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**FOR IMMEDIATE RELEASE**

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**ANNOUNCEMENT OF FINANCIAL RESULTS**

**PANASONIC REPORTS FISCAL 2012 ANNUAL RESULTS**

***-Significant Losses Reflect Severe Business Conditions;  
Company Expects Turnaround in Fiscal 2013-***

Osaka, Japan, May 11, 2012 -- Panasonic Corporation (Panasonic [NYSE: PC/TSE:6752]) today reported its consolidated financial results for the year ended March 31, 2012 (fiscal 2012).

**Consolidated Results**

Consolidated group sales for fiscal 2012 decreased by 10% to 7,846.2 billion yen from 8,692.7 billion yen in the year ended March 31, 2011 (fiscal 2011). Of the consolidated group total, domestic sales amounted to 4,162.0 billion yen, down 8% from 4,514.3 billion yen in fiscal 2011. Overseas sales decreased by 12% to 3,684.2 billion yen from 4,178.4 billion yen in fiscal 2011.

In fiscal 2012, business conditions deteriorated in Japan and overseas due to multiple factors, such as the concern of the shortages of the electric supply caused by the Great East Japan Earthquake, the disruption of supply chains affected by the flooding in Thailand, the economic turmoil triggered by the European financial crisis, and the historically high yen.

Under such business circumstances, as the second year of the three-year midterm management plan called "Green Transformation 2012 (GT12)," Panasonic implemented various measures. In particular, the company worked towards changing its business

structure on the basis of paradigm shift to growth as follows:

- 1) from existing businesses to new businesses – such as energy
- 2) from Japan-oriented to globally-oriented
- 3) from individual product-oriented to solutions & systems business-oriented

With sales increases in products, such as air conditioners and refrigerators, meeting local needs in India and Brazil, and “HIT solar cells” by maximizing Panasonic Group sales strength in Japan, the positive results have started showing in some regions and businesses.

On the other hand, the operating results in the flat-panel TVs and semiconductor businesses worsened significantly due to factors, such as the aforementioned severe business conditions, intense price competition and a decline in demand following the shift to terrestrial digital broadcasting in Japan. Following the management decision to address the negative factors impacting on the future profitability, the company implemented radical restructuring initiatives, including the business integration of unprofitable businesses.

In January 2012, the company conducted the group reorganization as scheduled and started a new organization, which consists of nine business domain companies: “AVC Networks Company,” “Appliances Company,” “Systems & Communications Company,” “Eco Solutions Company,” “Automotive Systems Company,” “Industrial Devices Company,” “Energy Company,” “Healthcare Company,” “Manufacturing Solutions Company,” and one marketing sector: “Global Consumer Marketing Sector.”

With this reorganization, the company lays out the framework to utilize the full advantages of the Panasonic Group in order to establish the foundations for it to become a Green Innovation Company. In order to realize this objective, the company established its new business structure, which enables it to strengthen a more direct relationship with consumers globally. Furthermore, the company implemented the system that brings out the total strength of the Panasonic Group, such as comprehensive solutions, and maximizes synergies in each business as well as eliminates its overlapping businesses.

Despite streamlining efforts for raw materials and fixed cost reductions, operating profit<sup>1</sup> decreased by 86% to 43.7 billion yen from 305.3 billion yen in fiscal 2011. This result was due mainly to the price decline and the appreciation of the yen, in addition to

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<sup>1</sup> For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 13.

a sales decrease affected by the Great East Japan Earthquake and the flooding in Thailand. Income (loss) before income taxes turned to a loss of 812.8 billion yen from a profit of 178.8 billion yen due mainly to incurring business restructuring expenses of 767.1 billion yen, such as early retirement charges and impairment losses of goodwill and property, plant and equipment, as other income (deductions). Net income (loss) attributable to Panasonic Corporation turned to a loss of 772.2 billion yen from a profit of 74.0 billion yen in fiscal 2011 by incurring 25.5 billion yen for an adjustment to deferred tax assets and liabilities for changes in Japanese corporate tax rates as a provision for income taxes.

### **Breakdown by Segment**

The company restructured its Group organization on January 1, 2012 under which the company changed the number of segments from six to eight. Accordingly, segment information for fiscal 2011 has been reclassified to conform to the presentation for fiscal 2012.

The company's annual consolidated sales and operating profits by segment with previous year comparisons are summarized as follows:

#### **AVC Networks**

Sales decreased by 21% to 1,713.5 billion yen from 2,156.8 billion yen a year ago. Despite favorable sales of PCs, this result was due mainly to sales declines in flat-panel TVs and digital cameras. Operating loss was 67.8 billion yen compared with a profit of 27.3 billion yen a year ago due mainly to a sales decrease and a price decline.

#### **Appliances**

Sales increased by 3% to 1,534.2 billion yen from 1,482.9 billion yen a year ago due mainly to steady sales of washing machines and microwave ovens. Operating profit was 81.5 billion yen compared with 84.0 billion yen a year ago due mainly to rising prices for raw materials.

#### **Systems & Communications**

Sales decreased by 10% to 840.8 billion yen from 938.1 billion yen a year ago due mainly to a sales decrease in small multifunction printers, business-oriented handheld computers and mobile phones. Operating profit decreased to 17.3 billion yen from 47.6 billion yen a year ago due mainly to a sales decrease and a price decline.

### Eco Solutions

Overall sales remained stable at 1,525.8 billion yen compared with 1,526.5 billion yen a year ago. Despite sales decreases in lighting business, this result was due mainly to stable sales in energy system, housing system and environmental system businesses. Operating profit slightly increased to 58.9 billion yen from 57.9 billion yen a year ago due mainly to a fixed cost reduction.

### Automotive Systems

Sales increased by 7% to 653.2 billion yen from 611.6 billion yen a year ago due mainly to strong sales in components and devices for eco-cars including batteries for hybrid cars. Operating profit worsened significantly to 4.9 billion yen from 22.7 billion a year ago due mainly to insufficient streamlining.

### Industrial Devices

Sales decreased by 16% to 1,404.6 billion yen from 1,671.0 billion yen a year ago due mainly to sales decreases in general electronic components and semiconductors. Operating loss was 16.6 billion yen compared with a profit of 69.9 billion a year ago due mainly to a sales decrease and a price decline.

### Energy

Sales decreased by 3% to 614.9 billion yen from 637.0 billion yen a year ago. Although sales in solar photovoltaic systems continued to be strong mainly in Japan, overall sales decreased due mainly to a weak result in lithium-ion batteries. Operating loss worsened to 20.9 billion yen compared with a loss of 15.2 billion a year ago due mainly to a price decline.

### Other

Sales decreased by 18% to 1,880.9 billion yen from 2,304.8 billion yen a year ago. The Sales decline owing to the semiconductor business transfer implemented by SANYO Electric Co., Ltd. in fiscal 2011 led to the overall sales decrease. Operating profit worsened to 23.6 billion yen from 60.9 billion a year ago due mainly to a sales decrease.

### **Consolidated Financial Condition**

Net cash used in operating activities for the year ended March 31, 2012 amounted to 36.9 billion yen. This was attributable primarily to a net loss and a decrease in trade payables. Net cash used in investing activities amounted to 303.0 billion yen. This was due mainly to capital expenditures on manufacturing facilities, partially offsetting the disposition of investments and advances, and disposals of property, plant and equipment. Despite short-term bonds issuance, net cash used in financing activities was 53.1 billion yen due mainly to repayments of long-term debt, such as bond maturity and dividend payments. Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 574.4 billion yen as of March 31, 2012, a decrease of 400.4 billion yen compared with the end of the last fiscal year.

The company's consolidated total assets as of March 31, 2012 decreased by 1,221.8 billion yen to 6,601.1 billion yen from the end of fiscal 2011. This was due mainly to a decrease in property, plant and equipment, net of accumulated depreciation and other assets affected by impairment losses of goodwill and fixed assets, in addition to a decrease in cash and cash equivalents. Total liabilities were 4,623.5 billion yen due to a decrease in account payables and other factors. Panasonic Corporation shareholders' equity decreased by 629.2 billion yen compared with the end of fiscal 2011 to 1,929.8 billion yen as of March 31, 2012. This was due mainly to net loss attributable to Panasonic Corporation. Noncontrolling interests decreased by 339.6 billion yen from the end of fiscal 2011 to 47.8 billion yen due mainly to the share exchanges for making Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd. wholly-owned subsidiaries.

### **Dividend**

Total cash dividends for fiscal 2012, ended March 31, 2012, are expected to be 10.0 yen per share, including an interim dividend of 5.0 yen per share paid on November 30, 2011.

### **Difference Between Full-year Forecast and Result for Fiscal 2012**

Regarding the result of fiscal 2012, sales were 7,846.2 billion yen compared with the forecast of 8,000.0 billion yen due mainly to a sluggish demand in Japan and overseas. Operating profit was 43.7 billion yen, compared with the forecast of 30.0 billion yen due primarily to a thorough cost reduction, despite a sales decrease. In the meantime, Pre-tax loss was 812.8 billion yen compared with the forecast of a loss of

820.0 billion yen and Net loss attributable to Panasonic Corporation was 772.2 billion yen compared with the forecast of a loss of 780.0 billion yen. Net loss attributable to Panasonic Corporation per share was 333.96 yen compared with the forecast of a loss of 337.33 yen.

### **Forecast for Fiscal 2013**

Although the company expects some risks to continue, the global economy is expected to show a slow recovery in fiscal 2013. Under such business conditions, Panasonic regards fiscal 2013 as the first year in which it will achieve positive results following large-scale structural reforms and reorganization. The company also established three basic guidelines - "Focus on profitability," "Strengthen products," and "Take initiatives to change itself and make changes." To that end, the company strives to achieve the following consolidated financial targets by maximizing its capabilities in the new business structure.

Consolidated financial forecasts for fiscal 2013 as of May 11, 2012:

Sales: 8,100.0 billion yen (vs. FY12: +3%)

Operating profit: 260.0 billion yen (vs. FY12: +495%)

Income before income taxes<sup>2</sup> : 160.0 billion yen (vs. FY12: -%)

Net income attributable to Panasonic Corporation: 50.0 billion yen (vs. FY12: -%)

Panasonic Corporation is one of the world's leading manufacturers of electronic and electric products for consumer, business and industrial use. Panasonic's shares are listed on the Tokyo, Osaka, Nagoya and New York Stock Exchanges. For more information, please visit the following web sites:

Panasonic home page URL: <http://panasonic.net/>

Panasonic IR web site URL: <http://panasonic.net/ir/>

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<sup>2</sup> Factors affecting the forecast for other income (deductions) of 100.0 billion yen (the difference between operating profit and income before income taxes) include business restructuring expenses of 41.0 billion yen.

**Disclaimer Regarding Forward-Looking Statements**

*This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and 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 with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934 and its other filings.*

*The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; natural disasters including earthquakes, prevalence of infectious diseases throughout the world and other events that may negatively impact business activities of the Panasonic Group; as well as direct or indirect adverse effects of the Great East Japan Earthquake on the Panasonic Group in terms of, among others, component procurement, manufacturing, distribution, economic conditions in Japan including consumer spending and sales activities overseas, and direct or indirect adverse effects of the flooding in Thailand on the Panasonic Group in terms of, among others, component procurement and manufacturing. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual reports, Form 20-F, and any other reports and documents which are on file with the U.S. Securities and Exchange Commission.*

(Financial Tables and Additional Information Attached)

**Panasonic Corporation**  
**Consolidated Statement of Operations \***  
**(Year ended March 31)**

	<u>Yen (millions)</u>		<u>Percentage</u> <u>2012/2011</u>
	<u>2012</u>	<u>2011</u>	
Net sales	¥ 7,846,216	¥ 8,692,672	90%
Cost of sales	(5,864,515)	(6,389,180)	
Selling, general and administrative expenses	(1,937,976)	(1,998,238)	
Interest income	13,388	11,593	
Dividends received	6,129	6,323	
Interest expense	(28,404)	(27,524)	
Expenses associated with the implementation of early retirement programs *	(100,994)	(17,671)	
Other income (deductions), net *	<u>(746,688)</u>	<u>(99,168)</u>	
Income (loss) before income taxes	(812,844)	178,807	--
Provision for income taxes	(9,767)	(103,010)	
Equity in earnings of associated companies	<u>6,467</u>	<u>9,800</u>	
Net income (loss)	(816,144)	85,597	--
Less net income (loss) attributable to noncontrolling interests	<u>(43,972)</u>	<u>11,580</u>	
Net income (loss) attributable to Panasonic Corporation	<u>¥ (772,172)</u>	<u>¥ 74,017</u>	--
Net income (loss) attributable to Panasonic Corporation, basic per common share	(333.96) yen	35.75 yen	
per ADS	(333.96) yen	35.75 yen	
Net income (loss) attributable to Panasonic Corporation, diluted per common share *	--	--	
per ADS *	--	--	

(Parentheses indicate expenses, deductions or losses.)

\* See Notes to consolidated financial statements on pages 13-14.

**Supplementary Information**  
**(Year ended March 31)**

	<u>Yen (millions)</u>	
	<u>2012</u>	<u>2011</u>
Depreciation (tangible assets)	¥ 259,135	¥ 284,244
Capital investment **	¥ 294,821	¥ 403,778
R&D expenditures	¥ 520,217	¥ 527,798
Number of employees (March 31)	330,767	366,937

\*\* These figures are calculated on an accrual basis.



**Panasonic Corporation**  
**Consolidated Balance Sheet \*\***  
**March 31, 2012**  
**With comparative figures for March 31, 2011**

	Yen (millions)	
<b>Assets</b>	March 31, 2012	March 31, 2011
Current assets:		
Cash and cash equivalents	¥ 574,411	¥ 974,826
Time deposits	36,575	69,897
Short-term investments	483	--
Trade receivables:		
Notes	73,044	78,979
Accounts	963,202	1,001,982
Allowance for doubtful receivables	(26,604)	(21,860)
Inventories	830,266	896,424
Other current assets	454,663	489,601
<b>Total current assets</b>	<b>2,906,040</b>	<b>3,489,849</b>
Investments and advances	451,879	569,651
Property, plant and equipment, net of accumulated depreciation	1,734,283	1,883,309
Other assets	1,508,853	1,880,061
<b>Total assets</b>	<b>¥ 6,601,055</b>	<b>¥ 7,822,870</b>
<b><u>Liabilities and Equity</u></b>		
Current liabilities:		
Short-term debt, including current portion of long-term debt	¥ 633,847	¥ 432,982
Trade payables:		
Notes	53,243	60,128
Accounts	797,770	941,124
Other current liabilities	1,394,644	1,412,816
<b>Total current liabilities</b>	<b>2,879,504</b>	<b>2,847,050</b>
Noncurrent liabilities:		
Long-term debt	941,768	1,162,287
Other long-term liabilities	802,217	867,198
<b>Total noncurrent liabilities</b>	<b>1,743,985</b>	<b>2,029,485</b>
<b>Total liabilities</b>	<b>4,623,489</b>	<b>4,876,535</b>
Panasonic Corporation shareholders' equity:		
Common stock	258,740	258,740
Capital surplus	1,117,530	1,100,181
Legal reserve	94,512	94,198
Retained earnings	1,441,177	2,401,909
Accumulated other comprehensive income (loss) *	(735,155)	(625,300)
Treasury stock, at cost	(247,018)	(670,736)
<b>Total Panasonic Corporation shareholders' equity</b>	<b>1,929,786</b>	<b>2,558,992</b>
Noncontrolling interests	47,780	387,343
<b>Total equity</b>	<b>1,977,566</b>	<b>2,946,335</b>
<b>Total liabilities and equity</b>	<b>¥ 6,601,055</b>	<b>¥ 7,822,870</b>

\* Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)	
	March 31, 2012	March 31, 2011
Cumulative translation adjustments	¥ (482,168)	¥ (453,158)
Unrealized holding gains of available-for-sale securities	13,283	16,835
Unrealized gains (losses) of derivative instruments	(3,728)	2,277
Pension liability adjustments	(262,542)	(191,254)

\*\* See Notes to consolidated financial statements on pages 13-14.

**Panasonic Corporation**  
**Consolidated Information by Segment** \*  
**(Year ended March 31)**

**By Segment:**

<b>[Sales]</b>	<u>Yen (billions)</u>		Percentage <u>2012/2011</u>
	<u>2012</u>	<u>2011</u>	
AVC Networks	¥ 1,713.5	¥ 2,156.8	79%
Appliances	1,534.2	1,482.9	103%
Systems & Communications	840.8	938.1	90%
Eco Solutions	1,525.8	1,526.5	100%
Automotive Systems	653.2	611.6	107%
Industrial Devices	1,404.6	1,671.0	84%
Energy	614.9	637.0	97%
Other	<u>1,880.9</u>	<u>2,304.8</u>	82%
Subtotal	10,167.9	11,328.7	90%
Eliminations	<u>(2,321.7)</u>	<u>(2,636.0)</u>	--
Consolidated total	<u>¥ 7,846.2</u>	<u>¥ 8,692.7</u>	90%

**[Segment Profit (Loss)]\***

AVC Networks	¥ (67.8)	¥ 27.3	--
Appliances	81.5	84.0	97%
Systems & Communications	17.3	47.6	36%
Eco Solutions	58.9	57.9	102%
Automotive Systems	4.9	22.7	22%
Industrial Devices	(16.6)	69.9	--
Energy	(20.9)	(15.2)	--
Other	<u>23.6</u>	<u>60.9</u>	39%
Subtotal	80.9	355.1	23%
Corporate and eliminations	<u>(37.2)</u>	<u>(49.8)</u>	--
Consolidated total	<u>¥ 43.7</u>	<u>¥ 305.3</u>	14%

\* See Notes to consolidated financial statements on pages 13-14.

**Panasonic Corporation**  
**Consolidated Statement of Equity \***  
**(Years ended March 31, 2012 and 2011)**

Yen (millions)

(Year ended March 31, 2012)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
<b>Balances at beginning of period</b>	<b>¥ 258,740</b>	<b>¥ 1,100,181</b>	<b>¥ 94,198</b>	<b>¥ 2,401,909</b>	<b>¥ (625,300)</b>	<b>¥ (670,736)</b>	<b>¥ 2,558,992</b>	<b>¥ 387,343</b>	<b>¥ 2,946,335</b>
Gain (loss) from sale of treasury stock		(1,752)		(166,334)			(168,086)		(168,086)
Transfer from retained earnings			314	(314)			--		--
Cash dividends				(21,912)			(21,912)	(11,642)	(33,554)
Increase (decrease) mainly in capital transactions		19,101			(838)		18,263	(283,711)	(265,448)
Disclosure of comprehensive income (loss)									
Net income (loss)				(772,172)			(772,172)	(43,972)	(816,144)
Translation adjustments					(20,946)		(20,946)	1,059	(19,887)
Unrealized holding gains (losses) of available-for-sale securities					(3,325)		(3,325)	(151)	(3,476)
Unrealized gains (losses) of derivative instruments					(6,018)		(6,018)		(6,018)
Pension liability adjustments					(78,728)		(78,728)	(1,146)	(79,874)
Total comprehensive income (loss)							(881,189)	(44,210)	(925,399)
Repurchase of common stock, net						423,718	423,718		423,718
<b>Balances at end of period</b>	<b>¥ 258,740</b>	<b>¥ 1,117,530</b>	<b>¥ 94,512</b>	<b>¥ 1,441,177</b>	<b>¥ (735,155)</b>	<b>¥ (247,018)</b>	<b>¥ 1,929,786</b>	<b>¥ 47,780</b>	<b>¥ 1,977,566</b>

(Year ended March 31, 2011)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
<b>Balances at beginning of period</b>	<b>¥ 258,740</b>	<b>¥ 1,209,516</b>	<b>¥ 93,307</b>	<b>¥ 2,349,487</b>	<b>¥ (448,232)</b>	<b>¥ (670,330)</b>	<b>¥ 2,792,488</b>	<b>¥ 887,285</b>	<b>¥ 3,679,773</b>
Gain (loss) from sale of treasury stock		(9)					(9)		(9)
Transfer from retained earnings			891	(891)			--		--
Cash dividends				(20,704)			(20,704)	(12,583)	(33,287)
Increase (decrease) mainly in capital transactions		(109,326)			(5,885)		(115,211)	(474,758)	(589,969)
Disclosure of comprehensive income (loss)									
Net income (loss)				74,017			74,017	11,580	85,597
Translation adjustments					(86,015)		(86,015)	(21,764)	(107,779)
Unrealized holding gains (losses) of available-for-sale securities					(22,789)		(22,789)	(1,633)	(24,422)
Unrealized gains (losses) of derivative instruments					988		988	(26)	962
Pension liability adjustments					(63,367)		(63,367)	(758)	(64,125)
Total comprehensive income (loss)							(97,166)	(12,601)	(109,767)
Repurchase of common stock, net						(406)	(406)		(406)
<b>Balances at end of period</b>	<b>¥ 258,740</b>	<b>¥ 1,100,181</b>	<b>¥ 94,198</b>	<b>¥ 2,401,909</b>	<b>¥ (625,300)</b>	<b>¥ (670,736)</b>	<b>¥ 2,558,992</b>	<b>¥ 387,343</b>	<b>¥ 2,946,335</b>

\* See Notes to consolidated financial statements on pages 13-14.

**Panasonic Corporation**  
**Consolidated Statement of Cash Flows \***  
**(Year ended March 31)**

	<u>Yen (millions)</u>	
	<u>2012</u>	<u>2011</u>
<i><u>Cash flows from operating activities:</u></i>		
Net income (loss)	¥ (816,144)	¥ 85,597
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	338,112	367,263
Net (gain) loss on sale of investments	(5,822)	(11,318)
Cash effects of changes in, excluding acquisition:		
Trade receivables	24,228	83,333
Inventories	38,117	(54,659)
Trade payables	(103,788)	(12,826)
Retirement and severance benefits	(29,374)	(38,400)
Other	<u>517,780</u>	<u>50,205</u>
Net cash provided by (used in) operating activities	<u>(36,891)</u>	<u>469,195</u>
<i><u>Cash flows from investing activities:</u></i>		
Proceeds from disposition of investments and advances	104,542	87,229
Increase in investments and advances	(6,945)	(8,873)
Capital expenditures	(456,468)	(420,921)
Proceeds from disposals of property, plant and equipment	53,333	152,663
(Increase) decrease in time deposits	30,952	19,005
Other	<u>(28,416)</u>	<u>(32,048)</u>
Net cash used in investing activities	<u>(303,002)</u>	<u>(202,945)</u>
<i><u>Cash flows from financing activities:</u></i>		
Increase (decrease) in short-term debt	362,128	(34,034)
Increase (decrease) in long-term debt	(369,224)	303,217
Dividends paid to Panasonic Corporation shareholders	(21,912)	(20,704)
Dividends paid to noncontrolling interests	(11,642)	(12,583)
(Increase) decrease in treasury stock	(363)	(415)
Other	<u>(12,081)</u>	<u>(590,108)</u>
Net cash used in financing activities	<u>(53,094)</u>	<u>(354,627)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(7,428)</u>	<u>(46,709)</u>
Net increase (decrease) in cash and cash equivalents	(400,415)	(135,086)
Cash and cash equivalents at beginning of period	<u>974,826</u>	<u>1,109,912</u>
Cash and cash equivalents at end of period	<u>¥ 574,411</u>	<u>¥ 974,826</u>

\* See Notes to consolidated financial statements on pages 13-14.

**Notes to consolidated financial statements:**

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
2. 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. Please refer to the accompanying consolidated statement of operations and Note 3 for the U.S. GAAP reconciliation.
3. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies and the impairment loss on goodwill and fixed assets are included as part of operating profit in the statement of operations.
4. In other income (deductions), the company incurred expenses associated with the implementation of early retirement programs of certain domestic and overseas companies.
5. The impairment loss on goodwill and fixed assets is included in other income (deductions), net.

6. Per share data (Years ended March 31)

	<u>2012</u>	<u>2011</u>
Net income (loss) attributable to		
Panasonic Corporation (millions of yen)	(772,172)	74,017
Average common shares outstanding		
(number of shares)	2,312,167,772	2,070,341,989
Net income (loss) attributable to		
Panasonic Corporation per share:		
Basic	(333.96) yen	35.75 yen
Diluted	-	-

Diluted net income (loss) per share attributable to Panasonic Corporation common shareholders has been omitted because the company did not have potential common shares that were outstanding for the period.

7. Regarding consolidated segment profit (loss), expenses for basic research and administrative expenses at the corporate headquarters level are treated as unallocatable expenses for each business segment, and are included in Corporate and eliminations.
8. On April 1, 2011, Panasonic conducted share exchanges in order to make Panasonic a wholly-owning parent company, and its subsidiaries, Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO), its wholly-owned subsidiaries. Therefore, both PEW and SANYO became wholly-owned subsidiaries of the company. The difference between the fair value of the shares of Panasonic delivered to the noncontrolling interests and the carrying amount of the noncontrolling interests was

recognized as an adjustment to capital surplus. As a result of this share exchange, Panasonic Corporation shareholders' equity increased by 271,205 million yen, while noncontrolling interests decreased by the same amount.

PEW was absorbed by the company on January 1, 2012.

9. Panasonic Electronic Devices Co., Ltd. was absorbed by the company on April 1, 2012.
10. The company's segments are classified according to a business domain-based management system, which focuses on global consolidated management by each business domain company, in order to ensure consistency of its internal management structure and disclosure.

The company restructured its Group organization on January 1, 2012, under which the company changed the number of segments from six to eight. Accordingly, segment information for fiscal 2011 has been reclassified to conform to the presentation for fiscal 2012.

Other segment consists of Healthcare Company, Manufacturing Solutions Company, PanaHome Corporation and others.

11. Number of consolidated companies: 579 (including parent company)
12. Number of associated companies under the equity method: 103

**Basic Accounting Policies:**

1. Basis of Presentation of Consolidated Financial Statements

The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles. See Note 2 of Notes to consolidated financial statements on page 13.

2. Inventories

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

3. Marketable Securities

The company accounts for debt and equity securities in accordance with the provision of ASC 320, "Investments-Debt and Equity Securities."

4. Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed primarily using the straight-line method.

5. Leases

The company accounts for leases in accordance with the provision of ASC 840, "Leases."

6. Income Taxes

Income taxes are accounted for under the asset and liability method. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the fiscal year that includes the enactment date.

7. Retirement and Severance Benefits

The company accounts for retirement and severance benefits in accordance with the provision of ASC 715, "Compensation-Retirement Benefits."

8. Derivative Financial Instruments

The company accounts for derivative instruments in accordance with the provision of ASC 815, "Derivative and Hedging."

## **Panasonic Group**

### **1. Outline of the Panasonic Group**

Described below are the Panasonic Group's primary business areas, roles of major group companies in respective businesses and relations between major group companies and segments.

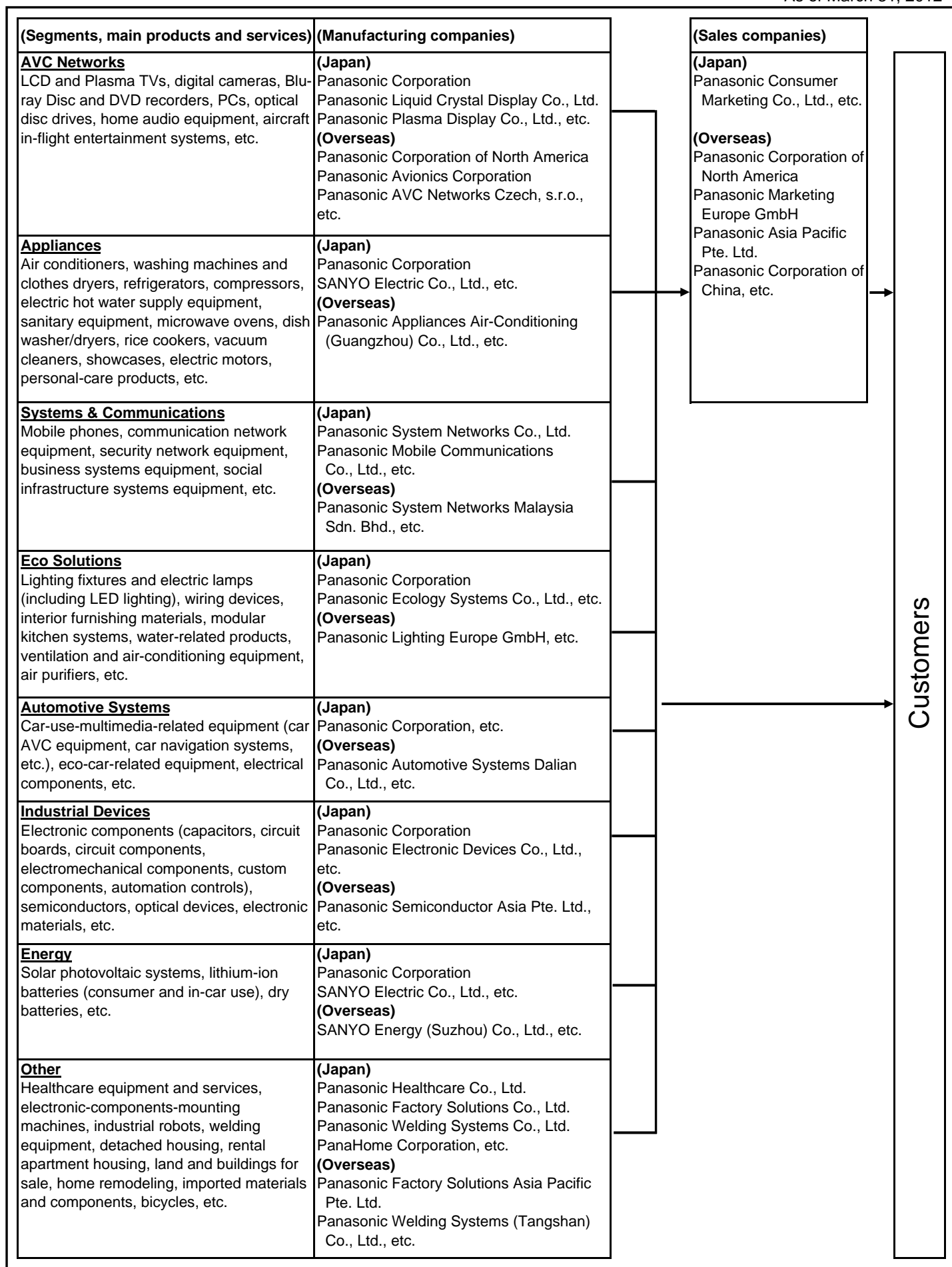
The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 578 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in production, sales and service activities in a broad array of business areas.

The company strengthens the unity of all employees throughout the group and ultimately enhances the value of the "Panasonic" brand globally. The company will continue its tireless efforts to generate ideas that brighten the lives of people everywhere in order to contribute to a better future both for the Earth and for the further development of society. Panasonic supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the following eight segments: AVC Networks, Appliances, Systems & Communications, Eco Solutions, Automotive Systems, Industrial Devices, Energy, and Other.



**2. Panasonic Group**

As of March 31, 2012



## **Management Policy**

### **(1) Basic Policy for Corporate Management**

Since the company's establishment in 1918, Panasonic has operated its businesses under its basic management philosophy, which sets forth that the mission as a business enterprise is to contribute to progress and development of society and well-being of people through its business activities, thereby offering better quality of life throughout the world. To become a global excellent company contributing to resolve global environmental issues, Panasonic will work to grow sustainably in corporate value to satisfy its shareholders, investors, customers, business partners and all other stakeholders.

### **(2) Basic Policy for Providing Return to Shareholders**

Since its establishment, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. The company has implemented a proactive and comprehensive profit return to shareholders through dividend payments and own share repurchases, upon careful consideration of its consolidated business performance.

From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation. Regarding share buybacks, the company is repurchasing its own shares as it considers appropriate, taking comprehensively into consideration strategic investments and the company's financial condition, with the aim of increasing shareholder value per share and return on capital.

In fiscal 2012, the company posted the largest-ever losses due mainly to the Great East Japan Earthquake, the flooding in Thailand and significant business restructuring expenses. In light of the company's policy emphasizing its stable rewards to its shareholders, the company paid an interim dividend of 5 yen per share on November 30, 2011 and plans to pay a year-end dividend of 5 yen per share, making an annual cash dividend of 10 yen per share. Meanwhile, the company did not repurchase its own shares, except for acquiring fractions of a trading unit and other minor transactions. Although Panasonic expects severe business environment, the company will strive to improve its performance and distribute earnings to shareholders.

### **(3) Corporate Management Strategies and Challenges**

Panasonic expects the global economy in fiscal 2013 to show modest growth despite remaining risk factors: slowed down yet continuous growth in emerging markets and positive growth in developed countries based on the robust consumption in U.S. except some part of Europe.

In fiscal 2013, the first year after completing the major restructuring, Panasonic strives to surely return to profitability. Although all the results in fiscal 2012 indicate that Panasonic is forced to give up its target numbers of GT12, the company has built its foundation toward a "Green Innovation Company," achieving V-shaped recovery in its new business structure.

Targeting at sales of 8,100.0 billion yen, operating profit of 260.0 billion yen and net income attributable to Panasonic Corporation of 50.0 billion yen in fiscal 2013, Panasonic will strive along with its three basic guidelines of 'Focus on profitability,' 'Strengthen products' and 'Take initiatives to change itself and make changes.'

#### 1. Focus on Profitability:

TV and semiconductor businesses were substantially unprofitable offsetting all profit from other profitable business. To change this situation:

- Restructure unprofitable business:

Panasonic expects approximately 130.0 billion yen of operating profit increase in its TV business based on all the effort, drastically improving cost structure, reducing unprofitable models in set business and expanding panel usage for non-TV products with the company's high quality panels.

- Increase profitability in growing businesses:

In energy related business such as solar panel and lithium-ion battery, and appliance businesses, Panasonic increases profitability based on sales increase, expanding solar panel related system business with highly-efficient HIT, maximizing production capacity and improving product quality of automotive lithium-ion batteries, and accelerating global expansion of appliance business.

- Establish solution business:

Panasonic establishes small yet highly profitable business based on its solution business model, offering optimal and sustainable value to customers of corporations and local governments in device and system business.

- Establish comprehensive business models:

In its comprehensive solution business based on the concept of individual competitive products, combination & link, and maintenance & service, Panasonic builds a new profitable business model shifting from its past model of individual products-oriented. Right now, the company promotes the project to create 100 businesses and targeting at sales of 170.0 billion yen in fiscal 2013 with 25 businesses, and promoting further expansion.

- Strengthen business structure:

Panasonic improves its group-wide cost structure, securing optimal material procurement, and benefit from its major restructuring and fixed cost reduction with a group-wide emergency management action.

#### 2. Strengthen Products:

Panasonic improves its products, combining locally-oriented R&D and marketing and its cutting-edge technologies in consumer business, and strengthening product planning tied to customers together with its technologies and marketing adding to product combination and linkage promotion to individual product enhancement in devices business.

#### 3. Take Initiatives to Make Changes:

Panasonic encourages each employee to overcome challenges, maximizing benefit from its business reorganization. For example, each of local sales company which is the frontline of business should lead the projects in India or Brazil, or local business creation. Meantime, the head office should be reformed and simplified in its functions, and rebuilt as a group-wide management system, aiming at a small head office focusing on strategy and investment.

**Supplemental Consolidated Financial Data for Fiscal 2012  
ended March 31, 2012**

Note: The company restructured its Group organization on January 1, 2012, under which the company changed the number of segments from six to eight. Accordingly, the figures for each segment in fiscal 2011 have been reclassified to conform to the presentation for fiscal 2012.

**1. Segment Information**

yen(billions)

	Fiscal 2012 Results					Fiscal 2013 Forecasts				
	Sales	12/11	Segment Profit	% of sales	12/11	Sales	13/12	Segment Profit	% of sales	13/12
AVC Networks	1,713.5	79%	-67.8	-4.0%	-	1,730.0	101%	60.0	3.5%	-
Appliances	1,534.2	103%	81.5	5.3%	97%	1,630.0	106%	100.0	6.1%	123%
Systems & Communications	840.8	90%	17.3	2.1%	36%	900.0	107%	24.0	2.7%	138%
Eco Solutions	1,525.8	100%	58.9	3.9%	102%	1,600.0	105%	60.0	3.8%	102%
Automotive Systems	653.2	107%	4.9	0.8%	22%	720.0	110%	18.0	2.5%	364%
Industrial Devices	1,404.6	84%	-16.6	-1.2%	-	1,420.0	101%	40.0	2.8%	-
Energy	614.9	97%	-20.9	-3.4%	-	660.0	107%	3.0	0.5%	-
Other	1,880.9	82%	23.6	1.3%	39%	1,660.0	88%	24.0	1.4%	102%
Total	10,167.9	90%	80.9	0.8%	23%	10,320.0	101%	329.0	3.2%	407%
Corporate and eliminations	-2,321.7	-	-37.2	-	-	-2,220.0	-	-69.0	-	-
Consolidated total	7,846.2	90%	43.7	0.6%	14%	8,100.0	103%	260.0	3.2%	595%

**2. Domain Companies' Information**

(Business domain company basis)

<Sales and Domain Company Profit >

yen(billions)

	Fiscal 2012 Results					Fiscal 2013 Forecasts				
	Sales	12/11	Domain Company Profit	% of sales	12/11	Sales	13/12	Domain Company Profit	% of sales	13/12
Healthcare Company	133.6	92%	8.8	6.6%	97%	139.8	105%	9.1	6.5%	103%
Manufacturing Solutions Company	159.8	96%	25.1	15.7%	105%	186.0	116%	29.0	15.6%	116%

Note: Healthcare Company and Manufacturing Solutions Company are included in Other segment.

**3. Sales by Region**

yen(billions)

	Fiscal 2012 Results			Fiscal 2013 Forecasts		
		Yen basis 12/11	Local currency basis 12/11		Yen basis 13/12	Local currency basis 13/12
Domestic	4,162.0	92%	-	4,250.0	102%	-
Overseas	3,684.2	88%	93%	3,850.0	105%	107%
North and South America	966.5	90%	98%	970.0	100%	103%
Europe	743.6	87%	90%	730.0	98%	102%
Asia	931.1	87%	91%	1,000.0	107%	111%
China	1,043.0	89%	92%	1,150.0	110%	111%
Total	7,846.2	90%	93%	8,100.0	103%	105%

#### 4. Sales by Products

yen(billions)

Product Category	Products	Fiscal 2012 Results	
		Sales *	12/11 *
AVC Networks	LCD TVs	392.3	72%
	Plasma TVs	283.8	59%
	Digital cameras	146.6	80%
	BD recorders / players	114.5	98%
Appliances	Air conditioners	292.4	99%
	Washing machines and clothes dryers	143.3	110%
	Refrigerators	128.7	99%
Industrial Devices	Electronic components and materials	652.7	95%
	Semiconductors**	154.1	60%

\* The company restructured its Group organization on January 1, 2012. Accordingly, the company reclassified the figures included in the prior segments of PEW and PanaHome, and SANYO.

\*\* Information for semiconductors is on an external sales basis, changed from a production basis.

#### 5. Capital Investment, Depreciation and R&D Expenditures

##### Capital Investment by Segments \*

yen(billions)

	Fiscal 2012 Results		Fiscal 2013 Forecasts	
		12-11		13-12
AVC Networks	48.2	-78.1	51.0	+2.8
Appliances	42.9	+10.1	40.0	-2.9
Systems & Communications	10.0	-4.9	7.0	-3.0
Eco Solutions	28.3	+1.1	27.0	-1.3
Automotive Systems	5.5	+1.3	5.0	-0.5
Industrial Devices	72.5	-6.5	67.0	-5.5
Energy	53.4	-26.9	84.0	+30.6
Other	34.0	-5.1	29.0	-5.0
Total	294.8	-109.0	310.0	+15.2

\* These figures are calculated on an accrual basis.

##### Depreciation (tangible assets)

yen(billions)

Fiscal 2012 Results		Fiscal 2013 Forecasts	
	12-11		13-12
259.1	-25.1	260.0	+0.9

##### R&D Expenditures

yen(billions)

Fiscal 2012 Results		Fiscal 2013 Forecasts	
	12-11		13-12
520.2	-7.6	510.0	-10.2

## 6. Foreign Currency Exchange Rates

	Export Rates		Rates Used for Consolidation		Foreign Currency Transaction	
	Fiscal 2012 Results	Fiscal 2013 Forecast*	Fiscal 2012 Results	Fiscal 2013 Forecast*	Fiscal 2012 Results	Fiscal 2013 Forecast
U.S. Dollars	¥80	¥78	¥79	¥78	US\$3.0 billion	US\$2.5 billion
Euro	¥111	¥103	¥109	¥103	€1.7 billion	€2.0 billion

\* Business plan rate

## 7. Number of Employees

	(persons)	
	End of March 2011	End of March 2012
Domestic	145,512	133,605
Overseas	221,425	197,162
Total	366,937	330,767

### Disclaimer Regarding Forward-Looking Statements

This document includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and 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 document 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 document. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China, and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; natural disasters including earthquakes, prevalence of infectious diseases throughout the world and other events that may negatively impact business activities of the Panasonic Group; as well as direct or indirect adverse effects of the Great East Japan Earthquake and the flooding in Thailand on the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual reports, Form 20-F, and any other reports and documents which are on file with the U.S. Securities and Exchange Commission.

<Attachment> Reference

**Segment information for fiscal 2010, fiscal 2011 and fiscal 2012**

Note: The company restructured its Group organization on January 1, 2012, under which the company changed the number of segments from six to eight. Accordingly, segment information for fiscal 2010 and 2011 have been reclassified to conform to the presentation for fiscal 2012.

yen(billions)

	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Sales	Segment Profit	Sales	Segment Profit	Sales	Segment Profit
AVC Networks	2,184.9	14.6	2,156.8	27.3	1,713.5	-67.8
Appliances	1,274.3	56.4	1,482.9	84.0	1,534.2	81.5
Systems & Communications	1,004.0	37.8	938.1	47.6	840.8	17.3
Eco Solutions	1,311.1	30.3	1,526.5	57.9	1,525.8	58.9
Automotive Systems	574.1	22.3	611.6	22.7	653.2	4.9
Industrial Devices	1,529.5	55.4	1,671.0	69.9	1,404.6	-16.6
Energy	340.9	0.7	637.0	-15.2	614.9	-20.9
Other	1,548.6	22.4	2,304.8	60.9	1,880.9	23.6
Total	9,767.4	239.9	11,328.7	355.1	10,167.9	80.9
Corporate and eliminations	-2,349.4	-49.4	-2,636.0	-49.8	-2,321.7	-37.2
Consolidated total	7,418.0	190.5	8,692.7	305.3	7,846.2	43.7