Annual Securities Report
for the fiscal year ended March 31, 2016

(the 109th Business Term)

Panasonic Corporation

[Cover]

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Certain References and Information

This is an English translation of the Annual Securities Report ("Yukashoken Hokokusho") submitted to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network ("EDINET") on June 27, 2016, pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, "fiscal 2016" refers to the year ended March 31, 2016. All information contained in this document is as of March 31, 2016 or for fiscal 2016, unless otherwise indicated. "The Company" is used to indicate Panasonic Corporation and its subsidiaries, unless otherwise indicated. "4 Divisional Companies" or "Divisional Companies" are used to indicate the four internal companies established on April 1, 2013; Appliances Company, Eco Solutions Company, AVC Networks Company and Automotive & Industrial Systems Company.

Disclaimer Regarding Forward-Looking Statements

This report includes forward-looking statements (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). Panasonic discloses its consolidated financial forecasts for fiscal 2017 based on International Financial Reporting Standards (IFRS). To the extent that statements in this report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the 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 or incurring unexpected losses in connection with 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; the possibility of incurring expenses resulting from a leakage of customers’ or confidential information from Panasonic’s systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; 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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Part Ⅰ Information on Panasonic Group

Ⅰ Overview of Panasonic Group

1. Key Financial Data (Consolidated)

(Millions of yen, unless otherwise stated)

Fiscal year	105th business term	106th business term	107th business term	108th business term	109th business term
Year end	March 2012	March 2013	March 2014	March 2015	March 2016
Net sales	7,846,216	7,303,045	7,736,541	7,715,037	7,553,717
Income (loss) before income taxes	(812,844)	(398,386)	206,225	182,456	217,048
Net income (loss) attributable to Panasonic Corporation	(772,172)	(754,250)	120,442	179,485	193,256
Comprehensive income (loss) attributable to Panasonic Corporation	(881,189)	(647,324)	296,972	437,933	(81,821)
Total Panasonic Corporation shareholders' equity	1,929,786	1,264,032	1,548,152	1,823,293	1,705,056
Total equity	1,977,566	1,304,273	1,586,438	1,992,552	1,854,314
Total assets	6,601,055	5,397,812	5,212,994	5,956,947	5,596,982
Panasonic Corporation shareholders' equity per share (yen)	834.79	546.81	669.74	788.87	734.62
Net income (loss) attributable to Panasonic Corporation common shareholders per share, basic (yen)	(333.96)	(326.28)	52.10	77.65	83.40
Net income attributable to Panasonic Corporation common shareholders per share, diluted (yen)	―	―	―	77.64	83.39
Total Panasonic Corporation shareholders' equity to total assets ratio (%)	29.2	23.4	29.7	30.6	30.5
Return on equity (%)	(34.4)	(47.2)	8.6	10.6	11.0
Price earnings ratio (times)	―	―	22.51	20.31	12.39
Net cash provided by operating activities	1,983	338,750	581,950	491,463	398,680
Net cash provided by (used in) investing activities	(341,876)	16,406	12,128	(138,008)	(274,274)
Net cash provided by (used in) financing activities	(53,094)	(491,058)	(532,315)	257,615	(308,031)
Cash and cash equivalents at end of year	574,411	496,283	592,467	1,280,408	1,014,264
Number of employees (persons)	330,767	293,742	271,789	254,084	249,520

(Notes)

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

3. Diluted net income, attributable to Panasonic Corporation common shareholders per share from 105th business term to 107th business term, have been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.
4. Effective from the beginning of the 106th business term, investments in molding dies are included in "Capital investment". Accordingly, the amounts of "Net cash provided by operating activities" and "Net cash provided by (used in) investing activities" of the 105th business term are changed.

2. History

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

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

Month/Year	Events
October, 2008	The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. Absorbed Matsushita Battery Industrial Co., Ltd.
April, 2009	Sold all the shares of Toshiba Matsushita Display Technology Co., Ltd., which the Company held, to Toshiba Corporation.
December, 2009	Acquired majority of the voting rights in SANYO Electric Co., Ltd. (SANYO) and made SANYO and its subsidiaries into consolidated subsidiaries of the Company.
January, 2010	Transferred the business of System Solutions Company, the Company's internal division company, to Panasonic Communications Co., Ltd., which was at the same time renamed Panasonic System Networks Co., Ltd.
April, 2011	Made PEW and SANYO into wholly-owned subsidiaries through share-exchanges.
January, 2012	Absorbed PEW. Reorganized domain system to 9 domains and 1 marketing section through business restructuring.
April, 2012	Absorbed companies including Panasonic Electronic Devices Co., Ltd.
June, 2012	Kazuhiro Tsuga became President of the Company.
October, 2012	Established the Corporate Strategy Head Office.
March, 2013	Panasonic System Solutions Japan Co., Ltd. absorbed companies including Panasonic System Networks Co., Ltd., and was at the same time renamed Panasonic System Networks Co., Ltd.
April, 2013	Transformed to new basic group formation through business division system from business domain system. Absorbed Panasonic Mobile Communications Co., Ltd. subsequent to carrying out the incorporation-type company split of mobile phone terminal business and transferring mobile phone base station business to Panasonic System Networks Co., Ltd. in the company split. Delisted from New York Stock Exchange.
March, 2014	Transferred all the shares and other related assets of Panasonic Healthcare Co., Ltd. to PHC Holdings Co., Ltd. and subscribed 20% of shares of PHC Holdings Co., Ltd.
June, 2014	Transferred semiconductor business to Panasonic Semiconductor Solutions Co., Ltd. in the company split.

3. Description of Business

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 474 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized in the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other. For further details about each segment, please refer to "Ⅴ. Consolidated Financial Statements, Note 20."

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

(Panasonic Group)

As of March 31, 2016

(Segments, main products and services)	(Major manufacturing companies)
Appliances Air-conditioners, TVs, refrigerators, washing machines, personal-care products, microwave ovens, home audio equipment, video equipment, vacuum cleaners, rice cookers, bicycles, showcases, large-sized air-conditioners, compressors, fuel cells	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. **(Overseas)** Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. Panasonic Appliances Washing Machine (Hangzhou) Co., Ltd. Panasonic Corporation of North America
Eco Solutions Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, ventilation and air-conditioning equipment, air purifiers, nursing-care-related products	**(Japan)** Panasonic Corporation Panasonic Ecology Systems Co., Ltd. SANYO Electric Co., Ltd. **(Overseas)** Panasonic Energy Malaysia Sdn Bhd
AVC Networks Aircraft in-flight entertainment systems, PCs and tablets, projectors, digital cameras, surveillance cameras, social infrastructure systems equipment, fixed-phones, mobile phones	**(Japan)** Panasonic Corporation Panasonic System Networks Co., Ltd. **(Overseas)** Panasonic Avionics Corporation
Automotive & Industrial Systems Car-use-multimedia-related equipment, electrical components, lithium-ion batteries, automotive batteries, dry batteries, electronic components, automation controls, semiconductors, electronic materials, LCD panels, electronic-components-mounting machines, electric motors*, welding equipment	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. Panasonic Semiconductor Solutions Co., Ltd. Panasonic Factory Solutions Co., Ltd. Panasonic Liquid Crystal Display Co., Ltd. **(Overseas)** Panasonic Asia Pacific Pte. Ltd. Panasonic Automotive Systems Dalian Co., Ltd.
Other Detached housing, rental apartment housing, land and buildings for sale, home remodeling, raw materials	**(Japan)** PanaHome Corporation

(Major sales companies)
(Japan) Panasonic Consumer Marketing Co., Ltd.** **(Overseas)** Panasonic Corporation of North America Panasonic Marketing Europe GmbH Panasonic Asia Pacific Pte. Ltd. Panasonic Corporation of China**

Customers

* As of April 1, 2015, electric motors in main products were transferred from Appliances to Automotive & Industrial Systems.

** As of April 1, 2015, sales department of consumer products in Japan and China which were previously not allocated to any reportable segments were transferred to Appliances.

4. Information on Affiliates

(1) Principal Consolidated Subsidiaries

(As of March 31, 2016)

Name	Location in Japan	Common stock (millions of yen)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate, etc.	Advances to	Business transaction	
PanaHome Corporation	Toyonaka-shi, Osaka	28,375	Other	54.5			Sale of Panasonic products and purchase of materials	*1 *2
Panasonic Factory Solutions Co., Ltd.	Kadoma-shi, Osaka	15,000	Automotive & Industrial Systems	100.0			Manufacture of Panasonic products	
Panasonic Ecology Systems Co., Ltd.	Kasugai-shi, Aichi	12,092	Eco Solutions	100.0			Manufacture of Panasonic products	
Panasonic Consumer Marketing Co., Ltd.	Chuo-ku, Osaka-shi	1,000	Appliances	100.0			Sale of Panasonic products	*1
Panasonic Liquid Crystal Display Co., Ltd.	Himeji-shi, Hyogo	500	Automotive & Industrial Systems	95.0		Yes	Manufacture of Panasonic products	*3
SANYO Electric Co., Ltd.	Daito-shi, Osaka	400	Appliances, Eco Solutions, Automotive & Industrial Systems, Other, Corporate	100.0 (0.0)		Yes	Manufacture and sale of Panasonic products and supply of materials and merchandise	*3
Panasonic Semiconductor Solutions Co., Ltd.	Nagaokakyo-shi, Kyoto	400	Automotive & Industrial Systems	100.0	Yes	Yes	Manufacture of Panasonic products	
Panasonic System Networks Co., Ltd.	Hakata-ku, Fukuoka-shi	350	AVC Networks	100.0			Manufacture and sale of Panasonic products and provision of IT services	

Name	Location	Common stock (millions)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate, etc.	Advances to	Business transaction	
Panasonic Corporation of North America	New Jersey, U.S.A.	US$ 537	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other, Corporate	100.0		Yes	Manufacture and sale of Panasonic products and management service to Panasonic affiliates	*1 *5
Panasonic Avionics Corporation	California, U.S.A.	US$ 22	AVC Networks	100.0 (100.0)	Yes		Manufacture and sale of Panasonic products in the U.S.A	
Panasonic do Brasil Limitada	Amazonas, Brazil	R$ 712	Appliances, AVC Networks, Automotive & Industrial Systems	100.0			Manufacture and sale of Panasonic products in Brazil	*1
Panasonic Europe Ltd.	Berkshire, U.K.	Stg£ 200	Corporate	100.0			Management service to Panasonic affiliates	*1
Panasonic AVC Networks Czech s.r.o.	Plzen, Czech Republic	KC 2,414	Appliances	100.0 (100.0)			Manufacture and sales of Panasonic products in Europe	
Panasonic India Pvt. Ltd.	Chennai, India	INR 16,988	Appliances, AVC Networks, Automotive & Industrial Systems	100.0 (100.0)			Manufacture and sale of Panasonic products in India	*1
Panasonic Asia Pacific Pte. Ltd.	Singapore	US$ 1,478	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	*1
Panasonic Taiwan Co., Ltd.	New Taipei, Taiwan	NT$ 3,422	Appliances, Eco Solutions, Automotive & Industrial Systems	69.8			Manufacture and sale of Panasonic products in Taiwan	
Panasonic Corporation of China	Beijing, China	RMB 8,127	Appliances, Eco Solutions, AVC Networks, Corporate	100.0			Sale of Panasonic products and management service to Panasonic affiliates	*1
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Guangzhou, China	RMB 282	Appliances	67.8 (28.2)			Manufacture of Panasonic products in China	
Panasonic Automotive Systems Dalian Co., Ltd.	Dalian, China	RMB 94	Automotive & Industrial Systems	60.0 (25.0)			Manufacture of Panasonic products in China	

(2) Principal Associated Company under the Equity Method

(As of March 31, 2016)

Name	Location	Common stock (millions)	Principal businesses	% of voting rights interests	Relationship			Remark
					Interlocking directorate, etc.	Advances to	Business transaction	
Panasonic Healthcare Holdings Co., Ltd.	Minato-ku, Tokyo	JPY 30,722	Manufacture and sale of healthcare products	20.0	Yes		Manufacture and sale of Panasonic products through subsidiaries	
Socionext Inc.	Kohoku-ku, Yokohama-shi	JPY 30,200	Design, development, and sale of system LSI	20.0	Yes		Design, development, and sale of Panasonic products	
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	JPY 25,584	Total financial services	15.1			Lease and credit sale of Panasonic products	*4
Ficosa International S.A.	Barcelona, Spain	EURO 32	Engineering, manufacture and sales of mechatronic for cars, electronic systems and others	49.0 (49.0)			Design, development, and sale of Panasonic products	*6

(Notes)

1. A number in the parenthesis notation in the "% of voting rights interests" column shows the % of indirect voting interests, which is a part of the total voting interest.
2. The name of the segment in which the companies are classified is shown in the "Principal businesses" column of the principal consolidated subsidiaries. For the companies which do not belong to any segment, the name of the segment which handles the products are displayed in the case of the sales company, and "Corporate" is displayed, otherwise.
3. Regarding the interlocking directorate, etc. other than what is displayed above, the Company's employees concurrently hold position of directors or officers in the most of the consolidated subsidiaries or associated companies accounted for under the equity method.
4. *1: Companies that correspond to the specified subsidiaries or "Tokutei Kogaisha," total amount of sales or purchase of which exceeds the 10% of the amount of sales or purchase the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
5. *2: Companies that submit Annual Securities Report.
6. *3: Significant companies with insolvency. The amount of liabilities in excess of assets as of March 31, 2016 are shown below.

Panasonic Liquid Crystal Display Co., Ltd.	514,033 million yen
SANYO Electric Co., Ltd.	412,574 million yen

7. *4: Although % of voting rights interests is 15.1, the company is treated as an associated company accounted for under the equity method in accordance with the provisions of Accounting Standards Codification (ASC) 323, "Investments-equity method and joint ventures" because the Company holds significant influence over operating and financial policies.
8. *5: As of April 1, 2015, SANYO North America Corporation was merged into Panasonic Corporation of North America.
9. *6: As of June 30, 2015, Panasonic acquired 49% of shares in Ficosa International S.A. (Ficosa) which is a manufacture of mirror for automotive-use in Spain, classifying it as an associated company under the equity method.
10. There is no consolidated subsidiary, sales amount of which, excluding the internal transactions, exceeds the 10 % of the Company's consolidated sales.

5. Employees

(1) Consolidated basis

As of March 31, 2016

Segment	Number of employees
Appliances	50,623
Eco Solutions	47,903
AVC Networks	33,074
Automotive & Industrial Systems	92,908
Other	23,093
Corporate	1,919
Total	249,520

(Notes)

1. The number of employees refers solely to full-time employees of the Company on a consolidated basis.
2. The number of employees decreased by 4,564, compared with the end of last fiscal year.

(2) Parent-alone basis

As of March 31, 2016

Number of employees	Average age	Average tenure (years)	Average annual salary (yen)
55,937	45.6	23.3	7,890,026

Segment	Number of employees
Appliances	11,361
Eco Solutions	11,974
AVC Networks	8,465
Automotive & Industrial Systems	21,478
Other	740
Corporate	1,919
Total	55,937

(Notes)

1. The number of employees refers solely to full-time employees of the parent company.
2. Average annual salary includes bonuses and extra wages.
3. The number of employees increased by 4,629 compared with a year ago, due mainly to the transfer from SANYO Electric Co., Ltd.

(3) Relationship with labor union

The total number of union members of the federation of Panasonic group labor union is 91,795 as of March 31, 2016, and most of the labor unions belong to the Japanese Electrical Electronic & Information Union except some labor unions.

The followings are main labor unions which belong to federation of Panasonic group labor union.

Panasonic Appliances labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic Eco Solutions labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic AVC Networks labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic Industrial Devices labor union（Belongs to the Japanese Electrical Electronic & Information Union）

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

Ⅱ Business Overview

1. Summary of Business Results

(1) Consolidated Results

For the business and segment results for the year ended March 31, 2016, please refer to "7. Analyses of Consolidated Financial Position, Operating Results and Cash Flows."

(2) Cash Flows

Cash flows from operating activities
Net cash provided by operating activities for the year ended March 31, 2016 amounted to 398.7 billion yen, a decrease of 92.8 billion yen from a year ago, due primarily to a decrease in accrued expenses this year.

Cash flows from investing activities
Net cash used in investing activities amounted to 274.3 billion yen, an increase of 136.3 billion yen from a year ago, due primarily to the acquisition of shares of subsidiaries and associated companies as its strategic investment and an increase in capital expenditures. In addition, the large-scale proceeds from business transfers and the disposals of investments in equity and property, plant and equipment were recorded a year ago.

Cash flows from financing activities
Net cash used in financing activities amounted to 308.0 billion yen, compared with the inflow of 257.6 billion yen a year ago, due mainly to redemption of total of 240.0 billion yen straight bonds this year, while issuing of total of 400.0 billion yen straight bonds a year ago.

Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 1,014.3 billion yen as of March 31, 2016, a decrease of 266.1 billion yen compared with a year ago.

2. Production, Orders Received and Sales

The Company's production and sale of items is extensive and diverse. Even products are categorized in the same type, their capacity, structure and format are not necessarily uniform. Due to the nature of the products, the Company in principle adopts a production system that is mainly based on projected production.

Since the Company is engaged in production activities in a way that the product inventories are kept at a certain level, production trend is generally similar to the sales trend.

3. Challenges of Panasonic Group

(1) Challenges of Panasonic Group

The global economy in fiscal 2017 is expected to grow moderately overall, since the economy in the U.S. and Europe is expected to continue to recover, and personal consumption in Japan is expected to be boosted by improved employment and personal income environment, while some uncertainties such as volatile resource prices, geopolitical risks and economic slowdown in emerging countries are expected.

Panasonic’s sales, however, fell short of the incremental annual target set for fiscal 2016 towards its sales target of 10 trillion yen in fiscal 2019 aiming at sales growth. Under these circumstances, the Company revisited its sales target of 10 trillion yen in fiscal 2019, and decided to accelerate initiatives aiming at profit growth, and to pursue its management philosophy, “Panasonic continues to create contributions to its customers.”

Panasonic revisits its strategy with “5 x 3 matrix” which indicated five major business areas in three regions and has been applied up until now. The framework will be four business areas consisting of Consumer Electronics, Housing, Automotive, and B2B, with Devices being allocated into these business areas.

The Company expects new sales growth in the Consumer Electronics, Housing, and Automotive businesses through delivering value widely to end customers. In the B2B business, Panasonic will aim at developing a highly profitable business structure by defining industries to engage, core products, and regions to proceed its strategy with the aim of assisting its customers to enhance their competitiveness.

In addition to steady profit expansion in the Consumer Electronics, Housing, and Automotive business areas where growth strategies are in steady progress, Panasonic will aim to achieve high profitability in B2B business to establish a structure for steady profit growth.

Individual businesses will be categorized into low profitability business, stable growth business, and high-growth business, in accordance with the characteristics of businesses, such as business environment and competitiveness. The Company defines the best strategy for each business to execute.

“Low profitability" businesses indicate the ones where sales growth is hardly expected. Panasonic will thoroughly pursue profitability improvement rather than sales growth.

“Stable growth” businesses indicate the ones where the market is expected to grow. Panasonic will pursue steady sales and profits expansion aiming at above industry average growth through enhancing competitiveness.

“High-growth” businesses indicate the ones where market growth is expected and also Panasonic will concentrate its management resources to boost growth in sales and profits. The major initiatives in the high growth businesses are as follows.

1) Consumer electronics business

Panasonic will accelerate expansion of premium products in its focus countries in Asia, and strengthen product lineup in India and sales platforms in Africa to expand business there.

2) Housing business

Panasonic will significantly increase the number of operating sites to expand remodeling and elderly-care businesses in Japan. In Asia, mainly PanaHome Corporation will accelerate its town development business collaborating with local land developers.

3) Automotive business
Panasonic will achieve new growth with the next-generation cockpit business, mainly by collaborating with Ficosa International S.A., a major manufacturer of automotive mirrors. Furthermore, looking ahead to fiscal 2019 and beyond, the Company will focus its management resources on strengthening development and increasing manufacturing sites in the fields of ADAS (Advanced Driver Assistance Systems) and automotive batteries towards further growth.

4) B2B business
Commercial refrigeration & food equipment business will become one of Panasonic's main business pillars with the acquisition of Hussmann Corporation, a U.S.-based industrial refrigerated and freezer display case manufacturer. Panasonic will also aim at creating new businesses that will follow the aviation and commercial refrigeration & food equipment businesses.

For fiscal 2019, the Company-wide management targets are: operating profit of 450.0 billion yen and net income attributable to owners of the parent company of 250.0 billion yen or more (IFRS basis).

Panasonic set fiscal 2017 as a "year to lay a solid foundation for growth," toward the fiscal 2019 management targets and beyond, and it intends to focus on developing its growth businesses. The Company aims to achieve steady growth in sales and profits by making aggressive upfront investments and the 1.0-trillion-scale strategic investments toward fiscal 2019.

Panasonic has revisited its fiscal 2019 sales target of 10 trillion yen. However, nothing has been changed in the Company's growth strategy, based on which it will continue to promote initiatives for profit growth. Going forward, Panasonic will further focus on profit growth to continue to contribute to its customers.

(Note) The Company will voluntarily adopt International Financial Reporting Standards (IFRS) in place of U.S. Generally Accepted Accounting Principles (U.S. GAAP) for its consolidated financial statements of the fiscal year ending March 31, 2017.

(2) Policy on Control of Panasonic Corporation

1) Basic Policy
Since the Company's foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic's mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. While offering and pursuing a "better life" for an even wider range of customers, Panasonic will also work to sustainably grow its corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders.

Panasonic has a basic policy that shareholders should make final decision in the event that a large-scale purchase of the Company's shares is offered, regarding whether or not the offer should be accepted. However, in such cases, there is a possibility that shareholders might not be provided with sufficient information required to make appropriate decisions, and a concern that corporate value and shareholder interest might be significantly damaged. In this event, the Company considers it necessary to be able to take appropriate countermeasures in order to protect the interests of the shareholders as a group.

2) Measures to Realize Basic Policy

a) Specific measures to realize basic policy
Having its DNA of consumer electronics tailored to customer lifestyles, Panasonic aims to contribute to better lives for its customers by collaborating with a variety of partners. Specifically, we are focusing on the 4 business areas of Consumer Electronics, Housing, Automotive, and B2B to achieve our management targets. The management targets are: operating profit of 450 billion yen and net income attributable to owners of the parent company of 250 billion yen or more in fiscal 2019 (IFRS basis).

To achieve these goals, the Company expects new sales growth in the Consumer Electronics, Housing, and Automotive businesses through delivering value widely to end customers. In the B2B business, the Company will aim at developing a highly profitable business structure by defining industries to engage, core products, and regions to proceed its strategy.

Individual businesses will be categorized into low profitability business, stable growth business, and high-growth business, in accordance with the characteristics of businesses, such as business environment and competitiveness. The Company defines the best strategy for each business to execute.

The Company aims to achieve steady growth in sales and profits by making aggressive upfront investments and the 1.0-trillion-scale strategic investments toward fiscal 2019.

b) Measures based on the basic policy to prevent control by inappropriate parties
On April 28, 2005, the Board of Directors resolved to adopt a policy related to a Large-scale Purchase of the Company's shares (the "Large-scale Purchase Rule") called the Enhancement of Shareholder Value Plan (the "ESV Plan"). The ESV Plan has been approved at Board of Directors' meetings annually. On April 28, 2015, the Board of Directors resolved to continue the ESV plan. At the April 2016 meeting of the Board of Directors, the ESV Plan was approved again.

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

If a Large-scale Purchaser does not comply with the rules laid out in the ESV Plan, the Company's Board of Directors may adopt countermeasures against the Large-scale Purchaser's proposal to protect the interests of the shareholders as a group. Possible countermeasures include the implementation of share splits, the issuance of stock acquisition rights (including allotment of stock acquisition rights without contribution) or any other measures that the Board of Directors is permitted to take under the Companies Act, other laws and the Company's Articles of Incorporation. If a Large-scale Purchaser complies with the Large-scale Purchase rules, the Board of Directors will not attempt to prevent the Large-scale Purchase at its sole discretion, unless it is clear that such a Large-scale Purchase would cause irreparable damage or loss to the Company.

The Board of Directors will make decisions relating to countermeasures by taking into account advice from outside professionals, such as lawyers and financial advisers, and will fully respect the opinions of Outside Directors and Audit & Supervisory Board Members.

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

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

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

The term of office for all Directors is one year, and Directors are elected at the Ordinary General Meeting of Shareholders held in June every year. The Company's Board of Directors intends to review the Large-scale Purchase Rules, as necessary, for reasons including amendments to applicable laws and regulations. Any such review would be conducted in the interests of the shareholders as a group.

For further details about the ESV Plan, please see the press release "Panasonic Announces Continuation of Policy toward Large-scale Purchases of Company's Shares [ESV plan]" issued on April 28, 2016 at the Company's Web site:
http://news.panasonic.com/global/press/data/2016/04/en160428-9/en160428-9-1.pdf for details.

3) Evaluation of Measures by the Board of Directors and Rationale for Evaluation
Panasonic concretely set business goals and works positively to achieve them in order to increase the Company's corporate value in a sustained manner. The ESV Plan was formulated from the perspective of protecting the interests of the shareholders as a group, and is aimed at providing shareholders with sufficient information to make decisions with respect to a proposed Large-scale Purchase, and with the assessment of a proposed Large-scale Purchase made by those responsible for the management of the Company, namely the Board of Directors, in addition to ensuring the opportunity for receiving alternative proposals.

Consequently, these measures are intended to protect the interests of all the Company's shareholders in accordance with 1) Basic policy and their purpose is not to maintain the positions of the Company's Directors and Audit & Supervisory Board Members.

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

1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:
One (1) stock acquisition right shall be granted to a shareholder, per one (1) share held by such shareholder (excluding the shares held by Panasonic as treasury stock), whose name is recorded in the register of shareholders as of the record date to be specified and published by the Board of Directors. In this regard, Panasonic may either (i) grant to each of the shareholders holding a share of common stock a right to subscribe for a stock acquisition right and to make an offering for subscription of the offered stock acquisition rights, or (ii) distribute stock acquisition rights to the shareholders without consideration.

2. Type and number of shares to be acquired upon exercise of stock acquisition rights:
The type of shares to be acquired upon exercise of stock acquisition rights shall be the Company's common

stock, and the number of shares to be acquired upon exercise of one (1) stock acquisition right shall be one (1) share.

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

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

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

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

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

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

4. Risk Factors

Annually, Panasonic conducts a risk assessment by which it surveys to identify potential risks which may affect its business activities, evaluates such risks based on its common global standards mainly focusing on the impact to the management of Panasonic and the probability of the materialization of the risks, and prioritizes the risks against which measures should be taken. For the risks identified as material in these processes, each level of Panasonic Group, such as the Corporate, Divisional Companies and Business Divisions, forms and takes countermeasures that correspond to the characteristics of the risks, monitors the progress of such countermeasures, and seeks continuous improvements.
The following are the potential risks which may affect its business activities and may have a material impact on the investors' decision, but is not comprehensive to include all the risks related to Panasonic. Other than described herein, there are unforeseeable risks. These risks may substantially and adversely affect Panasonic's business, operating results and financial condition.
This section includes forward-looking statements and future expectations as of June 27, 2016, the filing date of this annual securities report.

(1)Risks Related to Economic Conditions

Changing economic conditions

Demand for Panasonic's products and services may be affected by general economic trends in the countries or regions in which Panasonic's products and services are sold. Economic downturns and resulting declines in demand in Panasonic's major markets worldwide may thus adversely affect the Company's business, operating results and financial condition. For fiscal 2017, ending March 31, 2017, the Company anticipates that the overall global economy will grow moderately due to continuing economic recovery in the U.S. and Europe, as well as the propelled consumption by improvements in employment and income environment in Japan. On the other hand, there are uncertainties such as a change in the price of natural resources, geopolitical risks, the U.S. and Japanese financial policy trends and fears that the Chinese economy may be decelerating. If additional business restructuring is necessary to cope with such situation, Panasonic may incur increased costs. If the global economy worsens contrary to expectations, the business environment of Panasonic may deteriorate more than currently anticipated, which may adversely affect the Company's business, operating results and financial condition.

Currency exchange rate fluctuations

Foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results and financial condition, because costs and prices of its products and services and certain other transactions that are denominated in a foreign currency are affected by foreign exchange rate changes. In addition, foreign exchange rate changes also affect the yen value of Panasonic's overseas assets and liabilities because they are translated in Japanese yen when Panasonic's consolidated financial statements are presented. Generally, an appreciation of the yen against other local currencies of the countries in which Panasonic operates may adversely affect Panasonic's operating results. Meanwhile, a depreciation of the yen against the other currencies may have a favorable impact on Panasonic's operating results. However, the depreciation of the yen against certain currencies such as the RMB may adversely affect their operating results of certain businesses on a Japanese yen basis due to the price increase of imported products. Although the impact of the foreign currency fluctuations to the consolidated Panasonic's operating results has been decreasing, partially due to measures such as shifting manufacturing sites to overseas in certain businesses, excessive foreign exchange rate fluctuations may adversely affect the Company's business, operating results and financial condition.

Interest rate fluctuations

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

Changing fundraising environment

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

Decreases in the value of stocks

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

(2)Risks Related to Panasonic's Business

Competition in the industry

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

Declines in product price

Panasonic's business is subject to intense price competition worldwide, which makes it difficult for the Company to determine product prices and maintain adequate profits. Although Panasonic makes efforts for cost reduction and developing high value products, such downward price pressure exceeding the Company's effort may seriously affect Panasonic's ability to maintain or secure profits, especially in times of possible decreases in product demand. In BtoC (business-to-consumer) business areas, amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, Panasonic's product prices in digital electronics and other business areas may continue to decline. On the other hand, in BtoB (business-to-business) business areas, the Company's business, operating results and financial condition may be adversely affected by the downward price pressure exceeding the Company's effort, decrease in demand for products, or pressure for capital investment from business partners which the Company highly depends on.

Risks generally associated with international business operations

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

Competition in technological changes and product formats as de facto standards

Panasonic may fail to develop or provide new products or services in a timely manner. Some of Panasonic's core businesses in both BtoC and BtoB areas are concentrated in industries where technological innovation is the central competitive factor. In cases where Panasonic fails to predict with reasonable accuracy both future demand and new technologies that will be available to meet such demand or the technology developed or provided by Panasonic does not lead the market and, instead, the technology developed by its competitors are recognized as de facto standards, the Company may lose its competitiveness in the new markets.

Competition in recruiting and retaining skilled employees

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

Alliances with, and strategic investments in, third parties, and corporate takeovers

Panasonic has formed strategic alliances such as business alliances or joint ventures with, or strategic investments in, other companies, and has also purchased other companies, in order to introduce new products and services. Furthermore, the importance of strategic alliance with third parties as well as corporate takeovers is increasing. In the strategic alliances, Panasonic may not be able to successfully collaborate or achieve expected synergies with its alliance partners, or recover its entire or partial investments. Furthermore, the alliance partners may make decisions regarding their business undertakings with Panasonic that may be contrary to Panasonic's interests. In addition, if these partners change their business strategies, Panasonic may fail to maintain these partnerships. In the corporate takeovers, Panasonic may incur substantial expenses in relation to such takeovers or may not be able to fully achieve expected results or may incur unexpected losses in connection with business integration or restructuring after such takeovers.

Panasonic owns a large number of subsidiaries (including listed subsidiaries) and associated companies, and may restructure its group-wide business organization. However, Panasonic may fail to fully achieve the expected results in the current or future restructuring.

Shortage of supply of parts, raw materials, components and services, as well as electricity, and increase of purchase price

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

Customers’ funding condition and financial condition

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

(3)Risks that Panasonic Fails to Achieve Its Targets

Panasonic sets profit targets as its group management target, and has been implementing specific measures to achieve them. These targets were set based on the information, analysis and other factors that Panasonic deemed appropriate at the time of setting. However, Panasonic may not be able to achieve the targets because of various factors such as deterioration of the business environment.

(4)Risks Related to Legal Restrictions and Litigations

Direct or indirect costs resulting from product liability or warranty claims

The occurrence of quality problems due to product defects, including safety incidents, relating to Panasonic products could make Panasonic liable for damages not covered by product and completed operation liability insurance, whereby the Company could incur significant expenses to deal with such problem. Due to the occurrence of these problems, Panasonic may experience the deterioration of its image or reputation or may not be able to retain its customers. As a result, Panasonic’s business, operating results and financial condition may be adversely affected.

Damages related to intellectual properties

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

Changes , etc. in accounting standards and tax systems

Introduction of new accounting standards or tax systems, or changes thereof, which Panasonic cannot predict, may have a material adverse effect on the Company’s operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on the Company’s tax declarations, Panasonic may need to make larger tax payments than estimated. The Company announced that it will voluntarily adopt International Financial Reporting Standards (IFRS) for its consolidated financial statements for the fiscal year ending March 31, 2017 in place of U.S. Generally Accepted Accounting Principles (U.S. GAAP).

Environmental regulations or issues

Panasonic is subject to environmental laws and regulations such as those relating to climate change, natural resources, water, biodiversity, chemical substances, waste materials, product recycling, and soil, groundwater and air contamination, and may be held responsible for certain related payments or compensation. Furthermore, if these regulations become stricter and an additional duty with the aim of eliminating the use of environmentally hazardous materials is imposed, or if Panasonic Group determines that it is necessary and appropriate, from the viewpoint of corporate social responsibility, to respond more to environmental issues, the payment of penalties for the violation of these laws and regulations or the payment of expenses of such efforts may adversely affect Panasonic’s business, operating results and financial condition.

Risk related to information security
In the normal course of business, Panasonic holds confidential information mainly about customers regarding privacy, credit worthiness and other information such as customers' personal information, and receives confidential information about companies and other third parties. Other than the information regarding customers and companies and other third parties, Panasonic also deals with its own trade secrets (including Panasonic' technical information). Such information may be leaked due to an intentional action or negligence including fraudulent access to the Company's systems or cyber security attacks. Furthermore, the number of the Company's products, services and production facilities utilizing the Internet is increasing and the Company has implemented some security measures to protect against any external threats, but the Company may experience a leak of personal information, a release of information to outside parties, suspension of its services or effect to its production process or other incidents due to reasons such as an unexpected intrusion or fraudulent manipulation through the network linked with its products or services. Such events may cause Panasonic to be liable for damages against the affected parties or result in significant expense to deal with these issues or adversely affect Panasonic's business and image. If such is the case, Panasonic's business, operating results and financial condition may be adversely affected.

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

(5)Risks Related to Disasters and Accidents or Unpredictable Events
Panasonic expands its manufacturing, sales, and research and development activities globally and has facilities all over the world. If major natural disasters, such as earthquakes, tsunamis, floods, including those caused by climate change, fires, explosions, wars, terrorist attacks or other events occur, Panasonic's employees, facilities, information system and other assets may be seriously damaged, or the Company may have to stop or delay production and shipment. Panasonic may incur expenses relating to restoration of damaged facilities. In addition, if an infectious disease, such as a new highly-pathogenic flu strain, becomes prevalent throughout the world, Panasonic's manufacturing and sales may be materially disrupted. In addition, in the case where these natural disasters and accidents or other unpredictable events disrupt the supply chain of Panasonic including suppliers of parts or components and manufacturers to which Panasonic sells its products, the production and sales activities of Panasonic may be adversely and significantly affected due to the shortage or interruption in the supply of parts or components from such suppliers, or suspension of or decline in production activities of such manufacturers.

(6)Other Risks
Panasonic's pension plan benefit obligations
Panasonic Group has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to the defined contribution pension plan for the contributions made on or after the transition date. Regarding the past contribution before the transition date, a decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

Impairment of some long-lived assets

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

Realizability of deferred tax assets and uncertain tax positions

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

Financial results and condition of associated companies under the equity method

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

5. Material Agreements, etc.

(1) As Licensee

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

(2) As Licensor

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

(3) Cross License Agreement

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

(4) Conclusion of Basic Agreement for Transfer of Lead-Acid Storage Batteries Business

The Company's Board of Directors resolved on October 29, 2015 to transfer the lead-acid storage batteries business conducted by its subsidiary, Panasonic Storage Battery Co., Ltd. ("PSB") and PSB's group companies, to GS Yuasa Corporation ("GS Yuasa") and GS Yuasa's group companies, and concluded a basic agreement on the same day.

The outline of the basic agreement is as follows.

1)The Company transfers the 85.1 % of PSB's shares to GS Yuasa.
2)The Company will hold, for two-year periods, the remaining 14.9 % of PSB's shares not transferred to GS Yuasa, and cooperate with GS Yuasa for smooth business transition.
3)The Company also transfers the lead-acid storage batteries business of its overseas sites to GS Yuasa.

In accordance with the above agreement, the Company, on April 15, 2016, reached a definitive agreement with GS Yuasa and concluded the share transfer agreement and other agreements on the same day.

(5) Conclusion of Merger Agreement for the Purpose of Acquiring Shares of U.S. Industrial Refrigerated, Freezer Display Case Manufacturer, making it as a Subsidiary

The Company's Board of Directors resolved on November 27, 2015 to enter into negotiation to acquire all the shares of Hussmann Parent Inc. ("Hussmann Parent"), who owns all the shares of Hussmann Corporation ("Hussmann"), a major industrial refrigerated, freezer display case manufacturer in the U.S., making it as a wholly-owned subsidiary of the Company (the "Transaction"), and to assign, to a representative director and a senior managing director, the authority to make a decision to conclude a definitive agreement.

Upon the decision based on the assignment by the Board of Directors, on December 21, 2015, Panasonic Corporation of North America, ("PNA"), a subsidiary of the Company concluded a merger agreement with CC USA Corporation, ("SPC"), a special purpose subsidiary for the Transaction established by PNA, Hussmann Parent, and Clayton, Dubilier & Rice, LLC, ("CD&R"), the representative of shareholders of Hussmann Parent, in which Hussmann Parent is the surviving company and SPC is the dissolving company.

The outline of Hussmann Parent, the surviving company, is as follows.

Corporate name: Hussmann Parent Inc.
Location: Delaware, U.S.A.
Business description: Holding 100 % of the shares of Hussmann Corporation and Hussmann group. Manufacturing, developing, selling and servicing refrigerated, freezer display cases.
Stated capital: 354.6 thousand U.S. Dollars (as of March 31, 2016)
Consolidated total assets: 734.9 million U. S. Dollars (as of December 31, 2015)
Consolidated net sales: 1,144.4 million U.S. Dollars (for the year ended December 31, 2015)

The acquisition of Hussmann Parent shares is conducted through a merger between Hussmann Parent and SPC, pursuant to the Delaware General Corporation Law in the U.S. Through the procedure, the existing Hussmann Parent shares owned by the shareholders of Hussmann Parent are converted to rights to receive payment in cash. On the other hand, all the SPC shares owned by PNA are converted to common shares of the surviving company, Hussmann Parent. Upon this process, PNA is going to acquire 100 % of issued shares of the surviving Hussmann Parent after the merger, and Hussmann Parent becomes a wholly-owned subsidiary of the Company and PNA.

In accordance with the above agreement, the Company on April 1, 2016, duly acquired 100 % of the issued common share of Hussmann Parent.

6. Research and Development

The Panasonic Group worked to promote growth in major business fields of each segment, focusing its efforts on technology development to contribute to the rapidly developing Internet of Things (IoT)*, robotics technologies, and environmental issues. Key development themes and results during fiscal 2016 were as follows:

(1) Consumer electronics:
Development of the RULO robot vacuum cleaner that uses automatic control operation to achieve vacuum-cleaning action that adjusts to suit the situation

Panasonic has developed a new technology that enables a vacuum cleaner to detect the amount of dirt and the material of the floor surface using various sensors, and then determine its own traveling route, suction power, and brush rotation speed. In addition, the use of Panasonic's proprietary triangular shape (RULO's triangular shape) based on mechanical engineering and the application of technologies cultivated in the field of home vacuum cleaners enables the robot to clean in detail in the corners of rooms where dust accumulates easily.

Panasonic will continue to evolve robotics through sensor technologies and artificial intelligence technologies, to contribute to reducing the burden of daily housekeeping.

(2) Housing:
Development of a pure hydrogen fuel cell prototype that generates electricity directly from hydrogen

Panasonic developed a pure hydrogen fuel cell prototype that does not emit CO_2 when generating electricity, in a move towards achieving a hydrogen society in the future. Demonstration testing is underway at a local government facility.

In addition, Panasonic is also promoting technology development across the entire value chain of hydrogen production, storage, and utilization, thereby contributing to the achievement of a distributed energy society that uses energy efficiently by local production for local consumption.

Development of a hypochlorous acid air purifier that achieves highly effective bacteria and odor removal, "ziaino"

Panasonic developed a bacteria and odor removal technology using a gas-liquid contact method that passes fouled air through a bacteria filter impregnated with hypochlorous acid generated by electrolyzed water technology.

The technology enables countermeasures for disease transmission in spaces where people gather in numbers, such as hospitals and kindergartens, as well as elimination of odors from nursing care facilities and so on, making it possible to provide safer, more comfortable air environments.

(3) Automotive:
Development of human detection technology utilizing artificial intelligence technology with image processing

Panasonic has developed a technology able to simultaneously detect in real time multiple humans in a variety of postures or holding an umbrella, using deep learning, and a new algorithm for human-like identification processing requiring at most about one tenth of the amount of calculation as conventional algorithms.

These methods have made a substantial advance towards incorporating this technology in self-driving vehicles, which require miniaturization and energy reduction.

(4) BtoB Solutions:
Development of multilingual voice translation technology enabling communication without a sense of

language barriers

Panasonic has developed a multilingual voice translation system that enhances listening precision with a directional sound pickup technology that uses four microphones arranged in three dimensions to determine the position of the person speaking, and then translates smoothly using a cloud-based voice recognition, translation, and synthesizer engine.

The result has enabled hands-free translation in noisy environments, such as crowds. Panasonic will continue demonstration testing to improve performance of the system, aiming to commercialize it.

(5) Devices:
Development of a wide-dynamic-range-technology for organic CMOS image sensors

Panasonic has developed a simultaneous light and darkness capture sensor with a proprietary construction equipped with two cells of differing sensitivity and a noise cancelling function inside a single pixel. The sensor achieves 100 times the dynamic range of a conventional sensor with the same chip size.

The technology enables reproduction of rich color tone without image distortion or blurring, even in high-contrast situations such as a backlit scene or subjects under lighting.

R&D expenditures totaled 449.8 billion yen in fiscal 2016.

* IoT : Internet of Things refers to the connection of many things and devices to the Internet.

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

(1) Critical Accounting Policies

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are reflected in valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions, employee retirement and severance benefit plans, and assets acquired and liabilities assumed by business combinations. Actual results could differ from those estimates.

1) Impairment of Long-Lived Assets

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

The Company recognized impairment losses of long-lived assets, mainly related to “Eco Solutions” segment, in the aggregate of 36.7 billion yen during fiscal 2016.

2) Impairment of Goodwill

Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. The Company adopted the provisions of ASC 350, “Intangibles―Goodwill and Other.” Goodwill and intangible assets determined to have an indefinite useful life are not amortized, and are instead reviewed for impairment at least annually based on assessment of current estimated fair value. The Company designates January 1 as the annual impairment measurement date for all reporting units.

The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform the second step of the impairment test (measurement). If the fair value of the reporting unit exceeds its carrying amount, the second step does not need to be performed. Under the second step, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit's goodwill.

Fair value of the reporting unit is determined using guideline merged and acquired company method, guideline public company method, and discounted cash flow analysis.

The Company recognized impairment losses of goodwill in the aggregate of 12.0 billion yen, relating to “AVC Networks” segment, during fiscal 2016. At March 31, 2016, the Company has recorded 462.0 billion yen of goodwill, part or all of which could be determined to be impaired in future periods, depending on changes to the current facts and assumptions.

3) Valuation of Deferred Tax Assets

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

Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be reserved. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when such changes are enacted.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that any portion or all of the deferred tax assets will not be realized. The realization is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment over the valuation of deferred tax assets.

Included in provision for income taxes for the year ended March 31, 2016 was an income tax benefit associated with decreases in valuation allowance on deferred tax assets of 132,822 million yen in Panasonic Corporation. The Company's conclusion that it is more likely than not that 132,822 million of gross deferred tax assets net of valuation allowance will be realized is based on, since profitability improved this year and stability of profit improved by the Company's decision on introducing the consolidated tax system in Japan. If events are identified that affect the Company's ability to utilize its deferred tax assets, the analysis will be updated to determine if any adjustments to the valuation allowance are required. If actual results differ significantly from the current estimates of future taxable income, the deferred tax assets may need to be reduced in the near term. Conversely, better than expected results and continued positive results and trends could result in further reversal of the deferred tax valuation allowance.

At March 31, 2016, deferred tax assets (net) were recorded in the amount of 394.8 billion yen.

4) Employee Retirement and Severance Benefit Plans

The Company accounts for the benefit pension plans and the lump-sum payment plans in accordance with the provisions of ASC 715, “Compensation-Retirement Benefits.” In accordance with the provisions, funded status of benefit pension plans (that is the balance of plan assets and benefit obligations) are recognized on the consolidated balance sheets and pension liability adjustments, net of tax, are recorded in the “Accumulated Other Comprehensive Income (Loss).” Actuarial net gains and losses in excess of the corridor (10% of benefit obligations or fair value of plan assets, whichever is greater) are amortized over the average remaining service period of employees, except for the plan described as follows.

The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan, effective after the date of transition with respect to employees’ future service. Actuarial net gains and losses related to the defined benefit pension plan that are maintained for employees' past service in excess of the corridor are amortized over the average remaining life expectancy of plan participants.

The Company determines discount rates considering the rates of return on high-quality fixed income investments, and the expected long-term rate of return on pension plan assets by considering the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. Decreases in discount rates lead to increases in benefit obligations which, in turn, could lead to an increase in amortization cost through amortization of actuarial gain or loss, and vice versa. A decrease of 50 basis points in the discount rate is expected to increase the projected benefit obligation by approximately 7 percent. A decline in market stock values generally results in a lower expected rate of return on plan assets, which would result in an increase of future retirement and severance benefit costs.

At March 31, 2016, the Company's retirement and severance benefits obligations, or projected benefit obligations, in excess of plan assets were 460.0 billion yen.

(2) Analyses of Operating Results for Fiscal 2016, ended March 31, 2016

During the year ended March 31, 2016 (fiscal 2016) under review, the global economy continued to recover mildly overall, while the economic environment changes have been seen, such as changes in the monetary policies in several countries, the fall in resource prices, and geopolitical instability. While the economy has slowed down in China and some resource-rich countries, the economy in the U.S. and Europe continued to show a slow recovery supported by their internal demands. In Japan, while the recovery in consumption was weak, the employment situation continued to improve.

The Company achieved its Cross-Value Innovation 2015 (the mid-term management plan from fiscal 2014 to 2016) financial targets one year ahead of schedule in fiscal 2015 with operating profit* of 350.0 billion yen or more, operating profit to sales ratio of 5% or more and cumulative free cash flow of 600.0 billion yen or more. Panasonic set its fiscal 2016 as a year of transition to sustainable growth by shifting to generating profit from sales expansion. In particular, the Company has focused on large-scale six Business Divisions (BDs) consisting Air-Conditioner, Lighting, Housing Systems, Automotive Infotainment Systems, Rechargeable Battery and PanaHome, to prepare and take steps to improve net sales and operating profit and to structure and execute strategic investments.

The Company, however, was unable to respond properly to business environment changes such as slow down of Chinese economy, and as a result, the large-scale six BDs failed to lead corporate-wide growth. The Company was unable to increase profit through sales expansion that was originally planned.

*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.

1) Sales

Consolidated group sales for fiscal 2016 decreased to 7,553.7 billion yen from 7,715.0 billion yen in fiscal 2015 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for residential-use, while sales in home appliances were stable. Overseas sales also decreased year on year due mainly to downsizing TV business to focus on profitability, while sales in BtoB solutions business increased. Consolidated Group sales in real terms (excluding the effects of exchange rates) decreased by 4% compared with the previous fiscal year.

Sales in the domestic market amounted to 3,601.8 billion yen, decreased by 2% from 3,692.0 billion yen in fiscal 2015 due to sluggish business in solar photovoltaic systems for residential-use and devices for ICT (information and communications technology) applications, while appliance business was favorable. Overseas sales decreased by 2% to 3,951.9 billion yen from 4,023.0 billion yen in the previous fiscal year. In real terms excluding currency effects, overseas sales decreased by 5% year on year. By region, sales in the Americas amounted to 1,241.4 billion yen. While this was increase of 2% compared with the previous fiscal year, sales declined by 4% in real terms. In Europe, sales decreased by 4% year on year to 701.9 billion yen, but increased by 1% in real terms. Sales in Asia, China and others, decreased by 3% to 2,008.6 billion yen year on year, which was also a decrease of 7% in real terms.

2) Operating Profit

In fiscal 2016, cost of sales amounted to 5,340.0 billion yen, down from 5,527.2 billion yen in fiscal 2015. Selling, general and administrative expenses amounted to 1,798.0 billion yen, down from 1,805.9 billion yen in the previous fiscal year. Accordingly operating profit increased to 415.7 billion yen from 381.9 billion yen in the previous fiscal year. This increase was due mainly to the reduction of fixed costs from measures such as business restructuring, the streamlining initiative of material related process, and the improvements in the business structure. The operating profit to sales ratio improved to 5.5% from 5.0% in fiscal 2015.

3) Income before Income Taxes

In other income, interest income amounted to 18.9 billion yen, up from 15.0 billion yen in fiscal 2015. Dividends received amounted to 1.6 billion yen, up from 1.5 billion yen in fiscal 2015.

In other deductions, interest expense amounted to 17.0 billion yen, down from 17.6 billion yen in fiscal 2015. Also, business restructuring expenses of 65.8 billion yen and litigation-related expenses of 69.1 billion yen for violating antitrust laws for lithium-ion batteries and CRT TV, etc. were incurred.

As a result of the above-mentioned factors, other income (deductions), net amounted to a loss of 198.7 billion yen, compared with a loss of 199.5 billion yen in the previous fiscal year. Accordingly, income before income taxes for fiscal 2016 amounted to 217.0 billion yen, compared with 182.5 billion yen in fiscal 2015.

4) Net Income attributable to Panasonic Corporation

Provision for income taxes for fiscal 2016 amounted to an expense of 14.5 billion yen, compared with an income of 2.0 billion yen in fiscal 2015 due to improved profitability this year. Provision for income taxes for fiscal 2016 includes the effect of recording 132.8 billion yen of deferred tax assets (DTA) to Panasonic Corporation (parent-alone) on a consolidated basis, which results a decrease of a provision for income taxes, due to improved profit stability by introducing the consolidated tax system in Japan. A similar level of DTA was recorded in fiscal 2015.

Equity in earnings of associated companies increased to 12.6 billion yen in fiscal 2016, compared with 11.9 billion yen in fiscal 2015. Net income attributable to noncontrolling interests amounted to 21.8 billion yen in fiscal 2016, compared with 16.9 billion yen in fiscal 2015.

As a result of the above-mentioned factors, the Company recorded net income attributable to Panasonic Corporation of 193.3 billion yen in fiscal 2016, compared with 179.5 billion yen in fiscal 2015. Net income attributable to Panasonic Corporation per share, basic amounted to 83.40 yen in fiscal 2016, compared with 77.65 yen in fiscal 2015.

5) Segment information

The Company organizes its businesses into five reportable segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems and Other.

Some businesses were transferred among segments on April 1, 2015. Accordingly, the figures for segment information in fiscal 2015 have been reclassified to conform to the presentation for fiscal 2016.

a. Appliances

Sales decreased by 3% to 2,269.4 billion yen from a year ago due mainly to sales decrease in TV business as a result of downsizing marketing activities and major strategy changes, while sales in home appliances were favorable in Japan in fiscal 2016.

Looking at the main Business Divisions (BDs) of this segment, in the Air-Conditioner Company, sales were at the same level as a year ago, as a deterioration in market conditions in China was offset by brisk sales in Japan for home air-conditioners and large air-conditioners, as well as sales growth mainly in the Asia-Oceanian market.

In the Laundry Systems and Vacuum Cleaner BD, sales increased due to robust sales of washing machines and vacuum cleaners in the domestic and Asian markets.

In the TV BD, sales declined, mainly reflecting the major change in business strategy, such as the withdrawal from in-house production in China and the transfer of the TV business unit of SANYO Electric Co., Ltd. to a Chinese manufacturer, and the deterioration of business conditions in Latin America.

In the Kitchen Appliances BD, sales were at the same level as a year ago, sales of high value-added products such as rice cookers and microwave ovens were strong in the Japanese market, as were sales of commercial-use equipment and Japanese products in overseas markets respectively.

Segment profit increased by 22.4 billion yen to 72.2 billion yen from a year ago due mainly to profit improvement in TVs and sales increase in home appliances, offsetting the negative impact of exchange rate movement such as yen depreciation.

b. Eco Solutions

Sales decreased by 3% to 1,610.8 billion yen from a year ago due mainly to sales decrease in residential solar photovoltaic systems in Japan.

Looking at the main BDs of this segment, in the Lighting BD, sales increased, reflecting sales growth in LED lighting fixtures in Japan, mainly for the non-residential market, and sales growth in LED lighting fixtures and lamps for the Asian market.

In the Energy Systems BD, despite growth in the domestic mainstay business of wiring devices, and so forth, and growth in sales overseas, overall Energy Systems BD sales declined as the growth was unable to offset the decline in sales of residential solar photovoltaic systems in Japan.

In the Housing Systems BD, despite strong sales of medium to high-priced products such as sanitary products, including tankless toilets, amid the gradual recovery of Japanese housing market, sales declined due to lower sales of popularly priced products and interior furnishing materials.

At Panasonic Ecology Systems Co., Ltd., sales were at the same level as a year ago, reflecting growth in sales of ventilation equipment in North America, which was offset by a decline in sales of air purifiers in Japan and China, and delays in new project commencements and deliveries in the engineering business.

Segment profit decreased by 16.9 billion yen to 78.4 billion yen from a year ago due to sales decrease in residential solar photovoltaic systems, although the Company strengthened its business structure with streamlining of material-related process and business restructuring.

c. AVC Networks

Sales increased by 1% to 1,169.8 billion yen from a year ago.

In fiscal 2016, sales decrease from last year's business restructuring was offset by sales increase in Vertical Solution Business and Visual and Imaging Business and positive impact from yen depreciation.

Looking at the main businesses of this segment, the Vertical Solution Business, including the Avionics BD, saw sales increase, mainly reflecting growth in sales of aircraft in-flight entertainment systems supported by strong demand for aircraft, along with the positive impact from the yen depreciation.

In the Visual and Imaging Business, despite a decrease in digital camera sales due to a contraction in the market for popularly-priced products such as compact cameras, sales increased as the decline was offset by growth in sales of high value-added products among digital cameras, such as mirrorless cameras, strong performance in high brightness projector models, and sales growth in the Integrated Security Business outpaced market growth in Japan and in North America.

In the Mobility Business, sales declined due to the significant impact of a decline in the sales volume of rugged PC in the mainstay markets of North America.

In the Communication Business, sales declined mainly reflecting a decline in sales associated with the worldwide contraction in the market for fixed-phones and a decline in sales of private branch exchanges (PBXs) due to a contraction in the market for conventional analogue PBXs and the impact of a deterioration in the foreign exchange rates in emerging countries.

Segment profit increased by 22.9 billion yen to 74.7 billion yen from a year ago, due to sales increase in Vertical Solution Business and restructuring benefit from the previous years.

d. Automotive & Industrial Systems

Sales decreased by 3% to 2,708.6 billion yen from a year ago due to negative impact from decline in demand for ICT related business, while the Company's sales for car manufacturers and auto parts manufacturers increased led by robust automobile sales in North America in fiscal 2016.

Looking at the main businesses of this segment, in the Automotive Business, despite the impact of a slump in vehicle sales in Japan, favorable market conditions in North America supported sales growth in networked display-audio systems, automotive camera modules and switches, etc.

In the Energy Business, despite strong growth in sales of dry batteries, micro batteries, and others, and a continuing shift in lithium-ion batteries to industrial-sector applications such as automotive batteries and energy storage, sales declined due to the strong impact of a decline in demand for ICT, such as notebook PCs.

In the Industrial Business, despite strong growth in sales of automotive devices such as car relays, sales declined due to the withdrawal from the circuit board business, etc. in the previous year, the contraction of the optical disk drives business, and the decline in demand for ICT.

In the Factory Solutions Business, despite growth in sales of mounting equipment for auto parts manufacturers and industrial motors, sales were at the same level as a year ago due to the impact of the economic slowdown in China.

Segment profit decreased by 13.7 billion yen to 102.7 billion yen from a year ago due mainly to sales decrease in Energy and Industrial Businesses and upfront investment towards future growth mainly for automotive and storage battery businesses.

e. Other

Sales decreased by 13% to 661.4 billion yen from a year ago.

In fiscal 2016, while sales in PanaHome Corporation increased due to favorable sales in high value-added products such as Zero-Eco products that outperform conventional products, urban residential properties such as multistory houses, and rental apartment housing, and promotion of remodeling business for previously-built PanaHome residences, conventional wooden houses, and condominiums, overall sales decreased due mainly to business transfers.

Segment profit increased by 1.5 billion yen to 16.1 billion yen from a year ago due mainly to profit improvement in PanaHome Corporation following streamlining of material and construction costs.

(3) Risks Materially Affecting Panasonic's Business, Operating Results and Financial Conditions
Refer to 4. Risk Factors.

(4) Current State of and Prospects for Management Strategy
Refer to 3. Challenge of Panasonic Group.

(5)Financial Conditions and Liquidity

1) Liquidity and Capital Resources

The Panasonic Group operates its business in keeping with its basic policy of generating the funds necessary for its business activities through its own efforts. The funds thus generated are utilized efficiently through internal Group finance operations. In cases where Panasonic needs to secure funds for purposes such as working capital or business investments, the Company raises external funds by appropriate measures that take into consideration its financial structure and financial market conditions.

(Cash)
Cash and cash equivalents totaled 1,014.3 billion yen as of March 31, 2016, a decrease from the 1,280.4 billion yen recorded at the end of the previous fiscal year.

(Interest bearing debt)
Interest bearing debt as of March 31, 2016 decreased from 972.9 billion yen at the end of fiscal 2015 to 725.9 billion yen, due mainly to redemption of bonds.

(Ratings)
Panasonic obtains credit ratings from Rating and Investment Information, Inc. (R&I), Standard & Poor's Ratings Japan (S&P) and Moody's Japan K.K. (Moody's). Panasonic's ratings as of March 31, 2016 are as follows:

R&I: A (Long-term, outlook: stable), a-1 (Short-term)
S&P: A- (Long-term, outlook: stable), A-2 (Short-term)
Moody's: Baa1 (Long-term, outlook: positive)

2) Cash Flows

The Panasonic Group aims to improve free cash flows by enhancing its business profitability and to expand its businesses steadily over the medium to long term. The Company is also making every effort to implement measures to generate cash flows, including the continuous reduction of working capital and reviews of its assets.

Net cash provided by operating activities for fiscal 2016 amounted to 398.7 billion yen and net cash used in investing activities amounted to 274.3 billion yen. Free cash flow (net cash provided by operating activities plus net cash provided by investing activities) decreased by 229.1 billion yen from a year ago to an inflow of 124.4 billion yen. This result is due mainly to the acquisition of shares of subsidiaries and associated companies as its strategic investment and increase in capital expenditures. In addition, the large-scale proceeds from business transfers and the disposals of investments in equity and property, plant and equipment were recorded a year ago.

Regarding details of Cash flows, refer to 1.Summary of Business Results.

3) Capital Investment and Depreciations

Capital investment (tangible assets only) during fiscal 2016 increased by 10% to 248.8 billion yen, compared with 226.7 billion yen in fiscal 2015. Major capital investments were made in manufacturing facilities (U.S.) that produce the portable rechargeable batteries mainly used in vehicles.

During fiscal 2016, depreciation (tangible assets only) decreased by 3% to 235.0 billion yen from 242.1 billion yen in the previous year.

4) Assets, Liabilities and Equity

The Company's consolidated total assets as of March 31, 2016 decreased by 360.0 billion yen to 5,597.0 billion yen from March 31, 2015 due mainly to a decrease in cash and cash equivalents by redemption of straight bonds and decrease in account receivables in addition to yen appreciation, while deferred tax assets were recorded.

The Company's consolidated total liabilities as of March 31, 2016 decreased by 221.7 billion yen from March 31, 2015 to 3,742.7 billion yen due mainly to redemption of straight bonds, while retirement and severance benefit increased due to its discount rate decrease.

Panasonic Corporation shareholders' equity decreased by 118.2 billion yen, compared with March 31, 2015, to 1,705.1 billion yen due mainly to a significant decrease in accumulated other comprehensive income (loss) from worsening of the cumulative translation adjustments due to yen appreciation and worsening pension liability adjustments following its discount rate decrease, while net income attributable to Panasonic Corporation was recorded.

Accordingly, Panasonic Corporation shareholders' equity ratio decreased from 30.6% to 30.5%. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,854.3 billion yen.

Ⅲ Property, Plants and Equipment

1. Summary of Capital Investment

Capital investment by segment for the year ended March 31, 2016 is shown in the tables below.

Segment	Amount (Billions of yen)	Change from last fiscal year (%)	Main purpose of investment
Appliances	43.1	+3.5	Production of new products and an increase in production capacity of electric appliances for home use and video and AV equipment
Eco Solutions	46.7	+42.4	Production of new products and streamlining of electronic material, building material and solar photovoltaic system, etc.
AVC Networks	24.5	+3.5	Production of new products and streamlining of visual and imaging, and solution related equipment, etc.
Automotive & Industrial Systems	116.3	+3.5	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, and electronic components, etc.
Other & Corporate	18.2	+12.5	Capital investment which is related to PanaHome Corporation and Capital investment by head office and regional headquarter companies, etc.
Total	248.8	+9.8	―――

(Notes)1. Panasonic restructured its Group organization on April 1, 2015. In calculating the percentage of change from last fiscal year, prior year's figure has been revised to conform with the presentation for fiscal 2016.
2. "Other & Corporate" includes capital investments, recorded in the "Other" segment, and investments which are not included in any other segments, as shown above.

2. Major Property, Plants and Equipment

(1) Panasonic Corporation

(As of March 31, 2016)

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Kusatsu Plant (Kusatsu-shi, Shiga)	Appliances	Manufacturing facilities for air conditioners and refrigerators, etc.	13,507	7,564	5,923 (539)	1,814	598	29,406	4,736
Hikone Plant (Hikone-shi, Shiga)	Appliances	Manufacturing facilities for personal-care equipment and healthcare equipment	4,645	3,781	1,323 (88) [4]	43	32	9,824	893
Kobe Plant (Nishi-ku, Kobe-shi)	Appliances, AVC Networks	Manufacturing facilities for cooking appliances and information equipment	2,872	1,907	4,924 (185)	23	151	9,877	660
Niigata Plant (Tsubame-shi, Niigata)	Eco Solutions	Manufacturing facilities for lighting fixture	2,241	2,778	2,035 (143)	―	97	7,151	404
Tsu Plant (Tsu-shi, Mie)	Eco Solutions, Automotive & Industrial Systems	Manufacturing facilities for wiring devices and security equipment	4,212	3,220	2,120 (92) [9]	―	546	10,098	1,704
Kadoma Plant (Kadoma-shi, Osaka)	Appliances, AVC Networks	Manufacturing facilities for video and audio equipment	3,525	3,313	594 (216)	299	1,651	9,382	7,310
Saedo Plant (Tsuzuki-ku, Yokohama-shi)	AVC Networks, Automotive & Industrial Systems	Manufacturing facilities for car equipment, other facilities	7,552	3,239	2,952 (56)	347	789	14,879	1,991
Ise Plant (Watarai-gun, Mie)	Automotive & Industrial Systems	Manufacturing facilities for automation controls	3,722	6,182	555 (152)	―	643	11,102	1,390
Tsuyama Plant (Tsuyama-shi, Okayama)	Automotive & Industrial Systems	Manufacturing facilities for input devices	1,364	2,946	78 (53) [5]	6	290	4,684	688
Kanazu Plant (Awara-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for sensors	1,935	3,575	576 (51) [6]	218	341	6,645	505
Morita Plant (Fukui-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for resistors	881	3,097	194 (18)	103	461	4,736	539
Uji Plant (Uji-shi, Kyoto)	Automotive & Industrial Systems	Manufacturing facilities for capacitors	2,453	2,101	359 (48)	0	243	5,156	635
Hokkaido Plant (Chitose-shi, Hokkaido)	Automotive & Industrial Systems	Manufacturing facilities for thermal management solutions devices	1,199	4,729	117 (100)	―	480	6,525	368

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Osaka Plant (Moriguchi-shi, Osaka)	Automotive & Industrial Systems	Manufacturing facilities for batteries	4,273	3,233	93 (66) [3]	2	1,279	8,880	1,271
Suminoe Plant (Suminoe-ku, Osaka-shi)	Automotive & Industrial Systems	Manufacturing facilities for batteries	19,982	7,078	― (116) [116]	1,057	423	28,540	531
Device Research Laboratory, etc. (Moriguchi-shi, Osaka)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other	R&D facilities	2,507	1,658	197 (38)	426	9	4,797	529
Production Engineering Laboratory, etc. (Kadoma-shi, Osaka)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems	R&D facilities	4,982	1,435	2,025 (130)	28	29	8,499	1,017
Materials Research Laboratory, etc. (Soraku-gun, Kyoto)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other	R&D facilities	2,373	697	3,706 (53)	0	―	6,776	97
Branch Office and Sales Office (Nakamura-ku, Nagoya-shi, etc.)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems	Equipment for sales and marketing	16,449	456	10,283 (118) [22]	22	2	27,212	4,627
Management department of Eco Solutions Company (Moriguchi-shi, Osaka, etc.)	Eco Solutions	Other facilities	26,886	3,049	26,991 (504) [65]	―	238	57,164	2,174
Management department of Automotive & Industrial Systems Company, etc. (Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems	Other facilities	2,156	1,485	907 (78)	1,117	198	5,863	4,683
Head Office, etc. (Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems, Other, Corporate, etc.	Head office, employee housing and welfare facilities, etc.	11,816	2,818	22,519 (485)	56	3	37,212	3,996

(2) Domestic subsidiaries

(As of March 31, 2016)

Company	Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
				Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
SANYO Electric Co., Ltd.	Tokyo plant (Ora-gun, Gunma, etc.)	Appliances	Manufacturing facilities for industrial equipment, etc.	10,220	1,494	1,870 (897)	283	13,867	71 <706>
	Kasai plant (Kasai-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	11,745	15,578	2,977 (181)	1,542	31,842	958
	Nishikinohama / Kaizuka plant (Kaizuka-shi, Osaka)	Eco Solutions Automotive & Industrial Systems	Manufacturing facilities for solar photovoltaic systems and rechargeable batteries	7,441	14,814	1,294 (49)	14	23,563	339
	Tokushima plant (Itano-gun, Tokushima)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	7,521	9,693	3,739 (177)	62	21,015	773
Panasonic Ecology Systems Co., Ltd	(Kasugai-shi, Aichi)	Eco Solutions	Manufacturing facilities for equipment relates to ecology system business	4,237	2,546	5,127 (181)	11	11,921	1,005
Panasonic Liquid Crystal Display Co., Ltd.	(Himeji-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for LCD panels, etc.	47,169	2,632	— (361) [361]	121	49,922	740
Panasonic System Networks Co., Ltd.	(Hakata-ku, Fukuoka-shi, etc.)	AVC Networks	Manufacturing facilities for information communication equipment, etc.	7,367	5,125	2,005 (302) [50]	159	14,656	7,330 <255>
Panasonic Semiconductor Solutions Co., Ltd.	(Nagaokakyo-shi, Kyoto, etc.)	Automotive & Industrial Systems	Manufacturing facilities for semiconductors, etc.	21,449	4,181	7,875 (725) [14]	806	34,311	2,379
Panasonic Factory Solutions Co., Ltd.	(Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems	Manufacturing facilities for mounter, etc.	1,411	598	433 (68)	180	2,622	974
PanaHome Corporation	Head plant (Higashiomi-shi, Shiga)	Other	Manufacturing and logistics facilities for materials and components of housing system	2,121	1,580	5,813 (320)	52	9,566	323
	Tsukuba plant (Tsukubamirai-shi, Ibaraki)	Other	Manufacturing and logistics facilities for materials and components of housing system	1,070	1,088	2,879 (126)	44	5,081	219

(3) Overseas subsidiaries

(As of March 31, 2016)

Company (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
Panasonic Corporation of North America (New Jersey, U.S.A.)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	6,263	4,636	2,584 (287)	1,340	14,823	6,010
Panasonic Avionics Corporation (California, U.S.A.)	AVC Networks	Manufacturing facilities for aircraft -in-flight entertainment systems	4,966	10,796	— (7)	1,017	16,779	4,202
Panasonic do Brasil Limitada (Amazonas, Brazil)	Appliances, AVC Networks, Automotive & Industrial Systems	Manufacturing and sales facilities for various electric and electronic products	2,343	3,224	340 (540)	174	6,081	1,710
Panasonic AVC Networks Czech s.r.o. (Plzen, Czech Republic)	Appliances	Manufacturing facilities for flat-panel TVs	4,399	383	236 (166)	6	5,024	983
Panasonic Asia Pacific Pte. Ltd. (Singapore)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Corporate	Manufacturing and sales facilities for various electric and electronic products	1,403	6,115	115 (212) [106]	61	7,694	2,451
Panasonic Taiwan Co., Ltd. (New Taipei, Taiwan)	Appliances, Eco Solutions, Automotive & Industrial Systems	Manufacturing and sales facilities for various electric and electronic products	307	1,973	952 (112)	6	3,238	1,480
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. (Guangzhou, China)	Appliances	Manufacturing facilities for air conditioner-related products	1,623	6,568	— (126) [126]	14	8,205	1,783

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

2. Some plants or offices are rented to affiliated companies. Regarding rented plants and offices to affiliated companies, the number of employees of the company, which rents the related plants or offices, are shown with parenthesis notation of < > in the "Number of employees" column.

3. Parenthesis notation of [ ] in the "Land" column shows the size of land rented from a party other than consolidated companies.

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

The planned capital investment for the fiscal year ending March 31, 2017 will be 345.0 billion yen, an increase of 36% compared with the actual capital investment for the previous fiscal year, and a breakdown by segment is as follows.

Segment	Amount (Billions of yen)	Main purpose of investment	Capital resource
Appliances	60.0	Production of new products and an increase in production capacity of electric appliances for home use and video and AV equipment	Own capital, etc.
Eco Solutions	56.0	Production of new products and streamlining of electronic material, building material and solar photovoltaic system, etc.	Own capital, etc.
AVC Networks	29.0	Production of new products and streamlining of visual and imaging and solution related equipment, etc.	Own capital, etc.
Automotive & Industrial Systems	185.0	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, electronic components, etc.	Own capital, etc.
Other & Corporate	15.0	Capital investment which is related to PanaHome Corporation and Capital investment by head office and regional headquarter companies, etc.	Own capital, etc.
Total	345.0	———	———

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

2. There is no plan of other material disposals or sales of principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

3. The Company discloses its annual forecasts for fiscal 2017 based on IFRS. The changes from fiscal 2016 are also calculated based on IFRS.

Ⅳ Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2016)	Number of shares issued as of the filling date (shares) (June 27, 2016)	Stock exchange on which the Company is listed	Description
Common stock	2,453,053,497	2,453,053,497	Tokyo stock exchange (the first section) Nagoya stock exchange (the first section)	The number of shares per one unit of shares is 100 shares.
Total	2,453,053,497	2,453,053,497	—	—

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

The Company issued stock acquisition rights pursuant to the Companies Act as follows.

(By resolution of the Board of Directors meeting held on July 31, 2014)

	As of the end of fiscal 2016 (March 31, 2016)	As of the end of the month previous to the filing (May 31, 2016)
Number of stock acquisition rights	2,064	2,064
Number of stock acquisition rights held by the Company	—	—
Class of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic	Same as left
Number of shares to be acquired upon the exercise of stock acquisition rights	206,400 shares Note 1	206,400 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	Same as left
Exercise period of stock acquisition rights	From August 23, 2014 to August 22, 2044	Same as left
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,055 yen Note 2 Amount capitalized as common stock Note 3	Same as left
Conditions for exercise of stock acquisition rights	Note 4	Same as left
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	Same as left
Matters regarding substitute payments	—	—
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	Same as left

(By resolution of the Board of Directors meeting held on July 29, 2015)

	As of the end of fiscal 2016 (March 31, 2016)	As of the end of the month previous to the filing (May 31, 2016)
Number of stock acquisition rights	1,729	1,729
Number of stock acquisition rights held by the Company	—	—
Class of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic	Same as left
Number of shares to be acquired upon the exercise of stock acquisition rights	172,900 shares Note 1	172,900 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	Same as left
Exercise period of stock acquisition rights	From August 21, 2015 to August 20, 2045	Same as left
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,125 yen Note 2 Amount capitalized as common stock Note 3	Same as left
Conditions for exercise of stock acquisition rights	Note 4	Same as left
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	Same as left
Matters regarding substitute payments	—	—
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	Same as left

(Notes)

1. The class of shares to be acquired upon exercise of the stock acquisition rights shall be common stock of Panasonic, and the number of shares to be acquired upon exercise of each stock acquisition right (the “Number of Shares Acquired”) shall be 100 shares (1 unit:100 shares); provided, however, that in the case that Panasonic conducts a share split (including an allotment without consideration (musho-wariate) of shares of common stock of Panasonic; the same shall apply to all references to the share split herein) or share consolidation on and after the date on which the stock acquisition rights shall be allotted, the Number of Shares Acquired shall be adjusted in accordance with the following formula, rounding down any fraction of less than one (1) share resulting from such adjustment.
   Number of Shares Acquired after adjustment = Number of Shares Acquired before adjustment
   x Ratio of share split or share consolidation
   The Number of Shares Acquired after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split (if the record date is not set forth, on and after its effective date) or, in the case of a share consolidation, on and after its effective date; provided, however, that, in the event that a share split is conducted on the condition that a proposal to increase the capital or reserves by reducing the amount of surplus is approved at a general meeting of shareholders and that the record date for such share split is prior to the date of closing of such general meeting of shareholders, the Number of Shares Acquired after adjustment shall be applicable retroactively from the day immediately following the relevant record date, on and after the day immediately following the date of closing of the relevant general meeting of shareholders.
   In addition to the above, in any event that makes it necessary to adjust the Number of Shares Acquired, including a merger and company split, Panasonic may make appropriate adjustment to the Number of Shares Acquired within a reasonable range.
   When the Number of Shares Acquired is adjusted, Panasonic shall give notice of necessary matters to each holder of the stock acquisition rights registered in the register of stock acquisition rights (the “Holder”) or give public notice thereof, no later than the day immediately preceding the date on which the Number of Shares Acquired after adjustment shall become effective; provided, however, that, if Panasonic is unable to give such notice or public notice no later than the day immediately preceding such applicable date, Panasonic shall thereafter promptly give such notice or public notice.
2. Issue price is the total of the fair value of the stock acquisition rights in allotment date and the subscription amount to be paid upon exercise of stock acquisition (one (1) yen per share).
3. The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be a half of the maximum amount of capital Increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.
4. (i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic (the “Status Losing Date”).
   (ii) Notwithstanding (i) above, the Holder may exercise the stock acquisition rights within the respective periods prescribed below if either (a) or (b) below occurs (provided that the case mentioned in (b) below excludes where the allotment of stock acquisition rights by the reorganized company to the Holder in accordance with “Matters regarding grant of stock acquisition rights accompanying reorganization” above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan):
      (a) If the Status Losing Date does not occur on or before the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights":
         From the next day of the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights" to expiration date of "Exercise period of stock acquisition rights"
      (b) If proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general

meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors):

During a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved.

(iii) (i) and (ii) (a) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.

(iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.

5. If Panasonic conducts a merger (limited to the case where Panasonic is dissolved due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where Panasonic is split), or a share exchange or transfer (both, limited to the case where Panasonic becomes a wholly-owned subsidiary) (collectively, the “Structural Reorganization”), Panasonic shall, in each of the above cases, allot stock acquisition rights of any of the relevant companies listed in “a” through “e” of Article 236, Paragraph 1, Item 8 of the Companies Act (the “Reorganized Company”) to the Holders holding the stock acquisition rights remaining at the time immediately preceding the effective date of the relevant Structural Reorganization (the “Remaining Stock Acquisition Rights”) (the effective date of the relevant Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation -type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of establishment of a wholly-owning parent company through the share transfer; hereinafter the same shall apply). In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided, however, that the foregoing shall be on the condition that transfer of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(i) Number of stock acquisition rights of the Reorganized Company to be allotted:

A number equal to the number of the Remaining Stock Acquisition Rights held by the Holder shall be transferred to such Holder.

(ii) Class of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

Common stock of the Reorganized Company.

(iii) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

To be determined in accordance with "Numbers of shares to be acquired upon exercise of stock acquisition rights " above, taking into consideration, among others, the conditions of Structural Reorganization.

(iv) Value of assets to be contributed upon exercise of each stock acquisition right:

The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying (x) the exercise price after reorganization set forth below by (y) the number of shares of the Reorganized Company to be acquired upon exercise of the relevant stock acquisition rights as determined in accordance with (iii) above. The “exercise price after reorganization” shall be one (1) yen per share of the Reorganized Company to be acquired upon exercise of each of its stock acquisition rights.

(v) Exercise period of stock acquisition rights:

From and including whichever is the later of (x) the commencement date of the period during which the stock acquisition rights may be exercised as provided for in " Exercise period of stock acquisition rights " above or (y) the effective date of the Structural Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as provided for in " Exercise period of stock acquisition rights " above.

(vi) Matters concerning capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights:

To be determined in accordance with " Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock " above.

(vii) Restrictions on acquisition of stock acquisition rights by transfer:

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors of the Reorganized Company.

(viii) Provisions concerning acquisition of stock acquisition rights:

If any of the proposals set forth in (a), (b), (c), (d) and (e) below is approved at a general meeting of shareholders of Panasonic (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors of Panasonic), Panasonic may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors:

(a) Proposal for approval of a merger agreement under which Panasonic shall become a dissolving company;

(b) Proposal for approval of split agreement or split plan under which Panasonic shall be split;

(c) Proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary;

(d) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of any shares issued or to be issued by Panasonic shall require the approval of Panasonic; and

(e) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be acquired upon exercise of the stock acquisition rights shall require the approval of Panasonic or that Panasonic may acquire all of such class of shares upon a resolution of a general meeting of shareholders.

(ix) Conditions for exercise of stock acquisition rights:

To be determined in accordance with " Conditions for exercise of stock acquisition rights " above.

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

Not applicable.

(4) Details of rights plans

Not applicable.

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

Date	Change in the total number of issued shares (Thousands)	Balance of the total number of issued shares (Thousands)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
August 31, 2013*	—	2,453,053	—	258,740	(568,212)	—

* The full amount of the capital reserve was reduced and the reduced amount was allocated to other capital surplus, pursuant to Article 448, Paragraph 1 of the Companies Act.

(6) Composition of Issued Shares by Type of Shareholders

As of March 31, 2016

Class	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other institutions	Foreign shareholders		Individual and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	1	182	106	3,697	813	372	452,549	457,720	—
Share ownership (units)	1	7,172,823	323,986	1,701,698	7,638,866	11,433	7,594,302	24,443,109	8,742,597
Percentage of shares (%)	0.00	29.34	1.33	6.96	31.25	0.05	31.07	100.00	—

(Notes) 1. Of 132,057,190 shares of treasury stock, 1,320,571 units are included in "Individual and others," and 90 shares are included in "Number of shares less than one unit."

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

(7) Major shareholders

As of March 31, 2016

Name	Address	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	145,055	5.91
The Master Trust Bank of Japan, Ltd. (trust account) Note 3	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	121,847	4.96
State Street Bank and Trust Co. (Standing proxy: The Hongkong and Shanghai Banking Corporation, Ltd., Tokyo)	One Lincoln Street, Boston MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	81,294	3.31
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	69,056	2.81
Panasonic Corporation Employee Shareholding Association	1006, Oaza Kadoma, Kadoma-shi, Osaka	43,197	1.76
Sumitomo Life Insurance Co.	4-35, Shiromi 1-chome, Chuo-ku, Osaka -shi, Osaka	37,408	1.52
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo)	33,095	1.34
The Bank of New York Mellon SA/NV 10 (Standing proxy: The Bank of Tokyo -Mitsubishi UFJ, Ltd.)	Rue Montoyerstraat 46, 1000 Brussels, Belgium (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	31,725	1.29
Japan Trustee Services Bank, Ltd. (trust account 7) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	30,291	1.23
Matsushita Real Estate Co., Ltd.	4-27, Dojima 2-chome, Kita-ku, Osaka-shi, Osaka	29,121	1.18
Total	—	622,091	25.35

(Notes) 1. Holdings of less than 1,000 shares have been omitted.

2. The numbers of shares held by Japan Trustee Services Bank, Ltd. (trust account) and Japan Trustee Services Bank, Ltd. (trust account 7) reflect the shares entrusted by Sumitomo Mitsui Trust Holdings, Inc. and other corporations, which have been originally entrusted in their trust services.
3. The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) reflects the shares entrusted by Mitsubishi UFJ Trust and Banking Corporation and other corporations, which have been originally entrusted in their trust services.
4. The Company has 132,057 thousands shares of treasury stock, 5.38% of the total number of issued shares.

(8) Information on voting rights

1) Total number of shares issued

As of March 31, 2016

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	(Treasury stock) Common stock 132,057,100	—	Standard common stock of the Company without any restriction
	(Crossholding stock) Common stock 14,849,800	—	Same as above
Shares with full voting right (others)	Common stock 2,297,404,000	22,974,040	Same as above
Shares less than one unit	Common stock 8,742,597	—	Shares less than one unit (100 shares)
Number of issued shares	2,453,053,497	—	—
Total number of voting rights	—	22,974,040	—

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

2. Treasury stock and crossholding stock described below are included in "Shares less than one unit"
Treasury stock : Panasonic Corporation (90 shares)
Crossholding stock : Panasonic Employee Cooperation Society, Inc. (7 shares), Asahi Plating Co., Ltd. (71 shares), AC Techno SANYO Co., Ltd. (75 shares)

2) Treasury stock, etc.

As of March 31, 2016

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (Shares)	Percentage of total issued shares (%)
(Treasury stock) Panasonic Corporation	1006, Oaza Kadoma, Kadoma -shi, Osaka	132,057,100	—	132,057,100	5.38
(Crossholding stock) Panasonic Employee Cooperation Society, Inc.	1006, Oaza Kadoma, Kadoma -shi, Osaka	14,798,800	—	14,798,800	0.60
Asahi Plating Co., Ltd.	5-16, Shinmori 4-chome, Asahi-ku, Osaka-shi, Osaka	23,400	—	23,400	0.00
STC Co., Ltd.	1038, Hinodecho, Isesaki-shi, Gunma	11,500	—	11,500	0.00
Osaka National Electric Works Co., Ltd.	7-21, Imagawa 8-chome, Higashisumiyoshi -ku, Osaka-shi, Osaka	10,000	—	10,000	0.00
AC Techno SANYO Co., Ltd.	597-1, Nisshincho 3-chome, Kita-ku, Saitama-shi, Saitama	5,100	—	5,100	0.00
Sanin Panasonic Corporation	416, Watarihashicho, Izumo-shi, Shimane	1,000	—	1,000	0.00
Crossholding stock Total	—	14,849,800	—	14,849,800	0.60
Total	—	146,906,900	—	146,906,900	5.98

(9) Details of stock option plans

Panasonic Corporation adopts the stock option plan. Under this plan, the Company issues stock acquisition rights in accordance with the Companies Act as follows.

(By resolution of the Ordinary General Meeting of Shareholders held on June 26, 2014 and the Board of Directors meeting held on July 31, 2014)

Pursuant to the provisions of Articles 361 of the Companies Act, the Company approved remuneration of its Directors (excluding Outside Directors) relevant to Stock Acquisition Rights as Stock-Type Compensation Stock Options by a resolution of the Ordinary General Meeting of Shareholders held on June 26, 2014 and the Board of Directors meeting held on July 31, 2014.

Resolution date	June 26, 2014 and July 31, 2014
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 14
Class of share to be acquired upon the exercise of stock acquisition rights	As noted in (2) Information on the stock acquisition rights, etc.
Number of shares	Same as above
Subscription amount to be paid upon exercise of stock acquisition	Same as above
Exercise period of stock acquisition rights	Same as above
Conditions for exercise of stock acquisition rights	Same as above
Matters regarding transfer of stock acquisition rights	Same as above
Matters regarding substitute payments	Same as above
Matters regarding grant of stock acquisition rights accompanying reorganization	Same as above

(By resolution of the Board of Directors meeting held on July 29, 2015)

Pursuant to the provisions of Articles 361 of the Companies Act, the Company approved remuneration of its Directors (excluding Outside Directors) relevant to Stock Acquisition Rights as Stock-Type Compensation Stock Options by a resolution of the Board of Directors meeting held on July 29, 2015.

Resolution date	July 29, 2015
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 17
Class of share to be acquired upon the exercise of stock acquisition rights	As noted in (2) Information on the stock acquisition rights, etc.
Number of shares	Same as above
Subscription amount to be paid upon exercise of stock acquisition	Same as above
Exercise period of stock acquisition rights	Same as above
Conditions for exercise of stock acquisition rights	Same as above
Matters regarding transfer of stock acquisition rights	Same as above
Matters regarding substitute payments	Same as above
Matters regarding grant of stock acquisition rights accompanying reorganization	Same as above

2. Information on Acquisition of Treasury Stock, etc.

Class of shares

Acquisition of common stock under Article 155, Item 7 of the Companies Act, acquisition of common stock under Article 155, Item 9 of the Companies Act and acquisition of common stock under Article 155, Item 13 of the Companies Act.

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

Not applicable.

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

Not applicable.

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

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2016	78,572	115,329,002
Treasury stock acquired during the current period	3,825	3,650,446

(Note) With regard to "Treasury stock acquired during the current period," the number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2016 to the filing date is not included.

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

Classification	Fiscal year ended March 31, 2016		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange or company split	9,802,044	17,130,961,830	—	—
Others Note 2	8,356	14,603,074	475	830,079
Total numbers of treasury stock held	132,057,190	—	132,060,540	—

(Notes) 1. With regard to "Number of shares (shares)" and "Total disposition amount (yen)" of the current period, the number of treasury stock which was sold or acquired due to requests from shareholders holding less than one unit shares to purchase or sell additional shares from June 1, 2016 to the filing date are not included.

2. The details of others are selling due to requests from shareholders holding shares less than one unit shares to sell additional shares (Number of shares 5,956 shares, Total disposition amount 10,408,886 yen) and exercise of stock acquisition rights (Number of shares 2,400 shares, Total disposition amount 4,194,188 yen)

3. Dividend Policy

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

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

In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 25 yen per share for fiscal 2016, which includes the interim dividend of 10 yen per share and a year-end dividend of 15 yen per share.

The Company will utilize its internal reserve funds for further enhancing the management structure and future business development.

Dividends for the 109th term are as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
The Board of Directors meeting held on October 29, 2015	23,209	10.0
The Board of Directors meeting held on April 28, 2016	34,815	15.0

4. Stock Prices

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

Fiscal year	105th business term	106th business term	107th business term	108th business term	109th business term
Year end	March 2012	March 2013	March 2014	March 2015	March 2016
Highest (yen)	1,070	781	1,408	1,614.0	1,853.5
Lowest (yen)	582	376	594	1,030	799.0

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

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

Month	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016
Highest (yen)	1,466.0	1,439.0	1,411.5	1,254.5	1,149.5	1,064.5
Lowest (yen)	1,212.0	1,370.0	1,186.5	1,044.5	799.0	932.3

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

5. Member of the Board of Directors and Audit & Supervisory Board Members

Consisting of 20 men and 2 women (the ratio of women members in the Board of Directors and Audit & Supervisory Board Members is 9.1%.)

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Chairman of the Board of Directors		Shusaku Nagae	January 30, 1950	Apr. 1972 Dec. 2004 June 2007 June 2010 Apr. 2011 Jan. 2012 June 2012 June 2013	Joined Matsushita Electric Works, Ltd. (MEW); Managing Executive Officer, MEW; Managing Director, MEW; President, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.; In charge of Solution Business / President, Eco Solutions Company; Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business; Chairman of the Board of Directors (incumbent).	Note 5	275
Vice Chairman of the Board of Directors		Masayuki Matsushita	October 16, 1945	Apr. 1968 Oct. 1981 Feb. 1986 June 1990 June 1992 Aug. 1993 July 1995 June 1996 June 2000	Joined the Company; General Manager, Washing Machine Business Unit; Director of the Company; Managing Director of the Company; Senior Managing Director of the Company; Division Director, Corporate Industrial Marketing & Sales Division; In charge of Overseas Operations; Executive Vice President of the Company; Vice Chairman of the Board of Directors (incumbent).	Note 5	127,231

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
President and Director		Kazuhiro Tsuga	November 14, 1956	Apr. 1979 June 2001 June 2004 Apr. 2008 Apr. 2011 June 2011 June 2012	Joined the Company; Director, Multimedia Development Center; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company; Senior Managing Executive Officer of the Company / President, AVC Networks Company; Senior Managing Director of the Company; President of the Company (incumbent).	Note 5	585
Executive Vice President and Director	In charge of Japan Region, Customer Satisfaction, and Design	Kazunori Takami	June 12, 1954	Apr. 1978 June 2002 Apr. 2005 Apr. 2006 Apr. 2008 Apr. 2009 June 2009 Apr. 2012 Apr. 2015	Joined the Company; Director, Matsushita Refrigeration Company; In charge of Corporate Marketing Division for National Brand Home Appliances and Corporate Marketing Division for National Brand Wellness Products / Director, Corporate Marketing Division for National Brand Home Appliances; Executive Officer of the Company; Managing Executive Officer of the Company; President, Home Appliances Company (currently Appliances Company) / In charge of Lighting Company; Managing Director of the Company; Senior Managing Director of the Company; Executive Vice President of the Company (incumbent) /In charge of Japan Region (incumbent), Customer Satisfaction (incumbent), and Design (incumbent).	Note 5	304

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Managing Director	In charge of Accounting and Finance	Hideaki Kawai	September 1, 1954	Apr. 1977 July 2004 Apr. 2008 Apr. 2011 June 2012 Apr. 2014	Joined the Company; General Manager, Corporate Finance & IR Group; Executive Officer of the Company; Managing Executive Officer of the Company / General Manager, Corporate Planning Group; Managing Director of the Company / In charge of Accounting and Finance (incumbent); Senior Managing Director of the Company (incumbent).	Note 5	794
Senior Managing Director	In charge of Technology and Intellectual Property	Yoshiyuki Miyabe	December 5, 1957	Apr. 1983 Jan. 2003 Apr. 2008 Apr. 2011 June 2011 Oct. 2012 Apr. 2013 Apr. 2014 Apr. 2015	Joined the Company; Manager, R&D Planning Office; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / In charge of Technology; Managing Director of the Company; In charge of Intellectual Property; President, AVC Networks Company; Senior Managing Director of the Company (incumbent); In charge of Technology (incumbent) and Intellectual Property (incumbent).	Note 5	533

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Managing Director	President, Automotive & Industrial Systems Company	Yoshio Ito	March 18, 1953	Apr. 1973 Apr. 2006 Apr. 2009 Jan. 2013 Apr. 2013 Apr. 2014 June 2014	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, System Business Group; Executive Officer of the Company / President, Lighting Company; President, Industrial Devices Company / President, Energy Company; Managing Executive Officer of the Company; Senior Managing Executive Officer of the Company / President, Automotive & Industrial Systems Company (incumbent); Senior Managing Director of the Company (incumbent).	Note 5	357
Senior Managing Director	President, Eco Solutions Company	Tamio Yoshioka	March 25, 1955	Apr. 1977 Apr. 2006 June 2011 Apr. 2013 June 2013 Apr. 2014	Joined Matsushita Electric Works, Ltd. (MEW); Executive Officer, MEW; Director, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Officer, Eco Solutions Company; Director of the Company / President, Eco Solutions Company (incumbent); Senior Managing Director of the Company (incumbent).	Note 5	235
Senior Managing Director	President, AVC Networks Company	Yasuji Enokido	June 30, 1960	Apr. 1983 June 2012 Apr. 2013 Apr. 2015 June 2015 Apr. 2016	Joined the Company; Managing Officer and Director, Business Solutions Business Group, AVC Networks Company; Executive Officer of the Company; Managing Executive Officer of the Company; President, AVC Networks Company (incumbent); Managing Director of the Company; Senior Managing Director of the Company (incumbent).	Note 5	58

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Managing Director	In charge of Planning and Human Resources	Mototsugu Sato	October 17, 1956	Apr. 1979 Apr. 2008 Apr. 2011 Oct. 2013 June 2014 Apr. 2015 Apr. 2016	Joined Matsushita Electric Works, Ltd. (MEW); Executive Officer, MEW; Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW); Executive Officer of the Company / In charge of Planning (incumbent); Director of the Company; Managing Director of the Company; Senior Managing Director of the Company (incumbent) /In charge of Human Resources (incumbent).	Note 5	131
Senior Managing Director	President, Appliances Company	Tetsuro Homma	October 28, 1961	Apr. 1985 June 2012 Oct. 2013 Apr. 2015 June 2015 Apr. 2016	Joined the Company; General Manager, Corporate Planning Group of the Company; Executive Officer of the Company; Managing Executive Officer of the Company/ President, Appliances Company (incumbent); Managing Director of the Company; Senior Managing Director of the Company (incumbent).	Note 5	119

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Managing Director	Director, Government and External Relations Division / Representa-tive in Tokyo	Takashi Toyama	September 28, 1955	Apr. 1978 Apr. 2006 Apr. 2007 Jan. 2010 June 2010 Apr. 2011 June 2012 Oct. 2013 Apr. 2014	Joined the Company; President, Panasonic System Solutions Company / Director, Corporate Construction Business Promotion Division; Executive Officer of the Company; President, System Networks Company / President, Panasonic System Networks Co., Ltd.; Director of the Company; Managing Director of the Company (incumbent) / President, Systems & Communications Company; In charge of Planning and Information Systems; Director, Government and External Relations Division (incumbent); Representative in Tokyo (incumbent).	Note 5	479

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Managing Director	In charge of Legal Affairs, Fair Business & Compliance, Corporate Governance, Risk Management, General Affairs and Social Relations, and Facility Management	Jun Ishii	March 24, 1956	Apr. 1979 June 2003 Apr. 2007 Apr. 2012 Apr. 2013 Oct. 2013 Apr. 2014 June 2014 Apr. 2015	Joined the Company; General Manager, Corporate Planning Group; Executive Officer of the Company; Managing Executive Officer of the Company; Director, Government and External Relations Division; In charge of Human Resources; In charge of Legal Affairs, (incumbent) / In charge of Risk Management, Information Security and Business Ethics / In charge of Information Systems; Managing Director of the Company (incumbent); In charge of General Affairs and Social Relations (incumbent) / In charge of Fair Business & Compliance, Corporate Governance and Risk Management (incumbent) / In charge of Facility Management (incumbent).	Note 5	334

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director		Masayuki Oku	December 2, 1944	June 2005 June 2008	President, Sumitomo Mitsui Banking Corporation / Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. (incumbent); Director of the Company (incumbent).	Note 5	10
Director		Yoshinobu Tsutsui	January 30, 1954	Apr. 2011 June 2015	President, Nippon Life Insurance Company (incumbent); Director of the Company (incumbent).	Note 5	—
Director		Hiroko Ota	February 2, 1954	Sep. 2006 Aug. 2008 June 2013	Minister of State for Economic and Fiscal Policy; Professor of National Graduate Institute for Policy Studies (incumbent); Director of the Company (incumbent).	Note 5	50
Director		Kazuhiko Toyama	April 15, 1960	Apr. 2003 Apr. 2007 June 2016	Senior Representative Director (COO), Industrial Revitalization Corporation of Japan Representative Director (CEO), Industrial Growth Platform, Inc. (incumbent); Director of the Company (incumbent).	Note 5	140
Senior Audit & Supervisory Board Member		Hirofumi Yasuhara	August 28, 1956	Apr. 1979 June 2008 June 2012 June 2014 June 2015	Joined the Company; Director, PanaHome Corporation; Representative Director, PanaHome Corporation; Senior Audit & Supervisory Officer (non-statutory, full-time), Automotive & Industrial Systems Company of Panasonic Corporation; Senior Audit & Supervisory Board Member of the Company (incumbent).	Note 6	—

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Audit & Supervisory Board Member		Mamoru Yoshida	May 21, 1956	Apr. 1979 Apr. 2008 Apr. 2009 Apr. 2012 June 2012 Apr. 2013 Apr. 2015 June 2015 June 2016	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, Network Business Group; Executive Officer of the Company / Senior Vice President, AVC Networks Company; Managing Executive Officer of the Company / President, AVC Networks Company; Managing Director of the Company; In charge of Technology, Intellectual Property and information Systems; Senior Vice President, Appliances Company Managing Executive Officer of the Company; Senior Audit & Supervisory Board Member of the Company (incumbent).	Note 7	326
Audit & Supervisory Board Member		Yoshio Sato	August 25, 1949	July 2007 July 2011 Apr. 2014 June 2014 July 2015	President and Director, Representative Executive Officer (Representative Director) of Sumitomo Life Insurance Company; President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company; Chairman and Representative Director of Sumitomo Life Insurance Company; Audit & Supervisory Board Member of the Company (incumbent); Chairman of the Board of Sumitomo Life Insurance Company (incumbent).	Note 8	—

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Audit & Supervisory Board Member		Toshio Kinoshita	April 12, 1949	July 1983 June 1994 July 1998 July 2007 July 2013 June 2014	Registered as Certified Public Accountant (Japan) (incumbent); Senior Partner of Chuo Audit Corporation (now MISUZU Audit Corporation); Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office; Chief Executive of The Japanese Institute of Certified Public Accountants; Council Member of The Japanese Institute of Certified Public Accountants (incumbent); Audit & Supervisory Board Member of the Company (incumbent).	Note 8	—
Audit & Supervisory Board Member		Mitsuko Miyagawa	February 13, 1960	Apr. 1986 Apr. 1995 June 2016	Registered as Attorney at Law (Japan) (incumbent); Partner, TMI Associates (incumbent); Audit & Supervisory Board Member of the Company (incumbent).	Note 7	10
Total							131,973

(Notes)

1. These with the title of Senior Managing Director or above are Representative Directors.
2. "Share ownership" of less than 100 shares has been omitted.
3. Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are outside directors.
4. Yoshio Sato, Toshio Kinoshita and Mitsuko Miyagawa are outside Audit & Supervisory Board Members.
5. The term of office of Directors, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2016, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2017.
6. The term of office of Hirofumi Yasuhara, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2015 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2019.
7. The term of office of Mamoru Yoshida and Mitsuko Miyagawa, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2016 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2020.
8. The term of office of Yoshio Sato and Toshio Kinoshita, Audit & Supervisory Board Members, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2014, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2018.

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

Position	Name	Responsibility
Managing Executive Officer	Laurent Abadie	Regional Head for Europe & CIS Chairman & CEO, Panasonic Europe Ltd. Managing Director, Panasonic Marketing Europe GmbH
Managing Executive Officer	Joseph Taylor	Regional Head for North America Chairman & CEO, Panasonic Corporation of North America
Managing Executive Officer	Hidetoshi Osawa	Regional Head for China & Northeast Asia Chairman, Panasonic Corporation of China
Managing Executive Officer	Yukio Nakashima	Senior Vice President, Appliances Company In charge of Consumer Marketing Director, Consumer Marketing Sector for Japan Region
Managing Executive Officer	Masahisa Shibata	Senior Vice President, Automotive & Industrial Systems Company In charge of Automotive Business
Managing Executive Officer	Makoto Kitano	Senior Vice President, AVC Networks Company In charge of Business Strategy and Planning
Managing Executive Officer	Daizo Ito	Regional Head for India, South Asia, Middle East and Africa
Executive Officer	Toshiyuki Takagi	Vice President, Appliances Company President, Air-Conditioner Company
Executive Officer	Masahiro Ido	In charge of Solution Sales Director, Tokyo Olympic & Paralympic Enterprise Division
Executive Officer	Satoshi Takeyasu	In charge of Corporate Communications, Advertising, and Citizenship
Executive Officer	Paul Margis	Vice President, AVC Networks Company In charge of Avionics Business CEO, Panasonic Avionics Corporation
Executive Officer	Junichiro Kitagawa	In charge of Consumer Business for Europe & CIS Region
Executive Officer	Shinji Sakamoto	Vice President, Automotive & Industrial Systems Company In charge of Industrial Business
Executive Officer	Yuki Kusumi	Vice President, Appliances Company In charge of Home Appliances Business
Executive Officer	Yoshiyuki Iwai	Vice President, Eco Solutions Company In charge of Intelligence & Liaison, Legal Affairs, and Intellectual Property
Executive Officer	Makoto Ishii	In charge of Information Systems and Logistics
Executive Officer	Toru Nishida	Regional Head for Southeast Asia and Oceania Managing Director, Panasonic Asia Pacific Pte. Ltd. Managing Director, Panasonic Consumer Marketing Asia Pacific
Executive Officer	Kazuhiro Murata	Vice President, Eco Solutions Company Director, Marketing Division
Executive Officer	Hiroyuki Aota	Vice President, Automotive & Industrial Systems Company In charge of Factory Solutions Business Director, Smart Factory Solutions Business Division President, Panasonic Factory Solutions Co., Ltd.

Position	Name	Responsibility
Executive Officer	Masaki Arizono	Vice President, AVC Networks Company In charge of Visual & Imaging Business Director, Visual Systems Business Division
Executive Officer	Masashi Yamada	Vice President, Eco Solutions Company Director, Housing Systems Business Division In charge of AGE-FREE Business
Executive Officer	Michiko Ogawa	In charge of Technics Brand Managing Officer, Appliances Company In charge of Home Entertainment Business Director, Home Entertainment Business Division General Manager, Technics Business Promotion
Executive Officer	Hirotoshi Uehara	Vice President, Automotive & Industrial Systems Company Director, Automotive Infotainment Systems Business Division
Executive Officer	Eiichi Katayama	In charge of Business Development General Manager, Business Development Department, Corporate Strategy Division
Executive Officer	Mitsuki Wada	In charge of Procurement President, Global Procurement Company
Executive Officer	Tatsuo Katakura	Vice President, AVC Networks Company In charge of Solutions Business for Japan Region President, Panasonic System Networks Co., Ltd. President, System Solutions Company (Japan)
Executive Officer	Kenji Tamura	Vice President, Automotive & Industrial Systems Company In charge of Energy Business
Executive Officer	Thomas Gebhardt	Vice President, Automotive & Industrial Systems Company President, Panasonic Automotive Systems Company of America, Panasonic Corporation of North America
Executive Officer	Akira Kono	Vice President, Appliances Company Director, Consumer Marketing Division (Japan) Consumer Marketing Sector for Japan Region
Executive Officer	Masashi Nagayasu	Vice President, Automotive & Industrial Systems Company Director, Automotive Marketing & Sales Division
Executive Officer	Manish Sharma	President, Panasonic India Pvt. Ltd.

6. Corporate Governance, etc.

This section includes the matters of consolidated companies. This section refers to the matters as of June 27, 2016, the date of the filing of this annual securities report, unless otherwise indicated.

(1) Corporate Governance

1) Basic Policy of Corporate Governance
The Company, since its establishment, has operated its business under its business 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 endeavors to establish and strengthen the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and Audit & Supervisory Board Member (A&SB Member) / Audit & Supervisory Board (A&SB) which are independent from the Board of Directors and responsible for auditing the performance of duties by Directors.

The Company conducts the following activities to enhance effectiveness of its corporate governance.

1. Secures the rights and equal treatment of shareholders.
2. Endeavors to appropriately cooperate with stakeholders such as employees, customers, business partners and local societies with the recognition that its sustainable growth is brought about as a result of receiving resources and contributions from such stakeholders.
3. Appropriately discloses corporate information and ensure transparency of the management.
4. Given its fiduciary responsibility and accountability to shareholders, the Board of Directors set the broad direction of corporate strategy, establish an environment where appropriate risk-taking is supported and carry out effective oversight of Directors and management from an independent and objective standpoint.
5. Engages in constructive dialogue with shareholders in order to contribute to the sustainable growth and the increase of corporate value over the mid- to long-term.

2) Structure of Business Execution and Overview of Organization
In the Company, each of thirty-seven (37) business divisions as basic management unit, autonomously manages R&D, production and sales as well as its cash and profit on a global basis. The Company introduced divisional company system in order to support the business divisions. In addition, four (4) Divisional Companies (Appliances, Eco Solutions, AVC Networks and Automotive & Industrial Systems) support the business division’s evolution and change in the area in which they have responsibility and take a leading role to actualize growth strategy. Also the Company established Corporate Strategy Head Office, which is responsible for enhancement of corporate value by formulating mid- and long-term group-wide strategy. In addition, the Company has incorporated Professional Business Support Sector which specializes in group-wide management control functions with high expertise and management perspective, such as legal, internal control and compliance. Also the Company has established Technology & Design Sector which assumes the function of group-wide cutting-edge technology, manufacturing technology and design in order to increase added value on businesses.

＜The Board of Directors and Executive Officer System＞
The Company’s Board of Directors is composed of seventeen (17) Directors including four (4) Outside Directors. In accordance with the Companies Act of Japan and related laws and ordinances (collectively, the “Companies Act”), the Board of Directors has ultimate responsibility for administration of the Company’s affairs and monitoring of the execution of business by Directors.

Under the four (4) Divisional Company-based management structure, the Company has empowered each of four (4) Divisional Companies and business divisions through delegation of authority. At the same time, the Company employs an Executive Officer system to provide the execution of business at its various domestic and overseas group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths. The Company has thirty-one (31) Executive Officers (excluding those who concurrently serve as Directors), which include senior managements of each of four (4) Divisional Companies, senior officers responsibly for certain foreign regions and officers responsible for corporate functions.

In addition, in order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the four (4) Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors. Moreover, to clarify the responsibilities of Directors and build a structure of the Board of Directors flexibly, the Company limits the term of each Director to one (1) year.

＜Audit & Supervisory Board Members (A&SB Members) and Audit & Supervisory Board (A&SB)＞
Pursuant to the Companies Act, the Company has elected A&SB Members and established A&SB, made up of A&SB Members. The A&SB Members and A&SB monitor the status of corporate governance and audit the day-to-day activities of management, including the performance of duties by Directors. The Company has five (5) A&SB Members, including three (3) Outside A&SB Members. Additionally, the Company elected A&SB Members who have substantial finance and accounting knowledge. A&SB Members participate in the general meetings of shareholders and the Board of Directors, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority granted to A&SB Members under the law. Full-time Senior A&SB Members also attend important meetings and conduct visiting audits to business offices in order to ensure effective audits. In order to augment the internal auditing functions in the Group, the Company assigns ten (10) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SB Members of the Company, to the four (4) Divisional Companies, etc. The Company also inaugurated the Panasonic Group Audit & Supervisory Board Members' Meeting (comprising Senior A&SB Members of the Company, A&SOs. and A&SB Members of the Group Companies), chaired by the Senior A&SB Member of the Company, to enhance coordination between the Company's Senior A&SB Members, and A&SOs and audit & supervisory board members of the Group companies, for effective functioning of the entire group corporate governance. In addition, in the course of the performance of their duties, A&SB Members maintain mutual cooperation with the Internal Audit Department and other departments, which perform business audits and internal control audits, to conduct efficient audits. A&SB Members regularly receive, from the Internal Audit Department and other sections, reports regarding the status involving the internal control system and results of audits. A&SB Members may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Also, in order to enhance the effectiveness of the audits conducted by A&SB Members and to ensure the smooth implementation of audits, the Company has established a A&SB Member's Office with seven (7) full-time staff under the direct control of the A&SB.

Mr. Hirofumi Yasuhara, a Senior A&SB Member of the Company, has substantial finance and accounting knowledge, having held the position of Representative Director and Senior Managing Executive Officer, in charge of Control Group, at PanaHome Corporation which is a subsidiary of the Company. Mr. Toshio Kinoshita, Outside A&SB Member of the Company, has substantial finance and accounting knowledge, having held the career experiences with a corporate accounting in global companies in Japan and overseas for long periods as a certified public accountant.

The Company has established the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) based on the independence standard required by financial instruments exchange such as Tokyo Stock Exchange. Accordingly, all of the Outside Directors and Outside A&SB Members are notified to the financial instrument exchanges as “independent directors/audit & supervisory board members” defined in article 436-2 and others of Securities Listing Regulations of the Tokyo Stock Exchange, who shall not to have any conflict of interests with Panasonic's general shareholders.

<Optional Nomination and Compensation Advisory Committee>

In November 2015, the Company has established an optional Nomination and Compensation Advisory Committee, chaired by an independent Outside Director. This committee deliberates and reports to the Board, on the results of internal reviews on the nomination of candidates for Director, Executive Officer and A&SB Member, and on the appropriateness of the Company’s Director and Executive Officer Compensation System.

<Analysis and Evaluation of the Board of Directors Effectiveness>

The Board of Directors, to enhance effectiveness of the Board, conducts a survey to all the Board members who attend the meeting, and reports the results and evaluations of the survey at the Board at least annually. Also, the Board of Directors has been sequentially implementing those opinions and proposals that are practicable. The items of the survey are as follows;

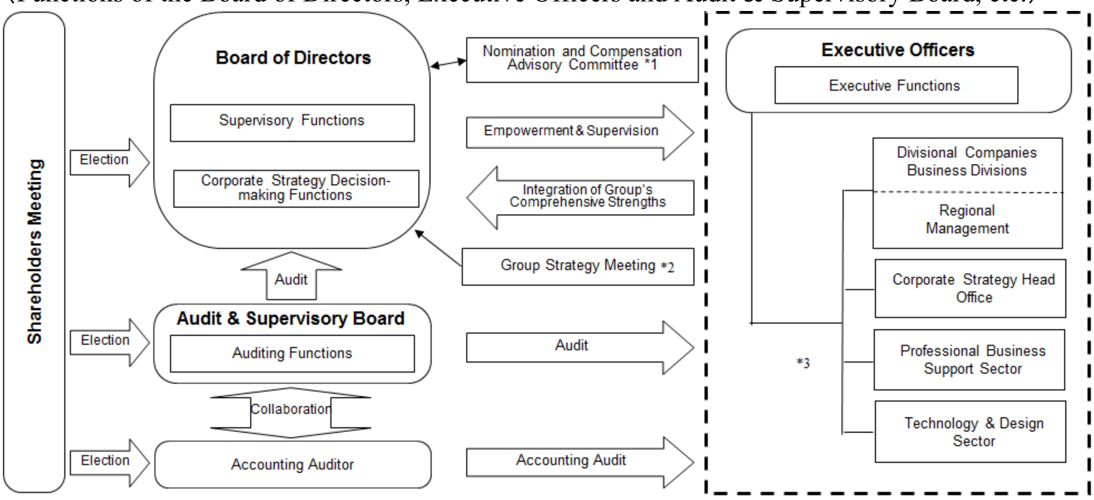
･Composition of the Board
･Operation of the Board (location held, time required, proceeding details, agenda materials, and preliminary studies)
･Decision making function of the Board
･Monitoring function of the Board
･Other requests and comments

<Group Strategy Meeting>

From July 2012, the Company holds, twice a month as a general rule, the Group Strategy Meeting to discuss and set a direction of the Company’s mid-term and long-term strategies and certain important issues. Members of “Group management team”, which consist of approximately ten (10) people in managerial position, including the President and presidents of four (4) Divisional Companies, attend the Group Strategy Meeting, and the responsible persons of the related businesses and functions also participate in the meeting, depending on the matter to be discussed.

Corporate Governance Structure

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



*1 Deliberating inquiries and reporting on results to the Board of Directors
*2 Complementing a decision-making in the Board of Directors
*3 Including the affiliated companies (Japan and overseas), etc.

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

The Company's Board of Directors made the following resolution concerning the Company's basic policy regarding the development of internal control systems. It was decided at the Board of Directors' meeting held on October 29, 2015 that this basic policy should be continued with some amendments made to it to reflect the application of the Corporate Governance Code to publicly listed companies. The details are as follows:

＜Basic Policy Regarding the Development of Internal Control Systems＞

(a) System for ensuring legal compliance in the performance of Directors' duties
The Company shall ensure legal compliance in the performance of Directors' duties by developing effective corporate governance and monitoring systems, as well as by ensuring total compliance awareness among Directors.

(b) System for retention and management of information pertaining to the performance of Directors' duties
The Company shall properly retain and manage information on the performance of Directors' duties in accordance with all applicable laws and regulations and the internal rules of the Company.

(c) Rules and other measures for financial risk management
The Company shall establish rules for risk management, and identify material risk through assessment of risks affecting management of the business. The Company shall also take countermeasures against each material risk, while monitoring the progress of such countermeasures with the aim of seeking continual improvement.

(d) System for ensuring efficiency of the performance of Directors' duties
The Company shall ensure efficiency in the performance of Directors' duties by clarifying business goals based on its business strategies, and examining progress towards achievement of such goals, while seeking to expedite decision-making.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties
The Company shall seek to increase employees' awareness of compliance issues by clarifying the Company's compliance policy. The Company shall also ensure legal compliance in the performance of employees' duties by developing effective monitoring systems.

(f) System for ensuring the properness of operations across the Panasonic Group
While respecting the autonomy of each Group company's management practices, the Company shall fully ensure that Group companies adhere to the Company's management policy, management philosophy and basic policy regarding the development of internal control systems, and shall develop a system for reporting to the Company to thoroughly ensure proper operations of the Panasonic Group as a whole.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors
The Company shall establish a body independent from Directors, tasked with enhancing the effectiveness of audits by A&SB Members and facilitating the smooth performance of audits.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members
Staff members assisting the A&SB Members, while still subject to the internal rules of the Company, shall be under the instruction and supervision of the respective A&SB Members, and personnel-related matters shall be undertaken upon prior discussion with A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members
The Company shall ensure opportunities and systems that enable Directors, employees and other staffs of the Company and Group companies to properly report to the respective A&SB Members, and moreover shall ensure opportunities and systems that enable audit & supervisory officers, who are non-statutory full-time auditors, of Divisional Companies and other such bodies, and A&SB Members of Group companies to report to the Company's A&SB Members.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting
In ensuring opportunities and systems for Company and Group company employees and other staffs to report to A&SB Members, the Company shall make sure that employees and other staffs who have duly reported do not incur unfavorable treatment as a consequence of such reporting.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties
The Company shall calculate budgets on an annual basis for expenses arising with respect to the execution of duties of A&SB Members to ensure effectiveness of audits, and moreover shall provide pre-payment or reimbursement in accordance with laws and regulations with respect to expenses incurred beyond amounts budgeted.

(l) Other systems for ensuring effective performance of audits by the A&SB Members
The Company shall have audit & supervisory officers assigned to Divisional Companies and other such entities to assist with audits by A&SB Members. Moreover, the Company shall develop a system enabling effective performance of audits, including mutual cooperation with the accounting auditors and the internal auditing group, in accordance with the Audit Plan established by the A&SB Members each year.

＜Status of Basic Policy Implementation in the Company
(a) System for ensuring legal compliance in the performance of Directors' duties
・The Company has established internal rules such as the Panasonic Code of Conduct and the Code of Ethics for Directors and Executive Officers, and endeavors to ensure that its Directors act in accordance with laws, regulations and the Company's Articles of Incorporation. Additionally, when Directors assume their positions, the Company provides them with opportunities to acquire the knowledge necessary to fulfill their roles and obligations, and during their terms of office it continues to provide Directors with opportunities to acquire the knowledge they need, including presentations on management and compliance by external experts as required.
・The Company strengthens its supervisory functions by appointing multiple Outside Directors and by providing opportunities for the Outside Directors to actively communicate through Board of Directors' meetings and other such occasions. The Company has also established a Nomination and Compensation Advisory Committee chaired by an Outside Director to ensure objectivity and transparency in the process of determining the nomination and remuneration of Directors.
・Audits are conducted by A&SB Members and the Audit & Supervisory Board. In addition, at the Divisional Companies, management committees have been established and audit & supervisory officers have been appointed, which correspond in function to the Board of Directors and the A&SB Members, respectively.

(b) System for retention and management of information pertaining to the performance of Directors' duties
The minutes of meetings of the Board of Directors are prepared after each meeting of the Board of Directors and retained permanently by the section responsible for administration relating to the Board of Directors. Records of approval by the President are also retained permanently by the responsible department.

(c) Rules and other measures for financial risk management
Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee, and takes countermeasures proportionate to the materiality of each risk.

(d) System for ensuring efficiency of the performance of Directors' duties
- The Company expedites decision-making through Rules of Approval for Decision-making in Important Matters, a clear separation of roles between Directors and Executive Officers, the delegation of authority to entities such as Divisional Companies and business divisions, the holding of Group Strategy Meetings, and the implementation of an IT system that ensures the rapid and accurate collection and transmission of important management information.
- The Company plans and implements measures to achieve the business goals it sets based on its business strategies by confirming and examining the status of progress towards the goals at the time of monthly settlement of accounts.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties
- The Company has established internal rules such as the Panasonic Code of Conduct and implements various awareness-building activities such as its Compliance Awareness Month on a Company-wide basis as well as training tailored to specific employee levels and e-learning.
- The Company seeks to detect improper acts at an early stage through operational audits and internal control audits, operating various types of hotlines in addition to other measures.
- The Company is stepping up its efforts to implement fair business practices emphasizing compliance and taking measures to change of its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, and administration of corporate governance.
- The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) by assigning an employee in the division overseeing such preventative measures specifically to the task of blocking any relations with such forces.

(f) System for Ensuring the Properness of Operations across the Panasonic Group
- The Company ensures that basic policy for internal control systems is fully implemented by Group companies, and disseminates relevant information among Group companies. Initiatives to that end include: implementing the Panasonic Code of Conduct and the Rules of Approval for Decision-Making in Important Matters; implementing group-wide regulations respecting individual professional functions; dispatching Directors and A&SB Members to Group companies and exercising the Company's shareholder rights thereof; conducting regular operational audits and internal control audits of Group companies through the internal auditing group, and; sharing and disseminating information on business objectives through business policy announcements.
- For publicly listed subsidiaries, the Company puts into effect those measures described above while taking into consideration the nature of such entities as publicly listed companies.
- The framework described above ensures the properness of operations, thereby enabling the Panasonic Group to establish the internal controls necessary for financial reporting based on the Financial Instruments and Exchange Act.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors
The Company has established the Audit & Supervisory Board Member's Office, whose dedicated staff is under the direct control of the Audit & Supervisory Board and separate from any operating function of the Company's business. The Company assigns A&SB Member assistant staff members who possess appropriate capabilities and knowledge as required by the A&SB Members.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

- Respective A&SB Members issue instructions to their staff members, and those staff members accordingly assist the A&SB Members in performing their duties.
- The Company consults with A&SB Members in advance of undertaking personnel-related matters including employee transfers and other affairs involving staff members who assist the A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

- Directors, employees and other staffs of the Company and Group companies report on business operations and other issues at respective regular meetings held by A&SB Members and other such occasions, and also report as necessary at other important meetings with A&SB Members, where their attendance has been requested. Moreover, A&SB Members of Group companies report as necessary to the Company's A&SB Members regarding content of reports at respective Group companies. Audit & supervisory officers conduct inquiries at respective Divisional Companies regarding business operations and issues at such Divisional Companies, and report such matters as necessary to the Company's A&SB Members.
- The Company has established an Audit Report System by which employees of the Company and Group companies directly report to the Company's Audit & Supervisory Board about irregularities or concerns in regards to accounting or auditing.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting
The Company calls on departments associated with reported matters not to act unfavorably toward parties who have reported as a consequence of such reporting. Moreover, the Company enables parties to report matters anonymously under the Audit Report System, and prohibits unfavorable treatment to such parties as a consequence of such reporting in accordance with its Internal Reporting Rules.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties

- To ensure effectiveness of audits, the Company calculates preliminary budgets with respect to anticipated expenses required by A&SB Members in executing their duties, in accordance with Audit & Supervisory Standards.
- The Company also provides pre-payment or reimbursement for expenses paid under urgent or extraordinary circumstances in accordance with laws and regulations.
- In making payment of audit expenses, A&SB Members are required to remain mindful of efficiency and appropriateness in that regard.

(l) Other systems for ensuring effective performance of audits by the A&SB Members

- Audit & supervisory officers tasked with monthly reporting and implementing liaison meetings are assigned to Divisional Companies and other such entities. Any decisions on personnel-related matters involving the audit & supervisory officers require the agreement of A&SB Members.
- The Company has established and operates the Panasonic Group Audit & Supervisory Board Members' Meeting chaired by the Company's Senior A&SB Member, in order to facilitate cooperation among the A&SB Members of the Company, the audit & supervisory officers of Divisional Companies and other such entities, and the A&SB Members of Group companies.
- Representative Directors and A&SB Members exchange opinions regularly and whenever necessary. Moreover, respective departments cooperate in implementing visiting audits of business offices inside and outside Japan conducted by A&SB Members. Internal auditing groups also cooperate to enhance the effectiveness of audits carried out by A&SB Members through collaboration with A&SB Members, including reporting as appropriate to the A&SB Members.
- When the accounting auditors formulate their audit plans, perform quarterly reviews, and conduct final audits, the A&SB Members hold regular meetings with the accounting auditors at which they receive explanations and reports, and exchange opinions with the accounting auditors as necessary.

Note: “Group companies” means subsidiaries as stipulated in the Companies Act.

4) The status of the Company’s internal system concerning disclosure of corporate information

Under its basic philosophy, “A company is a public entity of society,” the Company has committed to highly transparent business activities and endeavored to be accountable its accountability to its stakeholders. The Company’s basic policy concerning information disclosure is set forth in the “Panasonic Code of Conduct,” which prescribes specific items to be complied with in order to put the Group’s business policy into practice, and is published on the Company’s website and elsewhere. The Company’s basic policy concerning information disclosure is to provide the Company’s fair and accurate financial information and corporate information, including management policies, business activities and corporate social responsibility (CSR) activities, in a timely, appropriate and easily understandable manner.

In accordance with this basic policy, important matters concerning the management of the Group are resolved or reported at the Board of Directors pursuant to the Regulations of the Board of Directors. These important matters and other matters, which are required to be disclosed under relevant laws and ordinances in Japan and overseas or any other regulations, are timely and accurately reported from each relevant department, that has the important internal information, to the department that handles relevant information under the monitoring of the Director in charge of Accounting and Finance, so that important information is gathered. Further, matters required to be disclosed under the rules of financial instruments exchanges are under the monitoring of the Director in charge of Planning.

Also, if any of the matters which is required to be disclosed under relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, occurs at the Company’s business divisions including subsidiaries, such matter shall be immediately reported to the “Financial & Accounting Department” or the “ Investor Relations, Corporate Planning Department”, depending upon the nature thereof; Thus, the Company has established a structure whereby these matters can be collected.

With respect to the information gathered or identified, the Company determines the necessity of disclosure thereof in accordance with relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, and makes effort to disclose it at the time that the organization, which effectively decides execution of the business of the Company, makes a resolution or determination, or becomes aware of its occurrence.

In addition, the Company endeavors to confirm the contents and expressions of the disclosure with the relevant departments within the Company and outside legal counsel to ensure the accuracy, fairness and adequacy of the disclosure.

Moreover, the Company has established disclosure control procedures in order to comply with relevant laws and ordinances in Japan and overseas, the rules of financial instruments exchanges and any other regulations, and to implement the fair, accurate and timely disclosure of information about its Group, etc. In the process of preparation and confirmation of documents such as annual securities reports and quarterly reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the supervision of the President and the Director in charge of Accounting and Finance, who are responsible for establishing, maintaining and ensuring the effectiveness of the internal control and disclosure control of the Company. The chairman of the Disclosure Committee is appointed by the President and the Director in charge of Accounting and Finance, and the members of the Disclosure Committee are appointed by the chairman of the Disclosure Committee. The Disclosure Committee also develops, maintains, improves and evaluates the internal control procedures concerning disclosure matters.

5) Internal Control Over 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 2016 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

6) Amount of compensation for Directors and Audit & Supervisory Board Members (A&SB Members)

Remuneration for Directors and A&SB Members of Panasonic are determined within the framework of the maximum total amounts of remuneration for Directors and A&SB Members which has been determined respectively by resolution of a general meeting of shareholders. With regards to the determination of the Remuneration for Directors, the optional Nomination and Compensation Advisory Committee, members of which include independent Outside Directors, deliberates and reports to the Board, the appropriateness of the remuneration System. The remuneration system comprises the "basic remuneration," which is a fixed remuneration, "performance based remuneration," which is a short-term incentive, and "stock-type compensation stock options," which is a long-term incentive.

The objective of "performance based remuneration" is 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, using performance indicators, such as net sales, operating income, free cash flow, and CCM (Capital Cost Management)*.

The objective for the allotment of "stock-type compensation stock options" is for Directors to share the benefits and risks of shareholdings with Panasonic's shareholders, and to engage in efforts to boost corporate value from a long-term perspective.

Only the "basic remuneration," which is the fixed remuneration, is paid to Outside Directors and A&SB Members.

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

Amount of Remuneration for Directors and A&SB Members

Classification	Number of persons	Amounts (million yen)			
			Basic remuneration	Performance based remuneration	Stock-type compensation stock option
Directors (other than Outside Directors)	16	1,144	662	335	147
A&SB Members (other than Outside A&SB Members)	3	66	66	-	-
Outside Directors	4	46	46	-	-
Outside A&SB Members	3	39	39	-	-

(Note) Three Directors and one A&SB Member who retired at the conclusion of the 108th Ordinary General Meeting of Shareholders held on June 25, 2015 are included in the above.

Directors which Received Remuneration over 100 million yen

Name	Classification	Amounts (million yen)			
			Basic remuneration	Performance based remuneration	Stock-type compensation stock option
Kazuhiro Tsuga	Director	127	64	44	19

7) Status of accounting audit

Panasonic Corporation has an auditing agreement with KPMG AZSA LLC for this company to conduct the accounting audit of Panasonic Corporation. The following is accountants who conducted the accounting audit Panasonic Corporation. The number of years each accountant had continued to audit the Company is seven years or less.

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

Working with to assist the above accountants in conducting audit of Panasonic Corporation were 126 certified public accountants and 104 other people.

8) Outside Directors and Outside Audit & Supervisory Board Members (A&SB Members)

The Company elects four (4) Outside Directors and three (3) Outside A&SB Members.

Mr. Yoshinobu Tsutsui, an Outside Director of the Company, is a president of Nippon Life Insurance Company. Although Nippon Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Tsutsui does not have any other noteworthy relationships with the Company.

Mr. Masayuki Oku, an Outside Director of the Company, is Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. Sumitomo Mitsui Banking Corporation which is a subsidiary of Sumitomo Mitsui Financial Group, Inc. is one of the shareholders of Panasonic. As is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, Mr. Oku holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Ms. Hiroko Ota, an Outside Director of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Kazuhiko Toyama, an Outside Director of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Yoshio Sato, an Outside A&SB Member of the Company, is Chairman of Sumitomo Life Insurance Company. Although Sumitomo Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Sato does not have any other noteworthy relationships with the Company.

Ms. Mitsuko Miyagawa, an Outside A&SB Member of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

As for the four (4) Outside Directors, the Company elects them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors regarding the execution of business by Directors, from an objective and neutral standpoint. As for the three (3) Outside A&SB Members, the Company appoints them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the audits performed by A&SB Members regarding the execution of business by Directors, from an objective and neutral standpoint.

<Overview of the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members)>

The following persons are not considered independent.

(1) A person executing the operations of a parent company or a subsidiary of the parent company of the Company. (Including those who corresponds to the person recently or previously, hereinafter, "executing person")
(2) A person or an executing person of such person who has a major business relationship with the Company, or a person or an executing person of such person with whom the Company has a major business relationship.
(3) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company other than compensation as a Director / A&SB Member. If the person who receives such property is an organization such as a legal entity or association, those who belongs or belonged to the organization corresponds to the relevant person.
(4) A principal shareholder of the Company (If a principal shareholder is a legal entity, An executing person of such legal entity)
(5) A close relative listed in items numbered (1) to (4) above (A second-degree or closer relative applies. The same applies, hereinafter) or a close relative of an executing person of the Company or subsidiary of the Company (If an Outside A&SB Member is appointed to as an independent Director / A&SB Member, the person who is or who was an non-executing director / accounting advisor is included in the executing person).

Notes)
i) In the items numbered (1), (2), (4) and (5) above, an "executing person" corresponds to any of the following.
- A Director who is an executive director, an executive officer (shikkouyaku) or a director / A&SB Member who executes business of a legal entity, etc.
- An employee who executes business, a person responsible of serving duties of an employee who executes business of a legal entity in the case that the legal entity is an employee executing business, or other such equivalent person.
- An employee

Also, the wording "recently" shall be assumed to be the point of time when the item of the agenda of the shareholders' meeting appointing the person as a Director or an A&SB Member are decided, and the wording "previously" shall be assumed to be "within the last three years"
.

ii) In the item (2) above, "major" shall be applied to the case in which the amount of the transaction between the Company and a person whom the Company has a business relationship, exceeds 2% of either of their annual consolidated sales.

iii) In the item (3) above, “significant” shall be applied to the case in which the person (individual) or the organization such as a legal entity or association to which a service provider belongs, in providing a service to the Company, corresponds to any of the followings. A person “belongs or belonged” includes not only a partner, but also an associate as it is so called.

- A person oneself who provides a service: Receives compensation of more than or equal to 12 million yen per year from the Company.
- An organization to which a service provider belongs: The amount of the transaction between the Company and the organization exceeds 2% of either of their annual consolidated sales. “A person who belonged to an organization” shall be assumed to be identified based on whether the person belonged to the organization within the last three years.

iv) In the item (4) above, “a principal shareholder” shall mean a shareholder holding 10% or more of the voting rights of the Company.

v) In the item (5) above, “A person who was a non-executive director / an accounting advisor” shall be assumed to be identified based on whether the person was in the position in the last three years.

Outside Directors directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors and through reviews of the basic policy regarding the development of the internal control systems and other methods.

Outside A&SB Members directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors, through reviews of the basic policy regarding the development of internal control systems, exchanges of opinions and information at A&SB and other methods.

Note: Major Shareholders: Shareholders listed in (7) Major Shareholders of 1. Information on the Company's Stock, etc.

9) Contract between the Company and Outside Directors / Outside A&SB Members (A&SB Members) under Article 427, Paragraph 1 of the Companies Act

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

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

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

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

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

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

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

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

13) Information on shareholdings

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

Number of stock names: 157

Total amount recorded in the balance sheet of the Company: 88,446 million yen

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

(As of March 31, 2015)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Tesla Motors, Inc.	1,418,573	32,180	Maintaining and enhancing of relationship with issuer and business transactions
Tokyo Broadcasting System Holdings, Inc.	3,083,180	4,674	Maintaining and enhancing of relationship with issuer and business transactions
Toray Industries, Inc.	4,214,000	4,243	Maintaining and enhancing of relationship with issuer and business transactions
Renesas Electronics Corporation	4,166,600	3,721	Maintaining and enhancing of relationship with issuer and business transactions
Daiwa House Industry Co., Ltd.	1,530,000	3,628	Maintaining and enhancing of relationship with issuer and business transactions
Sekisui House, Ltd.	1,112,071	1,941	Maintaining and enhancing of relationship with issuer and business transactions
Mazda Motor Corporation	699,006	1,705	Maintaining and enhancing of relationship with issuer and business transactions
Gorenje gospodinjski aparati, d.d.	2,320,186	1,604	Maintaining and enhancing of relationship with issuer and business transactions
EPCO Co., Ltd.	694,000	1,252	Maintaining and enhancing of relationship with issuer and business transactions
KINDEN CORPORATION	740,257	1,112	Maintaining and enhancing of relationship with issuer and business transactions

Regarded as holding securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	3,000,000	25,149	Have a right to exercise of voting rights
Honda Motor Co., Ltd.	1,000,000	3,903	Have a right to exercise of voting rights

(As of March 31, 2016)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Tesla Motors, Inc.	1,418,573	36,728	Maintaining and expanding of rechargeable batteries related businesses
Tokyo Broadcasting System Holdings, Inc.	5,643,180	9,842	Maintaining and expanding of broadcasting equipment related businesses
Daiwa House Industry Co., Ltd.	1,530,000	4,844	Maintaining and expanding of housing / equipment related businesses
Toray Industries, Inc.	4,214,000	4,042	Stable procurement of raw materials
Renesas Electronics Corporation	4,166,600	3,017	Stable procurement of raw materials
Sekisui House, Ltd.	1,112,071	2,112	Maintaining and expanding of housing / equipment businesses
Gorenje gospodinjski aparati, d.d.	2,623,664	1,484	Maintaining and expanding of appliance related businesses
Mazda Motor Corporation	699,006	1,221	Maintaining and expanding of automotive related businesses
KINDEN CORPORATION	740,257	1,022	Maintaining and expanding of housing / equipment related businesses
Joshin Denki Co., Ltd.	1,085,004	939	Maintaining and expanding of appliance related businesses

Regarded as holding securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	3,000,000	17,856	Have a right to exercise of voting rights
Honda Motor Co., Ltd.	1,000,000	3,086	Have a right to exercise of voting rights

(c) Equity securities for pure investment

Not applicable.

(2) Audit Fees

1) Fees to Certified Public Accountants

Category	Fiscal year ended March 31, 2015		Fiscal year ended March 31, 2016	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Panasonic Corporation	695	90	680	289
Consolidated subsidiaries	479	14	441	33
Total	1,174	104	1,121	322

2) Other fees

Audit fees paid by Panasonic Corporation and its consolidated subsidiaries to the Company's accounting auditors, KPMG AZSA LLC Group (including KPMG and its group firms which belong to the same network as KPMG AZSA LLC), other than above were 2,263 million yen for the fiscal year ended March 31, 2015, and 2,490 million yen for the fiscal year ended March 31, 2016, respectively. These fees are mainly paid for audit services. Some consolidated subsidiaries paid audit fees to other accounting auditors which do not belong to the same network as KPMG AZSA LLC Group. These fees are mainly paid for audit services.

3) Descriptions of non-audit services to the Company

Non-audit services to the Company in the fiscal year ended March 31, 2015 and 2016 include agreed-upon procedures, etc., and advisory services relating to the introduction of International Financial Reporting Standards (IFRS), etc., respectively, to which the fee is charged.

4) Policy on determination of audit fees

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

Ⅴ Consolidated Financial Statements

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2016 and 2015

	Yen (millions)	
	March 31,	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (Note 8)	1,014,264	1,280,408
Time deposits (Note 8)	146	18,470
Trade receivables (Note 16):		
Related companies	16,345	14,673
Notes	54,348	78,916
Accounts	775,055	923,452
Allowance for doubtful receivables	(22,196)	(24,947)
Net trade receivables	823,552	992,094
Inventories (Note 2)	756,448	762,670
Other current assets (Notes 10 and 17)	459,949	359,098
Total current assets	3,054,359	3,412,740
Investments and advances:		
Associated companies (Note 3)	198,525	175,824
Other investments and advances (Notes 4 and 8)	145,974	137,845
Total investments and advances	344,499	313,669
Property, plant and equipment (Notes 5 and 6):		
Land	252,661	268,658
Buildings	1,396,046	1,422,561
Machinery and equipment	2,659,483	2,776,617
Construction in progress	74,360	54,358
	4,382,550	4,522,194
Less accumulated depreciation	3,081,375	3,147,363
Net property, plant and equipment	1,301,175	1,374,831
Other assets:		
Goodwill (Notes 7 and 22)	461,992	457,103
Intangible assets (Notes 5, 6, 7 and 22)	155,700	172,898
Other assets (Notes 9 and 10)	279,257	225,706
Total other assets	896,949	855,707
	5,596,982	5,956,947

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets—(Continued)
March 31, 2016 and 2015

	Yen (millions)	
	March 31,	
	2016	2015
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt (Notes 5 and 8)···	21,728	260,531
Trade payables:		
Related companies···	56,699	55,500
Notes···	230,049	236,958
Accounts···	655,496	690,847
Total trade payables···	942,244	983,305
Accrued income taxes (Note 10)···	41,869	39,733
Accrued payroll···	197,179	206,686
Other accrued expenses (Notes 15 and 19)···	835,479	887,585
Deposits and advances from customers···	84,651	79,277
Employees' deposits···	81	584
Other current liabilities (Notes 9, 10 and 17)···	257,669	275,099
Total current liabilities···	2,380,900	2,732,800
Noncurrent liabilities:		
Long-term debt (Notes 5 and 8)···	704,191	712,385
Retirement and severance benefits (Note 9)···	470,175	332,661
Other liabilities (Note 10)···	187,402	186,549
Total noncurrent liabilities···	1,361,768	1,231,595
Equity:		
Panasonic Corporation shareholders' equity:		
Common stock (Note 12):		
Authorized—4,950,000,000 shares···		
Issued —2,453,053,497 shares···	258,740	258,740
Capital surplus (Notes 12 and 13)···	979,895	984,111
Retained earnings (Note 12)···	1,165,282	1,021,241
Accumulated other comprehensive income (loss) (Note 14):		
Cumulative translation adjustments···	(138,921)	11,858
Unrealized holding gains of available-for-sale securities (Note 4)··	20,205	14,285
Unrealized gains of derivative instruments (Note 17)···	1,646	3,135
Pension liability adjustments (Note 9)···	(351,258)	(222,529)
Total accumulated other comprehensive loss···	(468,328)	(193,251)
Treasury stock, at cost (Notes 12 and 16):		
132,057,190 shares as of March 31, 2016 and 141,789,018 shares as of March 31, 2015···	(230,533)	(247,548)
Total Panasonic Corporation shareholders' equity···	1,705,056	1,823,293
Noncontrolling interests···	149,258	169,259
Total equity···	1,854,314	1,992,552
Commitments and contingent liabilities (Notes 5 and 19)		
	5,596,982	5,956,947

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Income
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Revenues, costs and expenses:		
Net sales:		
Related companies	134,122	150,832
Other	7,419,595	7,564,205
Total net sales	7,553,717	7,715,037
Cost of sales (Notes 14, 16 and 17)	(5,339,999)	(5,527,213)
Selling, general and administrative expenses (Notes 16 and 21)	(1,798,009)	(1,805,911)
Interest income	18,937	14,975
Dividends received	1,574	1,466
Other income (Notes 4, 14, 16 and 17)	19,704	95,784
Interest expense (Note 8)	(17,007)	(17,566)
Impairment losses of long-lived assets (Note 6)	(36,690)	(40,032)
Goodwill impairment (Note 7)	(11,999)	(16,001)
Other deductions (Notes 4, 14, 15, 16 and 17)	(173,180)	(238,083)
Income before income taxes	217,048	182,456
Provision for income taxes (Note 10):		
Current	115,465	106,107
Deferred	(100,928)	(108,088)
	14,537	(1,981)
Equity in earnings of associated companies (Note 3)	12,555	11,929
Net income	215,066	196,366
Less net income attributable to noncontrolling interests	21,810	16,881
Net income attributable to Panasonic Corporation	193,256	179,485
	Yen	
Net income attributable to Panasonic Corporation common shareholders per share (Note 11):		
Basic	83.40	77.65
Diluted	83.39	77.64

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Net income	215,066	196,366
Other comprehensive income (loss), net of tax (Note 14):		
Translation adjustments	(163,824)	193,690
Unrealized holding gains of available-for-sale securities	5,781	8,351
Unrealized gains (losses) of derivative instruments	(1,545)	3,445
Pension liability adjustments	(132,036)	68,027
	(291,624)	273,513
Comprehensive income (loss)	(76,558)	469,879
Less comprehensive income attributable to noncontrolling interests	5,263	31,946
Comprehensive income (loss) attributable to Panasonic Corporation	(81,821)	437,933

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Equity
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Common stock:		
Balance at beginning of period	258,740	258,740
Balance at end of period	258,740	258,740
Capital surplus:		
Balance at beginning of period	984,111	1,109,501
Equity transactions with noncontrolling interests and others (Note 13)	(4,216)	(125,390)
Balance at end of period	979,895	984,111
Retained earnings:		
Balance at beginning of period	1,021,241	878,742
Sale of treasury stock	(2,893)	(1)
Cash dividends to Panasonic Corporation stockholders (Note 12)	(46,322)	(36,985)
Net income attributable to Panasonic Corporation	193,256	179,485
Balance at end of period	1,165,282	1,021,241
Accumulated other comprehensive income (loss):		
Balance at beginning of period	(193,251)	(451,699)
Other comprehensive income (loss), net of tax (Note 14)	(275,077)	258,448
Balance at end of period	(468,328)	(193,251)
Treasury stock (Notes 12 and 16):		
Balance at beginning of period	(247,548)	(247,132)
Sale of treasury stock	17,130	10
Repurchase of common stock	(115)	(426)
Balance at end of period	(230,533)	(247,548)
Noncontrolling interests:		
Balance at beginning of period	169,259	38,286
Cash dividends paid to noncontrolling interests	(18,077)	(22,244)
Net income (loss) attributable to noncontrolling interests	21,810	16,881
Other comprehensive income (loss) , net of tax (Note 14)	(16,547)	15,065
Equity transactions with noncontrolling interests and others (Note 13)	(7,187)	121,271
Balance at end of period	149,258	169,259

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Cash flows from operating activities (Note 16):		
Net income	215,066	196,366
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	274,761	286,528
Net gains on sale of investments (Note 4)	(1,215)	(8,261)
Provision for doubtful receivables	6,549	5,918
Deferred income taxes (Note 10)	(100,928)	(108,088)
Write-down of investment securities (Note 4)	979	1,023
Impairment losses on long-lived assets and goodwill (Notes 6 and 7)	48,689	56,033
Cash effects of changes in, excluding acquisition:		
Trade receivables	123,149	68,901
Inventories	(30,015)	5,993
Other current assets	(29,376)	15,885
Trade payables	(18,660)	6,509
Accrued income taxes	2,759	(4,757)
Accrued expenses and other current liabilities	(36,117)	52,106
Retirement and severance benefits	(41,397)	(40,634)
Deposits and advances from customers	5,769	2,232
Other, net	(21,333)	(44,291)
Net cash provided by operating activities	398,680	491,463

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows—(Continued)
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Cash flows from investing activities (Note 16):		
Proceeds from disposals of investments and advances (Note 4)……	9,623	43,625
Increase in investments and advances………………………………	(30,720)	(19,647)
Capital expenditures…………………………………………………	(241,836)	(224,162)
Proceeds from disposals of property, plant and equipment…………	27,566	80,168
(Increase) decrease in time deposits, net……………………………	18,324	(18,470)
Proceeds from sale of consolidated subsidiaries……………………	1,997	31,700
Purchase of shares of newly consolidated subsidiaries, net of acquired companies' cash and cash equivalents (Note 22)………	(31,356)	(6,340)
Other, net……………………………………………………………	(27,872)	(24,882)
Net cash used in investing activities……………………	(274,274)	(138,008)
Cash flows from financing activities (Note 16):		
Decrease in short-term debt with maturities of three months or less, net………………………………………………………………	5,136	(28,379)
Proceeds from short-term debt with maturities longer than three months………………………………………………………………	5,733	15,106
Repayments of short-term debt with maturities longer than three months………………………………………………………………	(7,478)	(16,958)
Proceeds from long-term debt………………………………………	157	402,248
Repayments of long-term debt………………………………………	(251,729)	(46,031)
Dividends paid to Panasonic Corporation shareholders (Note 12)…	(46,322)	(36,985)
Dividends paid to noncontrolling interests…………………………	(18,077)	(22,244)
Repurchase of common stock (Note 12)……………………………	(115)	(426)
Sale of treasury stock (Note 12)……………………………………	8	9
Purchase of noncontrolling interests………………………………	(405)	(4,157)
Other, net……………………………………………………………	5,061	(4,568)
Net cash provided by (used in) financing activities……	(308,031)	257,615

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows—(Continued)
Years ended March 31, 2016 and 2015

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Effect of exchange rate changes on cash and cash equivalents…………	(82,519)	76,871
Net increase (decrease) in cash and cash equivalents…………………	(266,144)	687,941
Cash and cash equivalents at beginning of year…………………………	1,280,408	592,467
Cash and cash equivalents at end of year………………………………	1,014,264	1,280,408

PANASONIC CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) **Description of Business**

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

Sales by segment for the year ended March 31, 2016 were as follows: Appliances—27%, Eco Solutions—19%, AVC Networks—14%, Automotive & Industrial Systems—32%, and Other—8%. A sales breakdown for the year ended March 31, 2016 by geographical market was as follows: Japan—48%, North and South America—16%, Europe—9%, and Asia and Others—27%.

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

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

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

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

(c) **Principles of Consolidation**

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

(d) **Revenue Recognition**

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

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

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

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

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

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

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

(e) **Leases (See Note 5)**

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

(f) **Inventories (See Note 2)**

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

(g) **Foreign Currency Translation (See Note 14)**

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

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

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

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

(i) **Goodwill and Other Intangible Assets (See Notes 6 and 7)**

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

(j) **Investments and Advances (See Notes 3, 4 and 14)**

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

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

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

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

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

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

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

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

(k) Allowance for Doubtful Receivables

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

(l) Income Taxes (See Note 10)

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

Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change in tax rate is enacted.

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

(m) **Advertising (See Note 16)**

Advertising costs are expensed as incurred.

(n) **Net Income (Loss) per Share (See Note 11)**

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

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

(o) **Cash Equivalents**

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

(p) **Derivative Financial Instruments (See Notes 14 and 17)**

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

The Company accounts for derivative instruments in accordance with the provisions of ASC 815, "Derivatives and Hedging." On the date the derivative contract is entered into, the Company ordinarily designates the derivative as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair-value" hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash-flow" hedge), or a foreign-currency fair-value or cash-flow hedge ("foreign-currency" hedge). The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses, both at the hedge's inception and on a quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

(q) **Impairment of Long-Lived Assets (See Note 6)**

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

(r) **Restructuring Charges (See Note 15)**

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

(s) **Segment Information (See Note 20)**

The Company accounts for segment information in accordance with the provisions of ASC 280, “Segment Reporting.” Pursuant to the provisions of ASC 280, the segments are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance. As of April 1 2015, motor businesses were transferred from Appliances to Automotive & Industrial Systems. In addition to this, sales departments of consumer products in Japan and China which were previously not allocated to any reportable segments were transferred to Appliances. Accordingly, segment information for the year ended March 31, 2015 has been reclassified to conform to the presentation at April 1, 2015.

(t) **Fair Value Measurements (See Note 18)**

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

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

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

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

(u) **Retirement and Severance Benefits (See Note 9)**

The Company accounts for the defined benefit pension plans and the lump-sum payment plans in accordance with the provisions of ASC 715, "Compensation-Retirement Benefits." In accordance with the provisions, funded status of defined benefit pension plans (that is the balance of plan assets less benefit obligations) is recognized on the consolidated balance sheets and pension liability adjustments, net of tax, are recorded in the "Accumulated other comprehensive income (loss)."

Actuarial net gains and losses in excess of the corridor (10% of benefit obligations or fair value of plan assets, whichever is greater) are amortized over the average remaining service period of employees, except for the plan described as follows.

The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan, effective after the date of transition with respect to employees' future service. Actuarial net gains and losses related to the defined benefit pension plan that are maintained for employees' past service in excess of the corridor are amortized over the average remaining life expectancy of plan participants.

(v) **Stock-Based Compensation (See Note 21)**

The Company accounts for stock-based compensation in accordance with the provisions of ASC 718, "Compensation—Stock Compensation." The provisions of ASC 718, address accounting and disclosure requirements with measurement of the cost of employee service using a fair-value-based method of accounting for stock-based employee compensation plans.

(w) **Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are used in the valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions, employee retirement and severance benefit plans and assets acquired and liabilities assumed in business combinations.

(x) **Subsequent Events**

Management evaluated the subsequent events through June 27, 2016, the issuance date of the Company's consolidated financial statements.

(2) Inventories

Inventories as of March 31, 2016 and 2015 are summarized as follows:

	Yen (millions)	
	March 31,	
	2016	2015
Finished goods	469,306	473,640
Work in process	114,723	121,183
Raw materials	172,419	167,847
	756,448	762,670

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

The most significant associated companies among Panasonic Group are Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (SMTPFC), Panasonic Healthcare Holdings Co., Ltd. (PHCHD), Socionext Inc.and Ficosa International S.A(FICOSA). As of March 31, 2016, the Company has 15.1% of the voting rights in SMTPFC, 20.0% of the voting rights in PHCHD, 20.0% of the voting rights in Socionext Inc and 49.0% of the voting rights in FICOSA. The Company applies the equity method to account for its investments in SMTPFC as the Company holds significant influence over operating and financial policies of SMTPFC.

Certain financial information in respect of associated companies in aggregate as of March 31, 2016 and 2015, and for the years ended March 31, 2016 and 2015 is as follows:

	Yen (millions)	
	2016	2015
Current assets	1,601,786	1,392,490
Other assets	601,939	417,394
	2,203,725	1,809,884
Current liabilities	780,689	680,040
Other liabilities	784,782	542,026
Net assets	638,254	587,818
Company's equity in net assets	185,014	167,878

	Yen (millions)	
	2016	2015
Net sales	1,184,958	861,995
Gross profit	377,514	208,378
Net income	56,761	41,891

Purchases and dividends received from associated companies for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Purchases	285,755	202,318
Dividends received	3,369	3,136

Retained earnings include undistributed earnings of associated companies in the amount of 61,339 million yen and 53,100 million yen as of March 31, 2016 and 2015, respectively.

Investments in associated companies include marketable equity securities which have quoted market values as of March 31, 2016 and 2015 and its comparison with the related carrying amounts is as follows:

	Yen (millions)	
	2016	2015
Carrying amount	4,028	3,635
Market value	4,528	5,604

(4) Investments in Securities

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

The cost, fair value, gross unrealized holding gains and gross unrealized holding losses of available-for-sale securities included in other investments and advances as of March 31, 2016 and 2015 are as follows:

	Yen (millions)			
	2016			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Noncurrent:				
Equity securities	22,109	83,740	62,056	425
Corporate and government bonds	2,524	2,566	42	—
Other debt securities	2	2	—	—
	24,635	86,308	62,098	425

	Yen (millions)			
	2015			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Noncurrent:				
Equity securities	21,753	74,556	52,805	2
Corporate and government bonds	2,355	2,371	16	—
Other debt securities	2	2	—	—
	24,110	76,929	52,821	2

Maturities of investments in available-for-sale securities as of March 31, 2016 and 2015 are as follows:

	Yen (millions)			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Due after one year through five years……	2,336	2,378	2,357	2,373
Due after five years through ten years……	10	10	—	—
Due after ten years………………………	180	180	—	—
Equity securities…………………………	22,109	83,740	21,753	74,556
	24,635	86,308	24,110	76,929

Proceeds from sale of available-for-sale securities for the years ended March 31, 2016 and 2015 were 656 million yen and 11,185 million yen, respectively. The gross realized gains on sale of available-for-sale securities for the years ended March 31, 2016 and 2015 were 297 million yen and 1,561 million yen, respectively. Gross realized losses for the years ended March 31, 2016 and 2015 were zero and 5 million yen, respectively. The cost of securities sold in computing gross realized gains and losses is determined by the average cost method.

During the years ended March 31, 2016 and 2015, the Company did not incur a write-down for other-than-temporary impairment of available-for-sale securities.

Gross unrealized holding losses on investments in available-for-sale securities and the fair value of the related investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of March 31, 2016 and 2015 are as follows:

	Yen (millions)					
	2016					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities……	3,010	425	—	—	3,010	425
	3,010	425	—	—	3,010	425

	Yen (millions)					
	2015					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities……	491	2	—	—	491	2
	491	2	—	—	491	2

The gross unrealized loss position has been continuing for a relatively short period of time. Based on this and other relevant factors, management has determined that these investments are not considered other-than-temporarily impaired. The Company did not have investment securities that had been in a continuous loss position for twelve months or more as of March 31, 2016 and 2015.

The carrying amounts of the Company's cost method investments totaled 27,691 million yen and 21,877 million yen as of March 31, 2016 and 2015, respectively. For substantially all such investments, the Company did not evaluate for impairment losses, as there were no significant events or changes that might have affected the fair value of investments were observed. A part of such investments was considered other-than-temporarily impaired and the Company recorded a write-down of 979 million yen and 1,023 million yen for the years ended March 31, 2016 and 2015, respectively.

(5) Leases

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

During the years ended March 31, 2016 and 2015, proceeds from sale of assets subject to subsequent lease-back were not material to the Company.

The Company has options to purchase certain leased assets, mainly leased machinery and equipment, or to terminate the leases and guarantee a specified value of the leased assets, subject to certain conditions, during or at the end of the lease term. With respect to leased land and buildings, there are no future commitments, obligations, provisions, or circumstances that require or result in the Company's continuing involvement.

As of March 31, 2016 and 2015, the gross book value of land, buildings, machinery and equipment, and finite-lived intangible assets under capital leases, including the above-mentioned sale-leaseback transactions was 31,879 million yen and 35,488 million yen, and the related accumulated amortization recorded was 16,728 million yen and 15,063 million yen, respectively.

Rental expenses for operating leases, including the above-mentioned sale-leaseback transactions were 41,896 million yen and 39,331 million yen for the years ended March 31, 2016 and 2015, respectively.

Future minimum lease payments under non-cancelable capital leases and operating leases as of March 31, 2016 are as follows:

	Yen (millions)	
Year ending March 31	Capital leases	Operating leases
2017	10,057	34,616
2018	8,797	19,265
2019	8,118	7,511
2020	5,303	5,753
2021	1,061	4,540
Thereafter	1,556	8,568
Total minimum lease payments	34,892	80,253
Less amount representing interest	1,632	
Present value of net minimum lease payments	33,260	
Less current portion	9,360	
Long-term capital lease obligations	23,900	

(6) Long-Lived Assets

The Company periodically reviews the recorded value of its long-lived assets to determine if the future cash flows to be derived from these assets or related asset group will be sufficient to recover the remaining recorded asset values. Impairment losses are not charged to segment profit. Impairment losses by segment for the years ended March 31 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Appliances	3,776	3,801
Eco Solutions	13,379	5,275
AVC Networks	3,268	3,876
Automotive & Industrial Systems	8,670	22,556
Other	7,597	4,364
Assets which are not allocated to any operating segments	—	160
Consolidated total	36,690	40,032

The Company recorded impairment losses of 11,890 million yen for the year ended March 31, 2016 for finite-lived intangible assets in “Eco Solutions” segment. As a result of deterioration of the business environment, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value was mainly determined based on the relief-from-royalty method and the excess earnings method.

The Company recorded impairment losses of 22,556 million yen for the year ended March 31, 2015 for certain machinery of manufacturing facilities and other assets related to certain device businesses in “Automotive & Industrial Systems” segment. As a result of downturn in profitability due to decline in demand, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of machinery was mainly determined through an appraisal based on the repurchase cost.

(7) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by segment for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)					
	Appliances	Eco Solutions	AVC Networks	Automotive & Industrial Systems	Other	Total
Balance as of March 31, 2014:						
Goodwill..............	34,090	207,082	254,537	466,530	4,282	966,521
Accumulated impairment losses...	(3,745)	(72,197)	(168,356)	(248,846)	—	(493,144)
	30,345	134,885	86,181	217,684	4,282	473,377
Goodwill acquired during the year.........	—	22	5,181	—	—	5,203
Goodwill impaired during the year.........	—	—	(8,415)	(7,586)	—	(16,001)
Goodwill disposed of during the year and others.........	2,171	—	(3,499)	(3,214)	(3,204)	(7,746)
Translation adjustments...........	—	2,270	—	—	—	2,270
Balance as of March 31, 2015:						
Goodwill..............	36,261	209,374	256,219	463,316	1,078	966,248
Accumulated impairment losses...	(3,745)	(72,197)	(176,771)	(256,432)	—	(509,145)
	32,516	137,177	79,448	206,884	1,078	457,103
Goodwill acquired during the year.........	—	—	20,691	—	1,325	22,016
Goodwill impaired during the year.........	—	—	(11,999)	—	—	(11,999)
Others.........	—	—	1,392	—	—	1,392
Translation adjustments...........	—	(6,520)	—	—	—	(6,520)
Balance as of March 31, 2016:						
Goodwill..............	36,261	202,854	278,302	463,316	2,403	983,136
Accumulated impairment losses...	(3,745)	(72,197)	(188,770)	(256,432)	—	(521,144)
	32,516	130,657	89,532	206,884	2,403	461,992

The carrying amount of goodwill by segment shown above is the total amount of goodwill allocated to reporting units for impairment test by segment and the allocation does not agree with that used for internal management purposes.

The Company recorded impairment losses of 11,999 million yen for the year ended March 31, 2016 related to goodwill of certain businesses in “AVC Networks” segments. These impairments were due to a downturn in profitability of each business and the fair value was determined based on the discounted cash flow method.

The Company recorded impairment losses of 8,415 million yen for the year ended March 31, 2015 related to goodwill of certain businesses in “AVC Networks” segments. The Company also recorded impairment losses of 7,586 million yen for the year ended March 31, 2015 related to goodwill of certain device business in “Automotive & Industrial Systems” segments. These impairments were due to a downturn in profitability of each business and the fair value was determined mainly based on the discounted cash flow method.

Intangible assets, excluding goodwill, as of March 31, 2016 and 2015 are as follows:

	Yen (millions)			
	2016		2015	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Finite-lived intangible assets:				
Patents and know-how……	121,568	87,967	143,464	90,107
Software…………………	350,812	293,464	340,844	287,781
Other………………………	97,049	46,613	94,270	40,730
	569,429	428,044	578,578	418,618

	Yen (millions)	
	2016	2015
Indefinite-lived intangible assets………………………………	14,315	12,938

Aggregate amortization expense for finite-lived intangible assets for the years ended March 31, 2016 and 2015 was 39,368 million yen and 44,129 million yen, respectively. Estimated amortization expense for the next five years is as follows:

Year ending March 31	Yen (millions)
2017…………………………………………………………………	34,427
2018…………………………………………………………………	27,949
2019…………………………………………………………………	19,567
2020…………………………………………………………………	13,072
2021…………………………………………………………………	8,198

There were no impairment losses of indefinite-lived intangible assets for the years ended March 31, 2016 and 2015. Impairment losses of finite-lived intangible assets are included in impairment losses of long-lived assets discussed in Note 6.

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

Long-term debt as of March 31, 2016 and 2015 are set forth below:

	Yen (millions)	
	2016	2015
Unsecured Straight bond, due 2015, interest 1.66% *1	―	40,000
Unsecured Straight bond, due 2016, interest 0.752%	―	200,000
Unsecured Straight bond, due 2018, interest 1.081%	150,000	150,000
Unsecured Straight bond, due 2019, interest 2.05%	100,000	100,000
Unsecured Straight bond, due 2019, interest 1.593% *1	30,000	30,000
Unsecured Straight bond, due 2020, interest 0.387%	220,000	220,000
Unsecured Straight bond, due 2022, interest 0.568%	80,000	80,000
Unsecured Straight bond, due 2025, interest 0.934%	100,000	100,000
Unsecured bank loans, due 2015 - 2021, effective interest 8.3% for the year ended March 31, 2016 and 4.6% for the year ended March 31, 2015	382	1,236
Secured bank loans by subsidiaries, due 2015 - 2020, effective interest 1.68% for the year ended March 31, 2015	―	614
Capital lease obligations	33,260	40,179
	713,642	962,029
Less current portion	9,451	249,644
	704,191	712,385

*1 Bonds originally issued by Panasonic Electric Works Co., Ltd. (PEW) were transferred to the Company during the year ended March 31, 2012.

The aggregate annual maturities of long-term debt after March 31, 2016 are as follows:

Year ending March 31	Yen (millions)
2017	9,451
2018	158,529
2019	107,897
2020	255,129
2021	1,139
2022 and thereafter	181,497

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, when the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank. As of March 31, 2015, loans subject to such general agreements amounted to 614 million yen.

Each of the loan agreements grants the lender the right to request additional security or mortgages on certain assets. As of March 31, 2015, investments and advances with a book value of 1,531 million yen, were pledged as collateral by subsidiaries for secured loans from banks.

The weighted-average interest rate on short-term debt outstanding as of March 31, 2016 and 2015 was 7.1% and 8.3%, respectively.

(9) Retirement and Severance Benefits

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

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

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

Effective July 1, 2013, the Company and certain domestic subsidiaries decided to make a transition from the defined benefit pension plan to a defined contribution pension plan with respect to employees’ future service.

Reconciliations of beginning and ending balances of the benefit obligations of the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans, and the fair value of the plan assets as of March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Change in benefit obligations:		
Benefit obligations at beginning of year	2,344,405	2,330,507
Service cost	9,720	16,553
Interest cost	32,455	38,164
Prior service benefit	—	(3,519)
Actuarial loss	140,814	91,068
Benefits paid	(107,949)	(126,088)
Effect of sale of consolidated subsidiaries	594	(7,870)
Foreign currency translation	(11,388)	11,652
Curtailments, settlements and other	(11,837)	(6,062)
Benefit obligations at end of year	2,396,814	2,344,405
Change in plan assets:		
Fair value of plan assets at beginning of year	2,030,489	1,907,726
Actual return on plan assets	(9,643)	187,308
Employer contributions	42,545	57,987
Benefits paid	(106,563)	(120,239)
Effect of sale of consolidated subsidiaries	819	(5,348)
Foreign currency translation	(9,007)	8,044
Curtailments, settlements and other	(11,837)	(4,989)
Fair value of plan assets at end of year	1,936,803	2,030,489
Funded status	(460,011)	(313,916)

The accumulated benefit obligation for the pension plans was 2,373,973 million yen and 2,294,738 million yen as of March 31, 2016 and 2015, respectively.

The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets as of March 31, 2016 and 2015 are as follows:

	Yen (millions) 2016	2015
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	2,228,536	2,183,899
Fair value of plan assets	1,757,454	1,848,497
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,219,637	2,147,556
Fair value of plan assets	1,757,454	1,848,497

Accounts recognized in the consolidated balance sheets as of March 31, 2016 and 2015 consist of:

	Yen (millions) 2016	2015
Other assets	11,071	21,486
Other current liabilities	(907)	(2,741)
Retirement and severance benefits	(470,175)	(332,661)
	(460,011)	(313,916)

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2016 and 2015 consist of:

	Yen (millions) 2016	2015
Prior service benefit	(6,013)	(13,946)
Actuarial loss	606,646	420,583
	600,633	406,637

Net periodic benefit cost for the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans of the Company for the years ended March 31, 2016 and 2015 consists of the following components:

	Yen (millions) 2016	2015
Service cost – benefits earned during the year	9,720	16,553
Interest cost on projected benefit obligation	32,455	38,164
Expected return on plan assets	(57,974)	(53,104)
Amortization of prior service benefit	(7,933)	(4,124)
Recognized actuarial loss	8,322	16,836
Losses on curtailments and settlements	13,974	8,323
Net periodic benefit cost	(1,436)	22,648

The estimated prior service benefit and actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost for the year ending March 31, 2017 are gains of 2,802 million yen and losses of 30,472 million yen, respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	0.7%	1.3%
Rate of compensation increase	3.6%	4.0%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	1.3%	1.6%
Expected return on plan assets	2.8%	2.7%
Rate of compensation increase	4.0%	2.8%

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

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

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

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

The fair values of the Company's pension plan assets as of March 31, 2016, by asset category are as follows:

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	106,471	—	—	106,471
Equity securities:				
Japanese companies	18,051	—	—	18,051
Foreign companies	52,416	—	—	52,416
Commingled funds [a]	—	383,300	—	383,300
Debt securities:				
Government and Municipal bonds	39,420	—	—	39,420
Corporate bonds	—	8,504	—	8,504
Commingled funds [b]	—	913,091	—	913,091
Life insurance company general accounts	—	305,350	—	305,350
Other [c]	—	102,349	7,851	110,200
Total	216,358	1,712,594	7,851	1,936,803

The fair values of the Company's pension plan assets as of March 31, 2015, by asset category are as follows:

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	97,301	—	—	97,301
Equity securities:				
Japanese companies	23,513	—	—	23,513
Foreign companies	59,391	—	—	59,391
Commingled funds [a]	—	425,552	—	425,552
Debt securities:				
Government and Municipal bonds	56,651	—	—	56,651
Corporate bonds	—	14,212	—	14,212
Commingled funds [b]	—	916,009	—	916,009
Life insurance company general accounts	—	310,894	—	310,894
Other [c]	—	116,949	10,017	126,966
Total	236,856	1,783,616	10,017	2,030,489

(a) These funds invest mainly in listed equity securities, approximately 45% Japanese companies and 55% foreign companies.

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

(c) Other investments primarily include fund-of-funds investment, equity long/short hedge funds investment, private equity investment and collateralized loan obligation investment.

The three levels of the fair value hierarchy are discussed in Note 18.

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

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

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

A reconciliation of the beginning and ending balances of level 3 assets as of March 31, 2016 and 2015 is as follows:

	Yen (millions)		
	Collateralized loan obligation	Private equity	Total
Balance as of April 1, 2014……	6,932	9,266	16,198
Realized gains (losses)…………	(2,286)	962	(1,324)
Unrealized gains (losses) relating to assets held……………………	2,472	190	2,662
Purchases, sales, issuances and settlements, net…………………	(6,522)	(614)	(7,136)
Transfers out of Level 3………	(111)	(272)	(383)
Balance as of March 31, 2015…	485	9,532	10,017
Realized gains (losses)…………	4	1,512	1,516
Unrealized gains (losses) relating to assets held……………………	(1)	(1,572)	(1,573)
Purchases, sales, issuances and settlements, net…………………	(165)	(1,424)	(1,589)
Transfers out of Level 3………	(4)	(516)	(520)
Balance as of March 31, 2016…	319	7,532	7,851

The Company expects to contribute 30,610 million yen to its defined benefit plans for the year ending March 31, 2017.

The benefits expected to be paid from the defined pension plans for each of the years ending March 31, 2017 through 2021 are 105,526 million yen, 108,093 million yen, 109,588 million yen, 107,937 million yen and 107,523 million yen, respectively. The aggregate benefits expected to be paid in the five year period for the years ending March 31, 2022 through 2026 are 541,974 million yen. The expected benefits to be paid are based on the same assumptions used to measure the Company's benefit obligation as of March 31, 2016 including estimated future employee service.

The amount of cost recognized for the Company's and certain subsidiaries' contributions to the defined contribution plans for the years ended March 31, 2016 and 2015 were 33,345 million yen and 29,478 million yen, respectively.

(10) Income Taxes

Income (loss) before income taxes and income taxes for the years ended March 31, 2016 and 2015 are summarized as follows:

	Yen (millions)		
	Domestic	Foreign	Total
For the year ended March 31, 2016			
Income (loss) before income taxes	(9,352)	226,400	217,048
Income taxes:			
Current	40,181	75,284	115,465
Deferred	(110,090)	9,162	(100,928)
Total income taxes	(69,909)	84,446	14,537
For the year ended March 31, 2015			
Income before income taxes	2,795	179,661	182,456
Income taxes:			
Current	30,494	75,613	106,107
Deferred	(109,174)	1,086	(108,088)
Total income taxes	(78,680)	79,699	(1,981)

The Company and its subsidiaries in Japan are subject to a National corporate tax of 23.90%, Local corporate tax of 4.4% (applied to the National corporate tax), an Inhabitant tax of approximately 15.8% (applied to the National corporate tax) varying by local jurisdiction, and a deductible Enterprise tax of approximately 6.1% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 32.9% for the year ended March 31, 2016.

The Company and its subsidiaries in Japan are subject to a National corporate tax of 25.50%, an Inhabitant tax of approximately 20.1% (applied to the National corporate tax) varying by local jurisdiction, and a deductible Enterprise tax of approximately 7.4% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 35.4% for the year ended March 31, 2015.

The effective tax rates for the years ended March 31, 2016 and 2015 differ from the combined statutory tax rates for the following reasons:

	2016	2015
Combined statutory tax rate	32.9%	35.4%
Lower tax rates of overseas subsidiaries	(6.1)	(11.7)
Expenses not deductible for tax purposes	2.4	2.8
Change in valuation allowance allocated to income tax expenses :		
- Foreign tax credit carryforwards	3.9	8.2
- Change in judgement and others	(41.2)	(57.1)
Tax effects on outside basis difference in subsidiaries	4.4	4.1
Goodwill impairment	1.8	5.3
Effect of enacted changes in Japanese tax laws and rates	7.3	13.3
Other	1.3	(1.4)
Effective tax rate	6.7%	(1.1)%

During the year ended March 31, 2016, changes in Japanese corporate tax law and statutory tax rates to be applied to taxable income from the following years were enacted in Japan, where the statutory tax rate will be reduced to 30.4% by 2019. Income taxes for the year ended March 31, 2016 included the effect to deferred tax assets and liabilities which resulted from the change of the aforementioned tax rates.

During the year ended March 31, 2015, changes in Japanese corporate tax law and statutory tax rates to be applied to taxable income from the following years were enacted in Japan, where the statutory tax rate will be reduced to 32.1%, as well as net operating loss deduction limit will be reduced from the current 80% to 50% of taxable income both in two steps by 2018. Income taxes for the year ended March 31, 2015 included the effect to deferred tax assets and liabilities which resulted from the change of the aforementioned tax rates and a reduction in the net operating loss deduction limit for net operating loss.

Included in provision for income taxes for the year ended March 31, 2016 was an income tax benefit associated with decreases in valuation allowance on deferred tax assets of 132,822 million yen in Panasonic Corporation. The Company's conclusion that it is more likely than not that 132,822 million of gross deferred tax assets will be realized is based on the improvement of profitability this year and stability of profit by the Company's decision on introducing the consolidated tax system in Japan.

Included in provision for income taxes for the year ended March 31, 2015 was an income tax benefit associated with decreases in valuation allowance on deferred tax assets of 130,159 million yen in Panasonic Corporation. This change in the judgment is primarily a result of new positive evidence based on the improvement in its profitability in recent years and expectations for future years, reflecting the Company's successful implementation of business restructurings, eliminating a number of unprofitable businesses and shifting its resources to key target areas and markets with future growth potential. The Company's conclusion that it is more likely than not that 130,159 million of gross deferred tax assets will be realized is based, among other things, on management's estimate of future taxable income, which is based on internal projections that consider historical performance, multiple internal scenarios and assumptions, as well as external data that management believes is reasonable. If events are identified that affect the Company's ability to utilize its deferred tax assets, the analysis will be updated to determine if any adjustments to the valuation allowance are required. If actual results differ significantly from the current estimates of future taxable income, the deferred tax assets may need to be reduced in the near term. Conversely, better than expected results and continued positive results and trends could result in further reversal of the deferred tax valuation allowance. Adjustment to the beginning-of-the-year balance of valuation allowances as a result of change in judgment for Panasonic Corporation as well as for a certain domestic subsidiary for the year ended March 31, 2016 was 139,615 million yen.

The tax benefit of net operating loss carryforwards recognized for the years ended March 31, 2016 and 2015 were 8,467 million yen and 21,824 million yen, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of March 31, 2016 and 2015 are presented below:

	Yen (millions)	
	2016	2015
Deferred tax assets:		
Inventory valuation	76,375	85,301
Expenses accrued for financial statement purposes but not currently included in taxable income	197,648	221,166
Property, plant and equipment	118,857	178,370
Retirement and severance benefits	138,976	117,877
Tax loss carryforwards	584,814	660,861
Other	113,653	140,509
Total gross deferred tax assets	1,230,323	1,404,084
Less valuation allowance	762,085	1,085,573
Net deferred tax assets	468,238	318,511
Deferred tax liabilities:		
Net unrealized holding gains of available-for-sale securities	(18,749)	(15,728)
Intangible assets	(23,488)	(27,008)
Other	(31,208)	(38,607)
Total gross deferred tax liabilities	(73,445)	(81,343)
Net deferred tax assets	394,793	237,168

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carryforwards become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and loss carryforwards, net of the existing valuation allowances as of March 31, 2016 and 2015.

The net change in total valuation allowance for the years ended March 31, 2016 was a decrease of 323,488 million yen of which 192,700 million yen was due to the expiration of tax loss carryfowards and 139,615 million yen was due to the Company's conclusion that it is more likely than not that the gross deferred tax assets will be realized based on the improvement of profitability this year and stability of profit by the Company's decision on introducing the consolidated tax system in Japan.

The net change in total valuation allowance for the years ended March 31, 2015 was a decrease of 281,925 million yen, of which 79,878 million yen was due to the expiration of tax loss carryfowards and 99,311 million yen was due to the change in tax rate and law.

As of March 31, 2016, the Company had, for income tax purposes, net operating loss carryforwards of approximately 1,792,783 million yen, of which 1,671,835 million yen expire from the year ending March 31, 2017 through 2025 and the remaining balance will expire thereafter or do not expire. As of March 31, 2016, the Company had, for income tax purposes, tax credit carryforwards of approximately 29,497 million yen, which expire within the years ending March 31, 2017 through 2019.

Net deferred tax assets and liabilities as of March 31, 2016 and 2015 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions)	
	2016	2015
Other current assets	220,938	142,603
Other assets	219,121	149,363
Other current liabilities	(3,052)	(3,871)
Other liabilities	(42,214)	(50,927)
Net deferred tax assets	394,793	237,168

The Company has not recognized a deferred tax liability for temporary differences associated with investments in foreign subsidiaries and foreign corporate joint ventures of 822,237 million yen as of March 31, 2016, because the related earnings are not planned to to be remitted to the parent and are to be indefinitely reinvested. A deferred tax liability will be recognized when the Company no longer plans to indefinitely reinvest undistributed earnings, and current tax will be incurred upon distribution from or sale of subsidiaries. The calculation of related unrecognized deferred tax liability is not practicable.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended March 31, 2016 and 2015 is as follows:

	Yen (millions)	
	2016	2015
Balance at beginning of year	(20,321)	(14,618)
Increase related to prior year tax positions	(19,365)	(7,843)
Decrease related to prior year tax positions	6,549	1,744
Increase related to current year tax positions	(962)	(3,663)
Lapse of statute of limitations	3,829	2,888
Settlements	1,265	2,469
Translation adjustments	1,350	(1,298)
Balance at end of year	(27,655)	(20,321)

As of March 31, 2016 and 2015, the total amount of unrecognized tax benefits are 27,655 million yen and 18,741 million yen, respectively, that if recognized, would reduce the effective tax rate. The Company has accrued interests and penalties related to unrecognized tax benefits and the amount of interest and penalties included in provision for income taxes and cumulative amount accrued were not material as of and for the years ended March 31, 2016 and 2015.

The Company files income tax returns in Japan and various foreign tax jurisdictions. There are a number of subsidiaries which operate within each of the Company's major jurisdictions resulting in a range of open tax years. The open tax years for Panasonic Corporation are for the year ended March 31, 2013 and thereafter. The open tax years for the significant subsidiaries in the United States of America, which is the other major tax jurisdiction besides Japan, are for the year ended March 31, 2012 and thereafter.

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

A reconciliation of the numerators and denominators of the basic and diluted net income (loss) attributable to Panasonic Corporation common shareholders per share computation for the years ended March 31, 2016, 2015 are as follows:

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Net income (loss) attributable to Panasonic Corporation common shareholders……………	193,256	179,485

	Number of shares	
	Year ended March 31,	
	2016	2015
Average common shares outstanding…………..	2,317,183,721	2,311,472,371
Dilutive effect:		
Stock options………	323,230	139,101
Diluted common shares outstanding…………..	2,317,506,951	2,311,611,472

	Yen	
	Year ended March 31,	
	2016	2015
Net income (loss) attributable to Panasonic Corporation common shareholders per share:		
Basic………………	83.40	77.65
Diluted…………..	83.39	77.64

(12) Stockholders' Equity

The Company may repurchase its common stock from the market pursuant to the Company Law of Japan. For the years ended March 31, 2016 and 2015, respectively, 78,572 shares and 298,329 shares were repurchased.

The Company sold 9,810,400 shares and 5,607 shares of its treasury stock for the years ended March 31, 2016 and 2015, respectively. Sales of treasury stock for the year ended March 31, 2016 includes the share exchange of treasury stock to noncontrolling interest holders. On August 1, 2015, Panasonic Information Systems Co., Ltd. became a wholly-owned subsidiary through the share exchange. All the shares delivered by the Company were sourced from its treasury stocks (9,671,047 shares) held by the Company. As a result, treasury stock decreased by 16,886 million yen. The difference between the fair value and the carrying amount of the treasury stock was recognized as retained earnings in the consolidated balance sheets.

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

Cash dividends and transfers to the legal reserve charged to retained earnings during the years ended March 31, 2016 and 2015 represent dividends paid out during the periods and related appropriation to the legal reserve. Cash dividends per share paid during the years ended March 31, 2016 and 2015 amounted to 20.00 yen and 16.00 yen, respectively. The accompanying consolidated financial statements do not include any provisions for the year-end dividend of 15.00 yen per share, totaling approximately 34,815 million yen in respect of the year ended March 31, 2016 approved by the board of directors in April 2016.

In accordance with the Company Law of Japan, there are certain restrictions on payment of dividends in connection with the treasury stock repurchased. As a result of restrictions on the treasury stock repurchased, retained earnings of 230,776 million yen as of March 31, 2016 were restricted as to the payment of cash dividends.

(13) Equity Transactions with Noncontrolling Interests

Net income attributable to Panasonic Corporation and the change in the amount of capital surplus by transactions with the noncontrolling interests for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Net income attributable to Panasonic Corporation	193,256	179,485
Change in the amount of capital surplus by transactions with the noncontrolling interests:		
Decrease in capital surplus for purchase of additional shares in consolidated subsidiaries, etc.	(4,408)	(125,610)
Total	(4,408)	(125,610)
Net income attributable to Panasonic Corporation and change in the amount of capital surplus by transactions with the noncontrolling interests	188,848	53,875

The Company purchased additional shares of Panasonic Plasma Display Co., Ltd. and other subsidiaries during the year ended March 31, 2015.

Panasonic Information Systems Co., Ltd. became a wholly-owned subsidiary through the share exchange during the year ended March 31, 2016. The difference between the fair value of the treasury stock of the Company delivered to the noncontrolling interests and the decrease in the carrying amount of the noncontrolling interests was recognized as an adjustment to capital surplus.

(14) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)				
	Translation adjustments	Unrealized holding gains (losses) of available-for-sale securities	Unrealized holding gains (losses) of derivative instruments	Pension liability adjustments	Total
Accumulated other comprehensive income (loss) - Balance as of March 31, 2014…………………	(167,219)	6,027	(237)	(290,270)	(451,699)
Arising during the period:					
Pre-tax amount………………	190,233	12,952	9,614	47,728	260,527
Income tax (expense) benefit…………………......	—	(3,598)	(2,727)	(433)	(6,758)
Net-of-tax amount…………	190,233	9,354	6,887	47,295	253,769
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount………………	3,457	(1,554)	(5,567)	21,035	17,371
Income tax (expense) benefit…………………......	—	551	2,125	(303)	2,373
Net-of-tax amount…………	3,457	(1,003)	(3,442)	20,732	19,744
Other comprehensive income (loss), net of tax…………………	193,690	8,351	3,445	68,027	273,513
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	14,613	93	73	286	15,065
Accumulated other comprehensive income (loss) - Balance as of March 31, 2015…………………	11,858	14,285	3,135	(222,529)	(193,251)
Arising during the period:					
Pre-tax amount………………	(164,880)	9,151	(9,487)	(208,359)	(373,575)
Income tax (expense) benefit…………………......	—	(3,169)	4,475	65,053	66,359
Net-of-tax amount…………	(164,880)	5,982	(5,012)	(143,306)	(307,216)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount………………	1,056	(297)	5,493	14,363	20,615
Income tax (expense) benefit…………………......	—	96	(2,026)	(3,093)	(5,023)
Net-of-tax amount…………	1,056	(201)	3,467	11,270	15,592

	Yen (millions)				
	Translation adjustments	Unrealized holding gains (losses) of available-for-sale securities	Unrealized holding gains (losses) of derivative instruments	Pension liability adjustments	Total
Other comprehensive income (loss), net of tax…………………	(163,824)	5,781	(1,545)	(132,036)	(291,624)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(13,045)	(139)	(56)	(3,307)	(16,547)
Accumulated other comprehensive income (loss) - Balance as of March 31, 2016…………………	(138,921)	20,205	1,646	(351,258)	(468,328)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income (loss) in the table above is included in the following in the consolidated statement of operations.

Translation adjustments ー Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities ー Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract - Other income (deductions)
Commodity derivatives - Cost of sales
Pension liability adjustments ー Net periodic pension cost (See Note 9)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income (loss) relating to foreign exchange contract is (3,534) million yen and 6,204 million yen, for the years ended March 31, 2016 and 2015, respectively. Pre-tax amount of reclassification adjustment for (gains) losses included in net income (loss) relating to commodity derivatives is (1,959) million yen and (637) million yen, for the years ended March 31, 2016 and 2015, respectively.

A breakdown of arising during the period and reclassification adjustment for (gains) losses included in net income (loss) relating to pension liability adjustments for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)		
	2016		
	Prior service benefit	Actuarial loss	Total
Arising during the period:			
Pre-tax amount………………	—	(208,359)	(208,359)
Income tax (expense) benefit…………………......	—	65,053	65,053
Net-of-tax amount…………	—	(143,306)	(143,306)
Reclassification adjustment for (gains) losses included in net income (loss) :			
Pre-tax amount………………	(7,933)	22,296	14,363
Income tax (expense) benefit…………………......	2,639	(5,732)	(3,093)
Net-of-tax amount…………	(5,294)	16,564	11,270

	Yen (millions)		
	2015		
	Prior service benefit	Actuarial gain (loss)	Total
Arising during the period:			
Pre-tax amount………………	3,519	44,209	47,728
Income tax (expense) benefit…………………......	—	(433)	(433)
Net-of-tax amount…………	3,519	43,776	47,295
Reclassification adjustment for (gains) losses included in net income (loss) :			
Pre-tax amount………………	(4,124)	25,159	21,035
Income tax (expense) benefit…………………......	1,417	(1,720)	(303)
Net-of-tax amount…………	(2,707)	23,439	20,732

(15) Restructuring Charges

In connection with the reorganization of the Company's operations, the Company has incurred certain restructuring charges. Components and related amounts of the restructuring charges, before the related tax effects, for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Expenses associated with the implementation of early retirement programs:		
Domestic	1,146	9,055
Overseas	10,014	7,362
Total	11,160	16,417
Expenses associated with the closure and integration of locations	10,540	14,906
Total restructuring charges	21,700	31,323

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

The Company has provided early retirement programs to those employees voluntarily leaving the Company. The accrued early retirement programs are recognized when the employees accept the offer and the amount can be reasonably estimated. Expenses associated with the closure and integration of locations include amounts such as moving expenses of facilities and costs to terminate leasing contracts incurred at domestic and overseas manufacturing plants and sales offices. An analysis of the accrued restructuring charges for the years ended March 31, 2016 and 2015 is as follows:

	Yen (millions)	
	2016	2015
Balance at beginning of year	10,095	28,860
New charges	21,700	31,323
Cash payments or otherwise settled	(23,428)	(50,088)
Balance at end of year	8,367	10,095

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

The disclosure below has been modified to reflect the revised segments. The following table represents restructuring activities for the year ended March 31, 2016 by segment:

	Yen (millions)		
	Expenses associated with the implementation of early retirement programs	Expenses associated with the closure and integration of locations	Total restructuring charges
Appliances…………………………….........	1,664	1,379	3,043
Eco Solutions………………………….........	3,207	1,343	4,550
AVC Networks………………………...........	207	3,600	3,807
Automotive & Industrial Systems….........	4,787	4,098	8,885
Other…………………………………….........	13	-	13
Restructuring charges which are not attributable to any reportable segments...	1,282	120	1,402
Consolidated total……………..............	11,160	10,540	21,700

Appliances
Appliances segment restructured its operations to improve efficiency mainly in overseas.

Eco Solutions
Eco Solutions segment restructured its operations to improve efficiency mainly in overseas.

AVC Networks
AVC Networks segment restructured its operations for selection and concentration of its businesses mainly in Japan.

Automotive & Industrial Systems
Automotive & Industrial Systems restructured its operations for selection and concentration of its businesses mainly in overseas.

Restructuring charges which are not attributable to any reportable segments were mainly for restructuring activities at corporate headquarters.

The following table represents ending liability balance as of March 31, 2016 and 2015 by segment:

	Yen (millions)	
	2016	2015
Appliances…………………………….........	484	769
Eco Solutions………………………….........	998	1,124
AVC Networks………………………...........	2,496	6,999
Automotive & Industrial Systems….........	3,863	764
Other…………………………………….........	-	28
Liabilities which are not attributable to any reportable segments…......................	526	411
Balance at end of year..........................	8,367	10,095

The following table represents restructuring activities for the year ended March 31, 2015 by segment:

	Yen (millions)		
	Expenses associated with the implementation of early retirement programs	Expenses associated with the closure and integration of locations	Total restructuring charges
Appliances……………………….........	3,074	2,717	5,791
Eco Solutions……………………..........	1,396	87	1,483
AVC Networks……………………...........	2,761	6,852	9,613
Automotive & Industrial Systems….........	4,497	4,211	8,708
Other…………………………………...........	3,142	86	3,228
Restructuring charges which are not attributable to any reportable segments...	1,547	953	2,500
Consolidated total……………..............	16,417	14,906	31,323

Appliances

Appliances segment restructured its operations to improve efficiency mainly in overseas.

Eco Solutions

Eco Solutions segment restructured its operations to improve efficiency mainly in overseas.

AVC Networks

AVC Networks segment restructured its operations for selection and concentration of its businesses mainly in Japan.

Automotive & Industrial Systems

Automotive & Industrial Systems segment restructured its operations to improve cost competitiveness through selection and concentration of business mainly in Japan.

Other

Other segment restructured its operations to improve efficiency mainly in Japan.

Restructuring charges which are not attributable to any reportable segments were mainly for restructuring activities to accelerate integration of the organization at corporate headquarters.

The following table represents ending liability balance as of March 31, 2015 and 2014 by segment:

	Yen (millions)	
	2015	2014
Appliances……………………….........	769	230
Eco Solutions……………………..........	1,124	987
AVC Networks……………………...........	6,999	677
Automotive & Industrial Systems….........	764	21,236
Other…………………………………...........	28	1,138
Liabilities which are not attributable to any reportable segments…......................	411	4,592
Balance at end of year..........................	10,095	28,860

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

Research and development costs, advertising costs, shipping and handling costs and depreciation charged to income for the years ended March 31, 2016, 2015 and are as follows:

	Yen (millions)	
	2016	2015
Research and development costs	449,828	457,250
Advertising costs	104,223	98,195
Shipping and handling costs	156,324	159,115
Depreciation	235,033	242,149

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

During the years ended March 31, 2016 and 2015, the Company sold, without recourse, trade receivables and others of 1,012,638 million yen and 772,811 million yen to independent third parties for proceeds of 1,011,576 million yen and 771,881 million yen, and recorded losses on sale of trade receivables of 1,062 million yen and 930 million yen, respectively. During the years ended March 31, 2016 and 2015, the Company sold, with recourse, trade receivables of 436,826 million yen and 469,763 million yen to independent third parties for proceeds of 436,622 million yen and 469,368 million yen, and recorded losses on sale of trade receivables of 204 million yen and 395 million yen, respectively. These losses are included in selling, general and administrative expenses and other deductions. The Company is responsible for servicing most of the receivables. The amounts of trade receivables sold to independent third parties which have not been collected as of March 31, 2016 and 2015 are 199,587 million yen and 158,337 million yen, respectively. These receivables had been derecognized as of March 31, 2016 and 2015. Included in trade notes receivable and trade accounts receivable as of March 31, 2016 are amounts of 58,680 million yen without recourse and 36,607 million yen with recourse scheduled to be sold to independent third parties. The sale of trade receivables was accounted for under the provision of ASC 860, "Transfers and Servicing," which provides accounting and reporting standards for transfer and servicing of financial assets and extinguishments of liabilities.

Net foreign exchange loss included in other deduction for the year ended March 31, 2016 is 1,258 million yen, and Net foreign exchange gain included in other income for the year ended March 31, 2015 is 10,802 million yen.

Expenses related to litigation included in other deductions for the year ended March 31, 2016 and 2015 are 69,118 million yen, and 59,173 million yen, respectively. Loss on disposal of long-lived assets included in other deductions for the year ended March 31, 2016 and 2015 are 10,572 million yen, and 18,592 million yen, respectively. Expenses associated with discontinuation or voluntary recall of products included in other deductions for the year ended March 31, 2016 and 2015 are 22,220 million yen and 52,254 million yen (including 24,588 million yen cost for prevention of further accidents with residential water heating system), respectively. Further, loss on curtailments and settlements included in other deductions for the year ended March 31, 2016 and 2015 are 13,974 million yen and 8,323 million yen, respectively.
A gain of 27,874 million yen from sales of certain businesses is included in other income for the year ended March 31, 2015. Loss on divestitures of non-core business included in other deduction for the year ended March, 31, 2015 is 14,659 million yen.

Interest expenses and income taxes paid, and noncash investing and financing activities for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Cash paid:		
Interest……………………………………………………	16,880	20,049
Income taxes……………………………………………	112,706	110,864
Noncash investing and financing activities:		
Capital leases…………………………………………	4,276	6,528
Treasury stock transferred under share exchange……	—	17,115

(17) Derivatives and Hedging Activities

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

Amounts included in accumulated other comprehensive income (loss) as of March 31, 2016 are expected to be recognized in earnings principally over the next twelve months. The maximum term over which the Company is hedging exposures to the variability of cash flows for foreign currency exchange risk is approximately six months.

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

The contract amounts of foreign exchange contracts, cross currency swaps, and commodity futures as of March 31, 2016 and 2015 are as follows:

	Yen (millions)	
	2016	2015
Foreign exchange contracts…	697,528	368,657
Cross currency swaps………	2,495	30,875
Commodity futures…………	943,582	954,984

The fair values of derivative instruments as of March 31, 2016 are as follows:

	Yen (millions)			
	Asset derivatives		Liability derivatives	
	Consolidated balance sheet location	Fair value	Consolidated balance sheet location	Fair value
Derivatives designated as hedging instruments under ASC 815:				
Foreign exchange contracts………	Other current assets	1,439	Other current liabilities	2,918
Commodity futures………………	Other current assets	173	Other current liabilities	1,342
Total derivatives designated as hedging instruments under ASC 815………………………………		1,612		4,260
Derivatives not designated as hedging instruments under ASC 815:				
Foreign exchange contracts………	Other current assets	4,575	Other current liabilities	1,904
Cross currency swaps……………	—	—	Other current liabilities	35
Commodity futures………………	Other current assets	12,017	Other current liabilities	17,058
Total derivatives not designated as hedging instruments under ASC 815………………………………		16,592		18,997
Total derivatives……………………		18,204		23,257

Regarding derivative assets and liabilities as of March 31, 2016 gross amounts offset in the consolidated balance sheet were none and gross amounts subject to master netting agreements but not offset in the consolidated balance sheet were 8,275 million yen.

The fair values of derivative instruments as of March 31, 2015 are as follows:

	Yen (millions)			
	Asset derivatives		Liability derivatives	
	Consolidated balance sheet location	Fair value	Consolidated balance sheet location	Fair value
Derivatives designated as hedging instruments under ASC 815:				
Foreign exchange contracts………	Other current assets	2,132	Other current liabilities	242
Commodity futures………………	Other current assets	8	Other current liabilities	938
Total derivatives designated as hedging instruments under ASC 815…………………………………		2,140		1,180
Derivatives not designated as hedging instruments under ASC 815:				
Foreign exchange contracts………	Other current assets	3,688	Other current liabilities	3,129
Cross currency swaps……………	Other current assets	141	-	629
Commodity futures………………	Other current assets	8,073	Other current liabilities	14,340
Total derivatives not designated as hedging instruments under ASC 815…………………………………		11,902		18,098
Total derivatives……………………		14,042		19,278

Regarding derivative assets and liabilities as of March 31, 2015, gross amounts offset in the consolidated balance sheet were 3,329 million yen and gross amounts subject to master netting agreements but not offset in the consolidated balance sheet were 7,915 million yen.

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2016 is as follows:

Derivatives designated as hedging instruments under ASC 815:

Cash flow hedging relationships:

	Yen (millions)		
		Amount of gain reclassified from accumulated OCI into operations (effective portion)	
Derivatives	Amount of gain (loss) recognized in OCI derivative (effective portion)	Location of gain (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts…	(7,528)	Other income (deductions)	(3,534)
Commodity futures…………	(1,959)	Cost of sales	(1,959)
Total……………………	(9,487)		(5,493)

32 million yen of fair value changes relating to ineffective portion of cash flow hedge and fair value changes relating to amounts excluded from hedge effectiveness testing recognized on foreign exchange contracts are included in other income.

Derivatives not designated as hedging instruments under ASC 815:

Derivatives	Amount of gain (loss) recognized in operations on derivative	
	Location of gain (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts…	Other income (deductions)	2,023
Cross currency swaps………	Other income (deductions)	453
Commodity futures…………	Cost of sales	2,727
Total……………………		5,203

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2015 is as follows:

Derivatives designated as hedging instruments under ASC 815:

Cash flow hedging relationships:

	Yen (millions)		
Derivatives	Amount of gain (loss) recognized in OCI derivative (effective portion)	Amount of gain reclassified from accumulated OCI into operations (effective portion)	
		Location of gain (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts…	10,081	Other income (deductions)	6,204
Commodity futures…………	(467)	Cost of sales	(637)
Total……………………	9,614		5,567

1,102 million yen of fair value changes relating to ineffective portion of cash flow hedge and fair value changes relating to amounts excluded from hedge effectiveness testing recognized on foreign exchange contracts are included in other deductions.

Derivatives not designated as hedging instruments under ASC 815:

Derivatives	Amount of gain (loss) recognized in operations on derivative	
	Location of gain (loss) recognized in operations	Amount of gain (loss)
Foreign exchange contracts…	Other income (deductions)	(13,070)
Cross currency swaps………	Other income (deductions)	(1,045)
Commodity futures…………	Cost of sales	(1,301)
Total……………………		(15,416)

(18) Fair Value

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

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

The following table represents assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2016 and 2015:

	Yen (millions)			
	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	83,740	—	—	83,740
Corporate and government bonds	—	2,566	—	2,566
Other debt securities	—	2	—	2
Total available-for-sale securities	83,740	2,568	—	86,308
Derivatives:				
Foreign exchange contracts	—	6,014	—	6,014
Cross currency swaps	—	—	—	—
Commodity futures	6,571	5,619	—	12,190
Total derivatives	6,571	11,633	—	18,204
Liabilities:				
Derivatives:				
Foreign exchange contracts	—	4,822	—	4,822
Cross currency swaps	—	35	—	35
Commodity futures	14,448	3,952	—	18,400
Total derivatives	14,448	8,809	—	23,257

	Yen (millions)			
	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities…………………	74,556	—	—	74,556
Corporate and government bonds…	—	2,371	—	2,371
Other debt securities………………	—	2	—	2
Total available-for-sale securities………………………	74,556	2,373	—	76,929
Derivatives:				
Foreign exchange contracts………	—	5,820	—	5,820
Cross currency swaps……………	—	141	—	141
Commodity futures………………	7,487	594	—	8,081
Total derivatives………………	7,487	6,555	—	14,042
Liabilities:				
Derivatives:				
Foreign exchange contracts………	—	3,371	—	3,371
Cross currency swaps……………	—	629	—	629
Commodity futures………………	11,193	4,085	—	15,278
Total derivatives………………	11,193	8,085	—	19,278

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

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

The following table presents assets and liabilities that are measured at fair value on a nonrecurring basis for the years ended March 31, 2016 and 2015;

	Yen (millions)				
	Year ended March 31, 2016				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Long-lived assets..........................	(36,690)	—	—	153,526	153,526
Goodwill...................................	(11,999)	—	—	0	0

	Yen (millions)				
	Year ended March 31, 2015				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Long-lived assets..........................	(40,032)	—	—	93,337	93,337
Goodwill...................................	(16,001)	—	—	9,402	9,402

During the year ended March 31, 2016, the Company classified all of the assets described above in Level 3 as the Company used unobservable inputs to value these assets when recognizing losses related to the assets. The fair value for the major assets was measured primarily through an appraisal based on the repurchase cost, relief-from-royalty method, excess earnings method and discounted cash flow method.

During the year ended March 31, 2015, the Company classified all of the assets described above in Level 3 as the Company used unobservable inputs to value these assets when recognizing losses related to the assets. The fair value for the major assets was measured primarily through an appraisal based on the repurchase cost and discounted cash flow method.

The following table presents significant unobservable inputs used to measure fair value on a nonrecurring basis categorized as Level 3 for the years ended March 31, 2016 and 2015:

	Yen (millions)			
	Year ended March 31, 2016			
	Fair value	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets…	153,526	Repurchase cost method	Residual value ratio	0.1%-54.0%
		Relief-from-royalty method	Discount rate	7.6%-11.8%
		Excess earnings method	Discount rate	11.8%
Goodwill…………	0	Discounted cash flow method	Weighted average cost of capital	9.2%

	Yen (millions)			
	Year ended March 31, 2015			
	Fair value	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets…	93,337	Repurchase cost method	Residual value ratio	0.1%-63.1%
Goodwill…………	9,402	Discounted cash flow method	Weighted average cost of capital	8.4%-12.0%

The fair value of financial instrument

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

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

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

Derivative financial instruments
The fair value of derivative financial instruments is estimated based on unadjusted market prices or quotes obtained from brokers, which are periodically validated by pricing models using observable inactive market inputs. The fair value is equal to the carrying amount and also described in Note 17.

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

Financial instruments other than those listed above (such as Cash and cash equivalents, Time deposits, Trade receivables, Short-term debt, Trade payables and Accrued expenses)

The carrying amount approximates fair value because of the short maturity of these instruments. The following table excludes these financial instruments.

	Yen (millions)			
	March 31, 2016		March 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivatives:				
Assets:				
Available-for-sale securities…………	86,308	86,308	76,929	76,929
Liabilities:				
Long-term debt, including current portion……………………………	713,642	731,002	962,029	974,671
Derivatives:				
Assets:				
Foreign exchange contracts…………	6,014	6,014	5,820	5,820
Cross currency swaps…………………	—	—	141	141
Commodity futures……………………	12,190	12,190	8,081	8,081
Liabilities:				
Foreign exchange contracts…………	4,822	4,822	3,371	3,371
Cross currency swaps…………………	35	35	629	629
Commodity futures……………………	18,400	18,400	15,278	15,278

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

(19) Commitments and Contingent Liabilities

The Company provides guarantees to third parties mainly on bank loans provided to associated companies and customers. The guarantees are made to enhance their credit. For each guarantee provided, the Company is required to perform under the guarantee if the guaranteed party defaults on a payment. Also, as discussed in Note 16, the Company sold certain trade receivables to independent third parties, some of which are with recourse. If the collectibility of those receivables with recourse becomes doubtful, the Company is obligated to assume the liabilities. As of March 31, 2016, the maximum amount of undiscounted payments the Company would have to make in the event of default was 23,409 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees as of March 31, 2016 was immaterial.

As discussed in Note 5, in connection with the sale and leaseback of certain machinery and equipment, the Company guarantees a specific value of the leased assets. For each guarantee provided, the Company is required to perform under the guarantee if certain conditions are met during or at the end of the lease term. As of March 31, 2016, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions are met was 533 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees as of March 31, 2016 was immaterial.

The Company issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a certain period or term. The change in accrued warranty costs for the years ended March 31, 2016 and 2015 is summarized as follows:

	Yen (millions)	
	2016	2015
Balance at beginning of year………………………………………	55,416	56,576
Liabilities accrued for warranties issued………	25,868	26,606
Warranty claims paid……………………………	(29,692)	(27,859)
Changes in liabilities for pre-existing warranties, including expirations……………………………………………	440	93
Balance at end of year……………………………………………	52,032	55,416

As of March 31, 2016, outstanding amount of the main commitments is 96,446 million yen, which includes the contracts to purchase specific raw materials until 2020 and property, plant and equipment.

Liabilities for environmental remediation costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. In January 2003, the Company announced that disposed electric equipment that contained polychlorinated biphenyls (PCB equipment) might be buried in the ground of its four manufacturing facilities and one former manufacturing facility. The applicable laws require that PCB equipment be appropriately maintained and disposed of by March 31, 2027. As of March 31, 2016, the Company has accrued estimated total cost of 15,251 million yen for necessary actions such as investigating whether the PCB equipment is buried at the facilities, including excavations, maintaining and disposing the PCB equipment that is already discovered, and soil remediation. While it represents management's best estimate of the cost, the payments are not considered to be fixed and reliably determinable.

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

The Company and certain of its subsidiaries are subject to a number of legal proceedings including civil litigations related to trade, tax, products or intellectual properties, or governmental investigations. The Company has been dealing with the various litigations and investigations. Depending upon the outcome of these different proceedings, the Company and certain of its subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines.

Since November 2007, the Company and MT Picture Display Co., Ltd. (MTPD), a subsidiary of the Company, have been subjected to investigations by government authorities, including the Japan Fair Trade Commission (JFTC) and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). MTPD and its three subsidiaries appealed the Tokyo High Court to revoke the decisions of the Japan Fair Trade Commission, including the fine assessed in 2010, but the court rendered the judgment to reject the appeal in April, 2016. MPTD and the subsidiaries appealed to the Supreme Court of Japan. For the year ended March 31, 2013, the Company and MTPD received notification of a European Commission Decision in violation of EU competition law and appealed to the European General Court against the decision because the Company believes this decision is factually and legally erroneous as it applies to the Company and MTPD. In September 2015, the European General Court rendered the judgment to accept some of the arguments but reject the other arguments made by the Company and MTPD. The Company appealed to the European Court of Justice. Since June 2012, the Company and Sanyo Electric Co., Ltd., a subsidiary of the Company, have been subjected to investigations by the European Commission, in respect of alleged antitrust violations relating to the rechargeable battery, and also subject to relevant litigations in the US and Europe. Other than those above, there are a number of legal actions against the Company and certain subsidiaries. Management is of the opinion that damages, if any, resulting from these actions, will not have a material effect on the Company's consolidated financial statements.

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, involve a large number of parties or taking place in jurisdictions outside of Japan where the laws are complex or unclear. Accordingly, the Company is unable to estimate the losses or range of losses for the actions and proceedings where there is only a reasonable possibility that a loss exceeding amounts already recognized may have been incurred.

(20) Segment Information

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

“Appliances” is comprised of developing, manufacturing, selling and providing services of consumer electronics (such as TVs, refrigerators, washing machines, personal-care products, microwave ovens, home audio equipment, video equipment, vacuum cleaners, rice cookers), air-conditioners (such as air-conditioners, large-sized air-conditioners), cold chain (such as showcases), devices (such as compressors, fuel cells) and bicycles.

“Eco Solutions” is comprised of developing, manufacturing, selling and providing services of products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, ventilation and air-conditioning equipment, air purifiers, and nursing-care-related products.

“AVC Networks” is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems, PCs and tablets, projectors, digital cameras, surveillance cameras, social infrastructure systems equipment, fixed phones, and mobile phones.

“Automotive & Industrial Systems” is comprised of developing, manufacturing, selling and providing services of automotive products (such as car-use-multimedia-related equipment, electrical components), energy products (such as lithium-ion batteries, automotive batteries, dry batteries), industrial devices (such as electronic components, automation controls, semiconductors, electronic materials, LCD panels) and factory solutions (such as electronic-component-mounting machines, electric motors, welding equipment).

“Other” consists of PanaHome Corporation and others.

As of April 1 2015, motor businesses were transferred from Appliances to Automotive & Industrial Systems. In addition to this, sales departments of consumer products in Japan and China which were previously not allocated to any reportable segments were transferred to Appliances. Accordingly, segment information for the year ended March 31, 2015 has been reclassified to conform to the presentation at April 1, 2015.

By Business Segment:

Information by segment for the years ended March 31, 2016 and 2015 is shown in the tables below:

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Sales:		
Appliances:		
Customers	2,026,816	2,124,183
Intersegment	242,601	210,633
Total	2,269,417	2,334,816
Eco Solutions:		
Customers	1,366,863	1,400,833
Intersegment	243,923	265,194
Total	1,610,786	1,666,027
AVC Networks:		
Customers	1,040,160	1,024,652
Intersegment	129,640	129,625
Total	1,169,800	1,154,277
Automotive & Industrial Systems:		
Customers	2,540,754	2,625,351
Intersegment	167,807	171,472
Total	2,708,561	2,796,823
Other:		
Customers	610,023	627,877
Intersegment	51,345	136,599
Total	661,368	764,476
Eliminations and Adjustments:		
Customers	(30,899)	(87,859)
Intersegment	(835,316)	(913,523)
Total	(866,215)	(1,001,382)
Consolidated total	7,553,717	7,715,037

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Segment profit:		
Appliances	72,243	49,814
Eco Solutions	78,426	95,255
AVC Networks	74,681	51,785
Automotive & Industrial Systems	102,698	116,390
Other	16,092	14,557
Eliminations and Adjustments	71,569	54,112
Total segment profit	415,709	381,913
Interest income	18,937	14,975
Dividends received	1,574	1,466
Other income	19,704	95,784
Interest expense	(17,007)	(17,566)
Impairment losses of long-lived assets	(36,690)	(40,032)
Goodwill impairment	(11,999)	(16,001)
Other deductions	(173,180)	(238,083)
Consolidated income (loss) before income taxes	217,048	182,456

	Yen (millions) Year ended March 31, 2016	2015
Identifiable assets:		
Appliances	1,059,995	1,079,025
Eco Solutions	1,148,137	1,196,652
AVC Networks	840,292	815,646
Automotive & Industrial Systems	1,752,417	1,860,898
Other	483,662	593,671
Eliminations and Adjustments	312,479	411,055
Consolidated total	5,596,982	5,956,947
Depreciation (including intangibles other than goodwill):		
Appliances	48,544	51,091
Eco Solutions	48,574	49,042
AVC Networks	26,689	27,584
Automotive & Industrial Systems	117,612	116,579
Other	8,803	9,761
Eliminations and Adjustments	24,179	32,269
Consolidated total	274,401	286,326
Capital investment (including intangibles other than goodwill):		
Appliances	45,221	44,174
Eco Solutions	52,965	39,207
AVC Networks	27,464	25,687
Automotive & Industrial Systems	118,967	115,782
Other	8,327	11,606
Eliminations and Adjustments	27,049	17,154
Consolidated total	279,993	253,610

The figures in “Eliminations and Adjustments” include revenues and expenses which are not attributable to any reportable segments for the purpose of evaluating operating results of each segment, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to Customers for the years ended March 31, 2016 and 2015 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through sales departments, and consolidation adjustments for sales price of 71,706 million yen and 28,933 million yen, respectively. Adjustments also include the sales of certain associated companies under the equity method, amounting to a deduction of 97,234 million yen and a deduction of 98,684 million yen, respectively, included in segment sales solely for the purpose of assessing segment performance.

Adjustments to segment profit for the years ended March 31, 2016 and 2015 mainly include 21,990 million yen and 35,204 million yen, respectively, of profit and (loss) of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments. The adjustments also include 49,579 million yen and 18,908 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets recognized upon business combinations and other differences in accounting standards.

Assets which are not attributable to any reportable segments include those which are attributable to sales departments of consumer products, goodwill controlled by corporate headquarters, and intangible assets recognized upon business combinations.

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

By Geographical Area:

Sales attributed to countries based upon the customers' location and property, plant and equipment are as follows:

	Yen (millions)	
	Year ended March 31,	
	2016	2015
Sales:		
Japan	3,601,794	3,692,018
North and South America	1,241,379	1,218,070
Europe	701,931	729,420
Asia and Others	2,008,613	2,075,529
Consolidated total	7,553,717	7,715,037
United States included in North and South America	1,108,040	1,052,048
China included in Asia and Others	962,597	1,034,760
Property, plant and equipment:		
Japan	873,823	888,301
North and South America	65,377	52,341
Europe	33,870	33,552
Asia and Others	328,105	400,637
Consolidated total	1,301,175	1,374,831

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

Transfers between business segments or geographic segments are made at arms-length prices. There are no sales to a single external major customer for the years ended March 31, 2016 and 2015.

(21) Stock-Based Compensation

On July 31, 2014, the Company approved to grant stock acquisition rights as an incentive stock-based compensation plan to the directors of Panasonic, the executive officers and certain other officers who are responsible for business operations. Subsequently on August 22, 2014, the Company granted stock acquisition rights to acquire 208,800 shares of common stock at a grant date fair value of 1,054 yen. The stock acquisition rights are fully vested on grant date and have a 30 years exercisable period from August 23, 2014 to August 22, 2044. During the period when stock acquisition rights may be exercised, the holder can exercise the rights on the day following the date on which such holder loses the status as the director, the executive officer or any status equivalent thereto.

On July 29, 2015, the Company approved to grant stock acquisition rights as an incentive stock-based compensation plan to the directors of Panasonic, the executive officers and certain other officers who are responsible for business operations. Subsequently on August 20, 2015, the Company granted stock acquisition rights to acquire 172,900 shares of common stock at a grant date fair value of 1,124 yen. The stock acquisition rights are fully vested on grant date and have a 30 years exercisable period from August 21, 2015 to August 20, 2045. During the period when stock acquisition rights may be exercised, the holder can exercise the rights on the day following the date on which such holder loses the status as the director, the executive officer or any status equivalent thereto.

The stock-based compensation expense for these stock acquisition rights for the year ended March 31, 2016 and 2015 was 194 million yen and 220 million yen, respectively, included in selling, general and administrative expenses in the consolidated statements of operations. The income tax benefit related to the stock-based compensation expense during the year ended March 31, 2016 and 2015, was not material.

The fair value of stock acquisition rights granted on grant date and used to recognize compensation expense for the year ended March 31, 2016 and 2015 was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2016	2015
Stock price	1,369.5 yen	1,235.5 yen
Exercise price	1 yen	1 yen
Expected term	15 years	15 years
Risk-free interest date	0.76 %	0.95 %
Expected volatility	34.59 %	35.17 %
Expected dividends	1.31 %	1.05 %

A summary of the activities regarding the stock acquisition rights as of and for the year ended March 31, 2016 and 2015, is presented below:

	Shares	Weighted–average exercise price(Yen)	Weighted–average remaining contractual term(Year)	Aggregate intrinsic value (Million yen)
Outstanding at March 31, 2014	—	—		
Granted	208,800	1		
Exercised	—	—		
Forfeited/Expired	—	—		
Outstanding at March 31, 2015	208,800	1	29.05	329
Granted	172,900	1		
Exercised	(2,400)	1		
Forfeited/Expired	—	—		
Outstanding at March 31, 2016	379,300	1	28.08	392
Exercisable at March 31, 2016	11,100	1	4.00	11

As of March 31, 2016, all outstanding stock acquisition rights were vested. Cash received from the exercise of stock options for the year ended March 31, 2016 was 0 million yen. The total intrinsic value of shares exercised under the stock acquisition rights plan for the year ended March 31, 2016 was 3 million yen. The Company disposed of treasury stock upon exercise of these rights. There were no exercises of the stock acquisition rights during the year ended March 31, 2015.

(22) Acquisition

On August 7, 2015, the Company acquired all equity interest of ITC Global Inc. (USA) and ITC Global Netherlands Cooperatief U.A. (hereinafter, collectively including their subsidiaries, referred to as "ITC Global") and accordingly, had a controlling interest of ITC Global from the acquisition date.

ITC Global is in the business of providing satellite communication services for the ocean energy industry. As a result of this acquisition, the Company expands its satellite communication services in addition to inflight system and enhances its competitiveness by expanding the scale of the business operations. The market of satellite communication services for the ocean energy industry has a sizable demand with the potential for long-term growth and high profitability, as its customers emphasize quality rather than price. Satellite communication services for the ocean energy industry also highly complements the existing inflight system business as satellite communication services for the ocean energy industry has huge demand in developing countries where satellite communication services for inflight system has fewer demand. Furthermore, the Company is expected to absorb the ITC Global's highly-reliable technology and business know-how of satellite communication services and enjoy synergy as ITC Global uses the same satellite band frequency and transmission method as the Company's satellite communication services for inflight system.

The fair value of the consideration paid (cash) for the controlling interests of ITC Global as of the acquisition date is 30,947 million yen. Acquisition-related cost was not material for the year ended March 31, 2016.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (millions)
Cash and cash equivalents	539
Goodwill	19,050
Intangible assets	11,027
Other assets	6,852
Total assets acquired	37,468
Deferred tax liabilities	3,629
Other liabilities	2,892
Total liabilities assumed	6,521
Total net assets acquired	30,947

The total amount of goodwill is included in "AVC Networks" segment, and is not deductible for tax purpose.

Intangible assets of 7,123 million yen are subject to amortization, which include customer relationship of 4,865 million yen with a 9-year weighted-average useful life. Intangible assets of 3,904 million yen are not subject to amortization, all of which relates to trademark.

Net sales and income before income taxes of ITC Global that are included in the consolidated statements of operations for the year ended March 31, 2016 are not material.

Pro forma information has been omitted as the amounts are not material.

(23) Subsequent Events

On April 1, 2016, the Company acquired all outstanding shares of Hussmann Parent Inc., which in turn owned all shares of Hussmann Corporation (Hussmann) of the United States, and accordingly, obtained control in the two companies and their subsidiaries from the acquisition date.

Hussmann is in the business of manufacturing, selling, developing and providing services related to commercial-use refrigerated and freezer display cases. This acquisition will enable the combination of Hussmann's strengths in customer relationship, maintenance and services with the Company's wide-ranging technology and product lineup. The Company will use this synergy to drive growth and further innovation on a global basis. Hussmann will be able to leverage core refrigeration product technology and case platforms including the Company's CO2 systems and foodservice products. Other synergy opportunities include LED's, remote monitoring and other technology platforms that will enhance retail customer's merchandising and consumer connectivity.

The fair value of the provisional consideration paid for the shares of Hussmann as of the acquisition date was 141,786 million yen and was paid in cash. Acquisition-related cost was not material.

Assets acquired and liabilities assumed are provisionally reflected in the Company's consolidated balance sheet as of the acquisition date as follows. The Company is currently evaluating the fair values of assets acquired and liabilities assumed at the acquisition date, and therefore the below amounts are subject to change.

	Yen (millions)
Cash and cash equivalents	16,917
Goodwill	91,214
Intangible assets	96,621
Other acquired assets	51,894
Total assets acquired	256,646
Debt	41,345
Deferred tax liabilities	31,480
Other assumed liabilities	42,035
Total liabilities assumed	114,860
Total net assets acquired	141,786

The total amount of goodwill is included in “Appliances” segment, and is not deductible for tax purpose.

Intangible assets of 67,073 million yen are subject to amortization, which include customer relationship of 62,017 million yen with a 21-year useful life. Intangible assets of 29,548 million yen are not subject to amortization, all of which relates to trade name.

Pro forma information has been omitted as the amounts are not material.

[Supplementary Statements]

(1) Detailed Statements of Bonds

Refer to Note 8 in the notes of consolidated financial statements on Special Financial Reports.

(2) Detailed Statements of Borrowings etc.

Refer to Note 8 in the notes of consolidated financial statements on Special Financial Reports.

(3) Detailed Statements of Asset Retirement Obligation

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

Independent Auditors' Report

The Board of Directors
Panasonic Corporation:

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Panasonic Corporation and its subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG AZSA LLC

Osaka, Japan
June 27, 2016

[Quarterly financial Information for fiscal 2016 (Unaudited)]

(Millions of yen, unless otherwise stated)

(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	1,857,843	3,760,428	5,671,314	7,553,717
Income before income taxes	72,675	164,140	254,496	217,048
Net income attributable to Panasonic Corporation	59,519	111,333	160,220	193,256
Net income attributable to Panasonic Corporation per share, basic (yen)	25.75	48.11	69.18	83.40

(Three months)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income attributable to Panasonic Corporation per share, basic (yen)	25.75	22.37	21.06	14.23

Ⅵ Stock-Related Administration for the Company

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

Ⅶ Reference Information on the Company

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

Not applicable.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2016 to the filing date of Annual Securities Report.

(1) Annual Securities Report and documents attached, and Confirmation Letter	Business Term (108th)	From April 1, 2014 To March 31, 2015	Filed with the Director of the Kanto Local Finance Bureau on June 26, 2015
(2) Internal Control Report and documents attached			Filed with the Director of the Kanto Local Finance Bureau on June 26, 2015
(3) Shelf Registration Statement (Stock acquisition right) and Confirmation Letter			Filed with the Director of the Kanto Local Finance Bureau on May 15, 2015
(4) Amended Shelf Registration Statement	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on June 26, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on June 29, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on June 30, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on July 29, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on August 6, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on August 20, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on November 10, 2015

	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on December 22, 2015
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on February 3, 2016
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on February 12, 2016
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on April 1, 2016
	Amended Shelf Registration Statement concerning the Shelf Registration Statement which was submitted on May 15, 2015		Filed with the Director of the Kanto Local Finance Bureau on April 28, 2016
(5) Quarterly Report and Confirmation Letter	（109th First Quarter）	From April 1, 2015 To June 30, 2015	Filed with the Director of the Kanto Local Finance Bureau on August 6, 2015
	（109th Second Quarter）	From July 1, 2015 To September 30, 2015	Filed with the Director of the Kanto Local Finance Bureau on November 10, 2015
	（109th Third Quarter）	From October 1, 2015 To December 31, 2015	Filed with the Director of the Kanto Local Finance Bureau on February 12, 2016

(6) Extraordinary Report	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on June 29, 2015
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 1 and Paragraph 2, Item 2-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on July 29, 2015
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on December 22, 2015
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 6-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on February 3, 2016
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 1, 2016
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 28, 2016
(7) Amendment to Extraordinary Report	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on July 29, 2015	Filed with the Director of the Kanto Local Finance Bureau on August 20, 2015

Part Ⅱ Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting under the Financial Instruments and Exchange Act and an audit of internal control over financial reporting conducted under the attestation standards established by the American Institute of Certified Public Accountants.
In an audit of internal control over financial reporting under the Financial Instruments and Exchange Act, the auditors express an opinion on management's report on internal control over financial reporting, and do not express an opinion on the Company's internal control over financial reporting taken as a whole.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 27, 2016

The Board of Directors of Panasonic Corporation:

KPMG AZSA LLC

Tetsuzo Hamajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Sungjung Hong
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masateru Matsui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Financial Statement Audit

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its consolidated subsidiaries provided in the "Financial Information" section in the company's Annual Report, which comprise the consolidated balance sheet as of March 31, 2016, and the consolidated statements of income, comprehensive income (loss), equity and cash flows for the year then ended, and the related notes to the consolidated financial statements and consolidated supplementary schedules, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Law of Japan.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to Paragraph (3) of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Cabinet Office Ordinance No.11 of 2002), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Panasonic Corporation and its consolidated subsidiaries as of March 31, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in "Subsequent Events," on April 1, 2016, the Company acquired all outstanding shares of Hussmann Parent Inc., which in turn owned all shares of Hussmann Corporation (Hussmann) of the United States, and accordingly, obtained control in the two companies and their subsidiaries from the acquisition date. Hussmann is in the business of manufacturing, selling, developing, and providing services related to commercial-use refrigerated and freezer display cases.

Our opinion is not affected by this matter.

Internal Control Audit

We also have audited the accompanying internal control report of Panasonic Corporation as of March 31, 2016, in accordance with Article 193-2, paragraph (2) of the Financial Instruments and Exchange Law of Japan.

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the internal control report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgement, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment of internal control over financial reporting determined and presented by management, and the overall internal control report presentation.

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

Opinion

In our opinion, the internal control report, in which Panasonic Corporation states that internal control over financial reporting was effective as of March 31, 2016, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

<u>Notes to the reader of audit report</u>:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Law of Japan.

[Cover]

Filed Document:	Confirmation Letter
Applicable Law:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 27, 2016
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, President and Director
Name and Title of CFO:	Hideaki Kawai, Senior Managing Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

Mr. Kazuhiro Tsuga, President and Director, and Mr. Hideaki Kawai, Senior Managing Director, confirmed that statements contained in the Annual Securities Report for the 109th fiscal year (from April 1, 2015 to March 31, 2016) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

Not applicable.

[Cover]

Filed Document:	Internal Control Report
Applicable Law:	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 27, 2016
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, President and Director
Name and Title of CFO:	Hideaki Kawai, Senior Managing Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

Mr. Kazuhiro Tsuga, President and Director, and Mr. Hideaki Kawai, Senior Managing Director, are responsible for establishing and maintaining internal control over financial reporting of Panasonic Corporation (the "Company") and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

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

We assessed the effectiveness of our internal control over financial reporting on the record date as of March 31, 2016. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal controls. We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliates, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliates. We did not include those consolidated subsidiaries and equity-method affiliates which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total revenues (after elimination of intercompany transactions) for the previous fiscal year, and those business units whose combined amount of revenues reaches approximately two-thirds of total revenues on a consolidated basis were selected as significant business units.

For the selected significant business units, we included, in the scope of assessment those business processes leading to revenues, accounts receivables and inventories. Further, not only for selected significant business units", but also for other business units, we added to the scope of assessment, those business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on our business objectives; or those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2016.

4. Supplementary Matters

None.

5. Special Notes

None.