation of assets subject to succession in the absorption-type company split by Fujitsu Semiconductor, DBJ’s contribution, and Panasonic’s Cash Contribution.

(4) Handling of share options and bonds with share options in conjunction with the Absorption-type Company Split

It is expected that the handling of share options that Panasonic plans to issue will not change because of the Absorption-type Company Split.

(Note) After approval at Panasonic’s 107th ordinary general shareholders meeting convened on June 26, 2014, Panasonic introduced a stock-based compensation stock option plan (share options) for its directors (excluding outside directors).

(5) Decrease in capital from the company split

There will be no capital decrease from the Absorption-type Company Split.

(6) Rights and duties that the succeeding company will succeed to

Through the Absorption-type Company Split, NewCo will succeed to Panasonic’s assets and liabilities, other rights and duties, and contractual status related to the Business Subject to Integration within the scope stipulated in the Absorption-type Company Split Agreement.

(7) Prospects for performance

It has been determined that there are no issue in regards to the certainty of NewCo’s ability to perform the obligations it is to bear after the Absorption-type Company Split.

3. Overview of companies that are parties to the Absorption-type Company Split

	Splitting company In the absorption-type split (As of March 31, 2014)	Succeeding company In the absorption-type split (as planned)
(1) Company Name	Panasonic Corporation	TBD
(2) Office Location	1006, Oaza Kadoma, Kadoma-shi, Osaka	TBD
(3) Representative	President, Kazuhiro Tsuga	TBD*[1]
(4) Business	Manufacture and sales of electric and electronic equipment etc.	Design, development and sales of system LSI and solutions/services centering around system LSI
(5) Capital	258,740 million yen	TBD
(6) Date of establishment	December 15, 1935	TBD (to be established by the end of September, 2014)
(7) Total number of outstanding shares	2,453,053,497 shares	TBD*[2]
(8) End of fiscal term	March 31	March 31
(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (trust account) 4.68% The Master Trust Bank of Japan, Ltd. (trust account) 4.48% State Street Bank and Trust Company 4.04% The Bank of New York Mellon SA/NV 10 3.21% Nippon Life Insurance Company 2.97% (As of March 31, 2014)	Fujitsu Limited 100%*[3]

*1 As of the effective date of the Absorption-type Company Split, Mr. Yasuo Nishiguchi is scheduled to be the CEO.
*2 After All Subject Transactions are completed, the total number of outstanding shares will be 120,800,000 shares as the total number of common shares and class shares.
*3 After All Subject Transactions are completed, the voting rights ratios of Panasonic, Fujitsu and DBJ in NewCo will be 20%, 40%, and 40%, respectively.

(10) Financial conditions and business performance of the splitting company (Panasonic) for the immediately preceding fiscal year (consolidated)

(Millions of yen, unless otherwise specified)

Fiscal year	The year ended March 31, 2014
Panasonic Corporation shareholders' equity	1,586,438 (consolidated)
Total assets	5,212,994 (consolidated)
Shareholders' equity per share (yen)	669.74
Net sales	7,736,541 (consolidated)
Operating profit	305,114 (consolidated)
Net income attributable to Panasonic Corporation	120,442 (consolidated)
Net income attributable to Panasonic Corporation per share (yen)	52.10

(Notes) 1. The above amounts are rounded off to the nearest million yen.
2. "Panasonic Corporation shareholders' equity" on a consolidated basis is presented in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).
3. Panasonic owns 141,496 thousand shares of its common stock. (as of March 31, 2014).

4. Overview of business divisions to be split off

(1) Nature of business of division to be split off

All businesses run by the System LSI Business Division that relate to the research and development, design, fabless manufacturing and sales (including planning and marketing) of products and related IP macros, software, tools and services.

(2) Business performance of Panasonic's business division to be split off for the fiscal year ended March 31, 2014

(Billion Yen)

	Results of Division (non-consolidated)(a)	Results of Company (non-consolidated)(b)	Ratio (a/b)
Net sales	25.8	4,084.6	0.63%

(Notes) 1. The financial figures presented above are revenue for the year ended March 31, 2014 specific to the split business with assumptions of business structure and transactional flows post Absorption-type Company Split.
2. The above percentages are rounded off to two decimal places.
3. The above amounts are rounded off to the nearest billion yen.

(3) Items and amounts of Panasonic's assets and liabilities to be split off (as of March 31, 2014)

(Billion Yen)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	9.7	Current liabilities	4.3
Fixed assets	0.9	Fixed liabilities	0
Total	10.6	Total	4.3

(Notes) 1. The financial figures presented above are assets and liabilities as of March 31, 2014 specific to the split business with assumptions of business structure and transactional flows post Absorption-type Company Split.
2. The above amounts are rounded off to the nearest billion yen.

5. Conditions of Panasonic after the Absorption-type Company Split

There will be no impact on Panasonic's company name, office location, representatives, business, capital, or end of fiscal term.

6. Conditions of the succeeding company after All Subject Transactions including the Absorption-type Company Split

The amount of net assets of the succeeding company after All Subject Transactions including the Absorption-type Company Split is expected to be 60.4 billion yen at the time of completion of All Subject Transaction.

7. Prospects going forward

It is expected that there will not be any material impact of the Absorption-Type Company Split on Panasonic's consolidated financial outlook for the fiscal year ending March 31, 2015.

Disclaimer Regarding Forward-Looking Statements

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

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

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