［English summary with full translation of consolidated financial information］

Quarterly Report filed with the Japanese government pursuant to the Financial Instruments and Exchange Law of Japan

For the nine months ended December 31, 2014

Panasonic Corporation
Osaka, Japan

CONTENTS

Page

Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements (that include those within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this quarterly 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 this quarterly 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 on the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.

Ⅰ Corporate Information

(1) Consolidated Financial Summary

	Yen (millions), except per share amounts		
	Nine months ended December 31, 2014	Nine months ended December 31, 2013	Year ended March 31, 2014
Net sales	5,719,333	5,679,811	7,736,541
Income before income taxes	208,063	307,037	206,225
Net income attributable to Panasonic Corporation	140,420	243,014	120,442
Comprehensive income attributable to Panasonic Corporation	387,877	385,083	296,972
Total Panasonic Corporation shareholders' equity	1,775,005	1,636,642	1,548,152
Total equity	1,945,594	1,684,934	1,586,438
Total assets	5,617,543	5,476,647	5,212,994
Net income per share attributable to Panasonic Corporation common shareholders, basic (yen)	60.75	105.13	52.10
Net income per share attributable to Panasonic Corporation common shareholders, diluted (yen)	60.74	-	-
Panasonic Corporation shareholders' equity / total assets (%)	31.6	29.9	29.7
Net cash provided by operating activities	369,008	355,155	581,950
Net cash provided by (used in) investing activities	(107,637)	(76,964)	12,128
Net cash used in financing activities	(122,798)	(302,624)	(532,315)
Cash and cash equivalents at end of period	815,604	520,151	592,467

	Three months ended December 31, 2014	Three months ended December 31, 2013
Net sales	1,996,450	1,973,491
Net income attributable to Panasonic Corporation	59,487	73,680
Net income per share attributable to Panasonic Corporation common shareholders, Basic (yen)	25.74	31.87

Notes: 1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

2. Diluted net income per share attributable to Panasonic Corporation common shareholders for nine months ended December 31, 2013 and for year ended March 31, 2014 have been omitted because the Company did not have potential dilutive common shares that were outstanding for fiscal 2014.

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 472 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in production, sales and service activities in a broad array of business areas.

Panasonic supplies a spectrum of electric/electronic equipment and related products, which are categorized into the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other.

During the nine months ended December 31, 2014, there were changes in principal businesses and major affiliated companies as follows.

Appliances:
As of April 1, 2014, certain businesses such as flat panel TVs, home audio equipment and video equipment were transferred to Appliances from AVC Networks. As of July 1, 2014, Panasonic Cycle Technology Co., Ltd. was transferred to Appliances from Automotive & Industrial Systems.

Automotive & Industrial Systems:
As of April 1, 2014, Panasonic transferred its business relating to semiconductor wafer manufacturing process to TowerJazz Panasonic Semiconductor Co., Ltd. ("TPSC") which was a wholly-owned subsidiary of the Company, and transferred the 51% of shares in TPSC to Tower Semiconductor Ltd. in Israel.

As of June 1, 2014, Panasonic transferred its business relating to the development, manufacture and sales of semiconductor, etc. to Panasonic Semiconductor Solutions Co., Ltd. ("PSCS") which is a consolidated subsidiary of the Company. Also, PSCS absorbed Panasonic Industrial Devices Discrete Semiconductor Co., Ltd. and Panasonic Industrial Devices Optical Semiconductor Co., Ltd., both of which were consolidated subsidiaries of the Company.

As of June 2, 2014, Panasonic transferred all shares in three consolidated subsidiaries of the Company whose factories operate semiconductor assembly lines in Singapore, Indonesia and Malaysia to UTAC Manufacturing Services Ltd., a subsidiary of UTAC Holdings Ltd. in Singapore.

As of July 1, 2014, Panasonic Liquid Crystal Display Co., Ltd. was transferred to Automotive & Industrial Systems from AVC Networks.

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

Ⅱ The Business Overview

(1) Operating Results

During the nine months ended December 31, 2014 under review, the economy slowed down in China and some ASEAN countries and was stagnant in most European countries. Meantime, U.S. employment statistics and consumer spending were stable and the signs of improvement from recent weak economy were seen in Japan.

Under such business circumstances, in fiscal 2015, the second year of the mid-term management plan “Cross-Value Innovation 2015 (CV2015),” Panasonic has been promoting the initiatives to consolidate a foundation to achieve CV2015 and to set growth strategy for a ‘New Panasonic’ in fiscal 2019.

As one of the initiatives during the third quarter, regarding the automotive battery business, the Company established Panasonic Energy Corporation of North America, a new manufacturing company of cylindrical lithium-ion battery cells at the Tesla Gigafactory of Tesla Motors (U.S.) Regarding the consumer electronics business, the company launched ‘J Concept’ series products in late October 2014, which have been received well. These products are specifically developed emphasizing on functions and design to propose high-quality living in harmony with the Japanese lifestyle, targeting at people in their 50’s and 60’s in Japan.

Consolidated group sales for nine months ended December 31, 2014 increased by 1% to 5,719.3 billion yen from 5,679.8 billion yen in the same period of fiscal 2014. Demand in Japan overall decreased in housing-related and consumer electronic businesses following the surge before the consumption tax hike in April 2014. Meantime, this negative effect was offset due to some effect of demand surge before the tax hike carried over in the first quarter. Sales of solar panels for homes continued to be stable in Japan, and demand of automotive-related business steadily increased in its global market. Yen depreciation also contributed the overseas sales increase.

The Company’s operating profit* for the nine months increased by 10% to 290.3 billion yen, from 263.2 billion yen a year ago, due to fixed cost reduction including the business restructuring effect despite sales decrease in real terms, which exclude the effect of foreign exchange. Pre-tax income and net income attributable to Panasonic Corporation decreased by 32% to 208.1 billion yen from 307.0 billion yen, and decreased by 42% to 140.4 billion yen from 243.0 billion yen respectively due mainly to one-off gain from pension scheme change and some one-time capital gains in other income a year ago, and the expense relating to prevent further accident of residential water heating systems included in other deductions in the nine months ended December 31, 2014.

* 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.

(2) Operating Results by Segment

Certain businesses were transferred among segments on April 1, 2014 and July 1, 2014. Accordingly, the figures for segment information in fiscal 2014 have been reclassified to conform to the presentation for July 1, 2014.

The Company’s nine-month consolidated sales and profits by segment comparing with previous year’s are summarized as follows:

Appliances

Sales increased by 1% to 1,380.7 billion yen, compared with 1,361.3 billion yen a year ago due mainly to favorable sales in home appliances, cold chain equipment and device businesses including motors, despite sales decrease in TVs.

Segment profit increased by 68% to 44.6 billion yen, compared with 26.6 billion yen a year ago due mainly to improved profitability by streamlining in air conditioner business and profit increase in motors.

Eco Solutions

Sales increased by 2% to 1,224.3 billion yen from 1,202.9 billion yen a year ago. In Japan, sales in housing systems decreased due to weakening demand in housing market after the consumption tax hike. Meantime, sales in housing solar panels and LED lighting increased. Overseas sales increased due to newly-consolidated VIKO, a Turkish company, as well as sales growth in strategic regions such as India.

Segment profit increased by 7% to 75.7 billion yen from 70.7 billion yen a year ago due mainly to sales increase in solar business and streamlining initiatives.

AVC Networks

Sales decreased by 1% to 827.8 billion yen from 832.9 billion yen a year ago. Sales decreased due mainly to exit from unprofitable businesses and business contraction including plasma display panels and DSCs, though sales in three month ended December 31, 2014 increased due mainly to positive effect from yen depreciation.

Segment profit significantly increased by 134% to 21.6 billion yen from 9.2 billion yen a year ago due mainly to sales increase of stable BtoB business and benefits from restructuring of challenging business.

Automotive & Industrial Systems

Sales increased by 2% to 2,079.1 billion yen from 2,039.4 billion yen a year ago due mainly to favorable sales for automotive-related business in Automotive Infotainment Systems Business Division and electronic component mounting equipment, offsetting sales decreases from business termination and transfers. The positive effect from yen depreciation also contributed to increase in sales.

Segment profit increased by 11% to 80.3 billion yen from 72.4 billion yen a year ago due mainly to streamlining initiatives and benefit from the restructuring of challenging businesses.

Other

Sales decreased by 18% to 447.2 billion yen from 548.0 billion yen a year ago due mainly to the transfer of the healthcare business at the end of fiscal 2014.

Segment profit significantly decreased by 85% to 1.5 billion yen compared with 10.3 billion yen a year ago.

(3) Assets, Liabilities and Equity

The Company's consolidated total assets as of December 31, 2014 increased by 404.5 billion yen to 5,617.5 billion yen from the end of fiscal 2014 due mainly to an increase in cash and cash equivalents and inventories as well as yen depreciation.

The Company's consolidated total liabilities as of December 31, 2014 increased by 45.4 billion yen to 3,671.9 billion yen from the end of fiscal 2014. In real terms excluding the effect of foreign exchanges, the Company's consolidated total liabilities decreased due mainly to repayments of unsecured straight bonds.

Panasonic Corporation shareholders' equity increased by 226.9 billion yen to 1,775.0 billion yen from March 31, 2014 due mainly to recording of net income attributable to Panasonic Corporation and an improvement in accumulated other comprehensive income (loss) from yen depreciation, despite a decrease in capital surplus accompanied by the acquisition of additional interests of its subsidiaries. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,945.6 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for nine months ended December 31, 2014 amounted to 369.0 billion yen increased by 13.9 billion yen from a year ago due mainly to an improvement in working capital including a decrease in trade receivables.

Cash flows from investing activities

Net cash used in investing activities amounted to 107.6 billion yen increased by 30.7 billion yen from a year ago due mainly to decrease in proceeds from disposals of investments in equity and increase in capital expenditures.

Free cash flow (net cash from operating activities plus net cash from investing activities) amounted to 261.4 billion yen decreased by 16.8 billion yen from a year ago.

Cash flows from financing activities

Net cash used in financing activities amounted to 122.8 billion yen decreased by 179.8 billion yen from a year ago due mainly to a decrease in repayment of the interest-bearing debt despite an increase in dividend payment.

Taking into consideration exchange rate fluctuations, cash and cash equivalents totaled 815.6 billion yen as of December 31, 2014 increasing 223.1 billion yen compared with the end of the last fiscal year.

(5) Research and Development

Panasonic's R&D expenditures for the nine months ended December 31, 2014 totaled 344.6 billion yen, down 1% from a year ago. There were no significant changes in R&D activities for the period.

(6) Capital Investment

Panasonic's capital investment (tangible assets) for the nine months ended December 31, 2014 totaled 150.7 billion yen, up 5% from a year ago.

(7) Depreciation

Panasonic's depreciation (tangible assets) for the nine months ended December 31, 2014 totaled 176.0 billion yen, down 16% from a year ago.

(8) Number of Employees

Number of employees at the end of the third quarter of fiscal 2015 was 260,911, a decrease of 10,878, compared with the end of the fiscal 2014.

(9) New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on April, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

(10) Risk Factors

There were no risks newly identified during the nine months ended December 31, 2014.
During the nine months ended December 31, 2014, there were no significant changes with regard to the "Risk Factors" stated in the annual securities report of the prior fiscal year.

(11) Other

The Company resolved, at the Board of Directors meeting held on February 3, 2015, to make Panasonic a wholly-owning parent company and Panasonic Information Systems Co., Ltd. (PISC) a wholly-owned subsidiary by the way of share exchange. On the same date, the share exchange agreement was concluded between both companies. The share exchange is scheduled to be implemented after the approval at ordinary general meeting of PISC, which is planned to be held in June 2015. Shares of PISC are scheduled to be delisted as of July 29, 2015, which is prior to the effective date (August 1, 2015 (scheduled)) of the share exchange.

Ⅲ Shares and Shareholders

(1) Shares of Common Stock Issued as of December 31, 2014: 2,453,053,497 shares

The common stock of the Company is listed on the Tokyo and Nagoya stock exchanges in Japan.

(2) Amount of Common Stock (Stated Capital) as of December 31, 2014: 258,740 million yen

CONTENTS

Ⅳ Financial Statements

Index of Consolidated Financial Statements of Panasonic Corporation and Subsidiaries:

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

December 31 and March 31, 2014

Assets	Yen (millions) December 31, 2014	Yen (millions) March 31, 2014
Current assets:		
Cash and cash equivalents	815,604	592,467
Time deposits	8,631	-
Trade receivables:		
Notes	90,501	73,458
Accounts	966,164	958,451
Allowance for doubtful receivables	(26,582)	(24,476)
Net trade receivables	1,030,083	1,007,433
Inventories (Note 2)	844,941	750,681
Other current assets	373,495	303,411
Total current assets	3,072,754	2,653,992
Investments and advances (Note 3)	295,641	271,804
Property, plant and equipment (Note 5):		
Land	276,283	283,305
Buildings	1,428,910	1,453,550
Machinery and equipment	2,828,735	2,728,925
Construction in progress	41,851	44,220
	4,575,779	4,510,000
Less accumulated depreciation	3,177,476	3,084,551
Net property, plant and equipment	1,398,303	1,425,449
Other assets (Note 1):		
Goodwill	474,933	473,377
Intangible assets (Note 5)	191,984	203,591
Other assets	183,928	184,781
Total other assets	850,845	861,749
	5,617,543	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

December 31 and March 31, 2014

	Yen (millions)	
Liabilities and Equity	December 31, 2014	March 31, 2014
Current liabilities:		
Short-term debt, including current portion of long-term debt	67,479	84,738
Trade payables:		
Notes	239,762	200,363
Accounts	753,603	736,652
Total trade payables	993,365	937,015
Accrued income taxes	46,627	40,454
Accrued payroll	156,297	217,246
Other accrued expenses	880,789	799,959
Deposits and advances from customers	95,727	75,520
Employees' deposits	4,985	5,146
Other current liabilities	327,483	277,781
Total current liabilities	2,572,752	2,437,859
Noncurrent liabilities:		
Long-term debt	515,157	557,374
Retirement and severance benefits	387,606	430,701
Other liabilities	196,434	200,622
Total noncurrent liabilities	1,099,197	1,188,697
Equity (Note 7):		
Panasonic Corporation shareholders' equity:		
Common stock : Authorized - 4,950,000,000 shares Issued - 2,453,053,497 shares	258,740	258,740
Capital surplus	985,540	1,109,501
Retained earnings (Note 13)	982,177	878,742
Accumulated other comprehensive income (loss) (Note 8):		
Cumulative translation adjustments	53,103	(167,219)
Unrealized holding gains of available-for-sale securities (Note 3)	14,262	6,027
Unrealized gains (losses) of derivative instruments	1,128	(237)
Pension liability adjustments	(272,735)	(290,270)
	(204,242)	(451,699)
Treasury stock, at cost: 141,557,544 shares (141,496,296 shares as of March 31, 2014)	(247,210)	(247,132)
Total Panasonic Corporation shareholders' equity	1,775,005	1,548,152
Noncontrolling interests	170,589	38,286
Total equity	1,945,594	1,586,438
Commitments and contingent liabilities (Notes 4 and 11)		
	5,617,543	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2014 and 2013

Consolidated Statements of Income

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Revenues, costs and expenses:		
Net sales	5,719,333	5,679,811
Cost of sales (Note 8)	(4,112,807)	(4,135,250)
Selling, general and administrative expenses	(1,316,253)	(1,281,385)
Interest income	10,190	7,492
Dividends received	1,411	1,948
Other income (Notes 8 and 9)	33,245	133,518
Interest expense	(13,741)	(16,374)
Impairment losses of long-lived assets (Note 5)	(7,248)	(32,176)
Other deductions (Notes 8 and 9)	(106,067)	(50,547)
Income before income taxes (Note 9)	208,063	307,037
Provision for income taxes	60,388	61,704
Equity in earnings of associated companies	7,988	5,300
Net income	155,663	250,633
Less net income attributable to noncontrolling interests	15,243	7,619
Net income attributable to Panasonic Corporation (Note 7)	140,420	243,014
	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	60.75	105.13
Diluted	60.74	−

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Net income	155,663	250,633
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	234,665	172,967
Unrealized holding gains of available-for-sale securities	8,255	3,500
Unrealized holding gains of derivative instruments	1,346	3,057
Pension liability adjustments	17,357	(27,131)
	261,623	152,393
Comprehensive income (Note 7)	417,286	403,026
Comprehensive income attributable to noncontrolling interests	29,409	17,943
Comprehensive income attributable to Panasonic Corporation	387,877	385,083

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Three months ended December 31, 2014 and 2013

Consolidated Statements of Income

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Revenues, costs and expenses:		
Net sales	1,996,450	1,973,491
Cost of sales (Note 8)	(1,429,487)	(1,415,814)
Selling, general and administrative expenses	(453,669)	(441,090)
Interest income	3,960	2,661
Dividends received	175	438
Other income (Notes 8 and 9)	15,620	25,443
Interest expense	(4,320)	(4,490)
Impairment losses of long-lived assets(Note 5)	(3,643)	(26,011)
Other deductions (Notes 8 and 9)	(38,925)	(14,996)
Income before income taxes	86,161	99,632
Provision for income taxes	23,477	24,378
Equity in earnings of associated companies	2,850	2,204
Net income	65,534	77,458
Less net income attributable to noncontrolling interests	6,047	3,778
Net income attributable to Panasonic Corporation	59,487	73,680
	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	25.74	31.87
Diluted	25.73	−

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Net income	65,534	77,458
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	149,262	117,962
Unrealized holding gains (losses) of available-for-sale securities	674	(9,021)
Unrealized holding gains (losses) of derivative instruments	(104)	1,025
Pension liability adjustments	4,159	3,943
	153,991	113,909
Comprehensive income	219,525	191,367
Comprehensive income attributable to noncontrolling interests	15,323	10,075
Comprehensive income attributable to Panasonic Corporation	204,202	181,292

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Nine months ended December 31, 2014 and 2013

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Cash flows from operating activities:		
Net income	155,663	250,633
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	209,748	249,724
Net gain on sale of investments	(7,420)	(25,559)
Provision for doubtful receivables	2,403	4,131
Deferred income taxes	(9,029)	(2,553)
Write-down of investment securities (Note 9)	36	45
Impairment losses on long-lived assets (Note 5)	7,248	32,176
Cash effects of changes in:		
Trade receivables	45,802	(17,346)
Inventories	(60,441)	(20,146)
Other current assets	2,171	14,204
Trade payables	22,581	15,908
Accrued income taxes	285	10,995
Accrued expenses and other current liabilities	12,129	(46,724)
Retirement and severance benefits	(28,694)	(124,628)
Deposits and advances from customers	18,501	15,934
Other, net	(1,975)	(1,639)
Net cash provided by operating activities	369,008	355,155
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	41,390	57,207
Increase in investments and advances	(6,363)	(6,431)
Capital expenditures	(156,049)	(141,911)
Proceeds from disposals of property, plant and equipment	25,796	27,660
Increase (decrease) in time deposits, net	(8,631)	1,674
Proceeds from sales of consolidated subsidiaries	21,589	-
Other, net	(25,369)	(15,163)
Net cash used in investing activities	(107,637)	(76,964)

(Continued)

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Nine months ended December 31, 2014 and 2013

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Cash flows from financing activities:		
Decrease in short-term debt with maturities of three months or less, net	(23,474)	(139,089)
Proceeds from short-term debt with maturities longer than three months	14,657	11,350
Repayments of short-term debt with maturities longer than three months	(14,778)	(26,767)
Repayments of long-term debt	(41,457)	(125,487)
Dividends paid to Panasonic Corporation shareholders (Notes 7 and 13)	(36,984)	(11,558)
Dividends paid to noncontrolling interests (Note 7)	(17,784)	(10,093)
Repurchase of common stock (Note 7)	(85)	(73)
Sale of treasury stock (Note 7)	6	5
Purchase of noncontrolling interests (Note 7)	(2,812)	(579)
Other, net	(87)	(333)
Net cash used in financing activities	(122,798)	(302,624)
Effect of exchange rate changes on cash and cash equivalents	84,564	48,301
Net increase (decrease) in cash and cash equivalents	223,137	23,868
Cash and cash equivalents at beginning of period	592,467	496,283
Cash and cash equivalents at end of period	815,604	520,151

See accompanying Notes to Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation of Consolidated Financial Statements

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

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

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned, controlled subsidiaries. The Company also consolidates entities in which controlling interest exists through variable interests in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, “Consolidation.” All significant intercompany balances and transactions have been eliminated on consolidation.

The equity method is used to account for investments in associated companies in which the Company exerts significant influence, generally having a 20% to 50% voting interest, and corporate joint ventures. These investments are included in “Investments and advances” in the consolidated balance sheets.

The Company has 472 consolidated subsidiaries and 92 associated companies under equity method as of December 31, 2014.

As the fair value of the consideration paid and the noncontrolling interests were settled and the evaluation of the fair values of the assets acquired and liabilities assumed was completed during the period ended June 30, 2014, the Company adjusted the provisional amounts at the acquisition date in accordance with the provisions of ASC 805, “Business Combinations.” and discloses the revised amounts in Note 14. Furthermore, significant revision was reflected to the prior year’s financial statement and as a result, “Goodwill” increased by 12,186 million yen and “Intangible assets” and “Other assets” decreased by 10,287 million yen and 1,899 million yen, respectively, on the consolidated balance sheet as of March 31, 2014.

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 the plan described as follows.

The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to the defined contribution pension plan, effective from July 1, 2013. Net actuarial gains and losses to the defined benefit pension plan in excess of the corridor are amortized over the average remaining life expectancy of plan participants. The effect of this decision for the nine months ended December 31, 2013 is described in Note 9.

(c) **Description of Business**

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

Sales by segment for the nine months ended December 31, 2014 were as follows: Appliances—23%, Eco Solutions—21%, AVC Networks—14%, Automotive & Industrial Systems—35% and Other—7%. A sales breakdown by geographical market was as follows: Japan—47%, North and South America—16%, Europe—9%, and Asia and Others—28%.

Sales by segment for the three months ended December 31, 2014 were as follows: Appliances—23%, Eco Solutions—21%, AVC Networks—15%, Automotive & Industrial Systems—34% and Other—7%. A sales breakdown by geographical market was as follows: Japan—47%, North and South America—17%, Europe—10%, and Asia and Others—26%.

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

(d) **Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are reflected in valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions, employee retirement and severance benefit plans and assets acquired and liabilities assumed in business combinations.
Management evaluated the subsequent events through February 12, 2015, the issue date of the Company's consolidated financial statements.

(e) **Adoption of New Accounting Pronouncements**

On April 1, 2014, the Company adopted Accounting Standards Update (ASU) 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." ASU 2013-05, which amends ASC830, "Foreign Currency Matters," requires a cumulative translation adjustment, to be released into net income when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially completely liquidation of the foreign entity. This adoption of ASU 2013-05 is not expected to have a material effect on the Company's consolidated financial statements.

On April 1, 2014, the Company adopted ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 requires an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward for tax purposes, a similar tax loss, or a tax credit carryforward. This adoption of ASU 2013-11 is not expected to have a material effect on the Company's consolidated financial statements.

(f) **Reclassifications**

Certain reclassifications have been made to the prior years' consolidated financial statements in order to conform with the presentation used for fiscal 2015.

(2) Inventories

Inventories at December 31 and March 31, 2014 are summarized as follows:

	Yen (millions)	
	December 31, 2014	March 31, 2014
Finished goods	510,463	449,820
Work in process	150,856	128,323
Raw materials	183,622	172,538
	844,941	750,681

(3) Investments in Securities

In accordance with ASC 320, "Investments—Debt and Equity 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 and net unrealized holding gains (losses) of available-for-sale securities included in investments and advances at December 31 and March 31, 2014 are as follows:

	Yen (millions)		
	December 31, 2014		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	21,167	78,902	57,735
Corporate and government bonds	1,655	1,675	20
Other debt securities	17	17	-
	22,839	80,594	57,755

	Yen (millions)		
	March 31, 2014		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	18,825	63,101	44,276
Corporate and government bonds	1,674	1,694	20
Other debt securities	16	16	-
	20,515	64,811	44,296

The carrying amounts of the Company's cost method investments totaled 20,625 million yen and 20,677 million yen at December 31 and March 31, 2014, respectively.

(4) Leases

The Company has operating leases for certain land, buildings, machinery and equipment, and finite-lived intangible assets. Future minimum lease payments under operating leases at December 31, 2014 are as follows:

	Yen (millions)
Due within 1 year	28,693
Due after 1 year within 2 years	14,187
Due after 2 years within 3 years	6,734
Due after 3 years within 4 years	5,445
Due after 4 years within 5 years	4,422
Thereafter	13,254
Total minimum lease payments	72,735

(5) 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 will be sufficient to recover the remaining recorded asset values. Impairment losses are not charged to segment profit. The disclosure below has been modified to reflect the revised segments.

The Company recognized impairment losses in the aggregate of 7,248 million yen of long-lived assets for the nine months ended December 31, 2014. 2,036 million yen, 3,505 million yen and 897 million yen of impairment losses for the nine months ended December 31, 2014 were related to “AVC Networks,” “Automotive & Industrial Systems,” and “Other” segment, respectively. The Company recognized impairment losses in the aggregate of 3,643 million yen of long-lived assets for the three months ended December 31, 2014. 2,668 million yen of impairment losses for the three months ended December 31, 2014 was related to “Automotive & Industrial Systems” segment.

The Company recognized impairment losses in the aggregate of 32,176 million yen of long-lived assets for the nine months ended December 31, 2013. 5,849 million yen, 1,346 million yen and 22,845 million yen of impairment losses for the nine months ended December 31, 2013 were related to “Eco Solutions,” “AVC Networks” and “Automotive & Industrial Systems” segment, respectively. The Company recognized impairment losses in the aggregate of 26,011 million yen of long-lived assets for the three months ended December 31, 2013. 2,233 million yen and 22,172 million yen of impairment losses for the three months ended December 31, 2013 were related to “Eco Solutions” and “Automotive & Industrial Systems” segment, respectively.

The Company recorded impairment losses for certain machinery of domestic and foreign manufacturing facilities related to resin -based multi-layer printed circuit board business, and thin and high density interposer business among the printed circuit board business in “Automotive & Industrial Systems” segment for the three months ended December 31, 2013. As a result of the decision to discontinue these businesses, 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.

(6) Per Share Information

Panasonic Corporation Shareholders' Equity per Share

Panasonic Corporation shareholders' equity per share as of December 31 and March 31, 2014 are as follows:

	Yen	
	December 31, 2014	March 31, 2014
Panasonic Corporation shareholders' equity per share	767.90	669.74

Net Income Attributable to Panasonic Corporation Common Shareholders per Share

A reconciliation of the numerators and denominators of the basic and diluted net income attributable to Panasonic Corporation common shareholders per share computation for the nine months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders	140,420	243,014

	Number of shares	
	Nine months ended December 31	
	2014	2013
Average common shares outstanding	2,311,530,788	2,311,634,016
Dilutive effect:		
Stock options	115,915	-
Diluted common shares outstanding	2,311,646,703	2,311,634,016

	Yen	
	Nine months ended December 31	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	60.75	105.13
Diluted	60.74	-

Diluted net income attributable to Panasonic Corporation common shareholders per share for the nine months ended December 31, 2013 has been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

A reconciliation of the numerators and denominators of the basic and diluted net income attributable to Panasonic Corporation common shareholders per share computation for the three months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders	59,487	73,680

	Number of shares	
	Three months ended December 31	
	2014	2013
Average common shares outstanding	2,311,510,677	2,311,615,720
Dilutive effect:		
Stock options	208,653	-
Diluted common shares outstanding	2,311,719,330	2,311,615,720

	Yen	
	Three months ended December 31	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	25.74	31.87
Diluted	25.73	-

Diluted net income attributable to Panasonic Corporation common shareholders per share for the three months ended December 31, 2013 has been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

(7) Equity

The change in the carrying amount of Panasonic Corporation shareholders' equity, noncontrolling interests and total equity in the consolidated balance sheets for the nine months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)		
	Nine months ended December 31, 2014		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2014	1,548,152	38,286	1,586,438
Cash dividends	(36,984)	(17,784)	(54,768)
Repurchase of common stock	(85)	-	(85)
Sale of treasury stock	6	-	6
Increase (decrease) mainly in capital transactions	(123,961)	120,678	(3,283)
Comprehensive income :			
Net income	140,420	15,243	155,663
Other comprehensive income, net of tax	247,457	14,166	261,623
Total comprehensive income	387,877	29,409	417,286
Balance at December 31, 2014	1,775,005	170,589	1,945,594

	Yen (millions)		
	Nine months ended December 31, 2013		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2013	1,264,032	40,241	1,304,273
Cash dividends	(11,558)	(10,093)	(21,651)
Repurchase of common stock	(73)	-	(73)
Sale of treasury stock	5	-	5
Increase (decrease) mainly in capital transactions	(847)	201	(646)
Comprehensive income :			
Net income	243,014	7,619	250,633
Other comprehensive income, net of tax	142,069	10,324	152,393
Total comprehensive income	385,083	17,943	403,026
Balance at December 31, 2013	1,636,642	48,292	1,684,934

Net income attributable to Panasonic Corporation and transfers to the noncontrolling interests for the nine months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Net income attributable to Panasonic Corporation	140,420	243,014
Transfers to the noncontrolling interests:		
Decrease in capital surplus for purchase of additional shares in consolidated subsidiaries	(124,181)	(847)
Total	(124,181)	(847)
Change from net income attributable to Panasonic Corporation and transfers to the noncontrolling interests	16,239	242,167

The company purchased additional shares of Panasonic Plasma Display Co., Ltd etc. for the nine months ended December 31, 2014.
Amount of transfers to the noncontrolling interests for the three months ended December 31, 2014 and 2013 are a decrease of 920 million yen and an increase of 3 million yen.

(8) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the nine months ended December 31, 2014 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 at April 1, 2014	(167,219)	6,027	(237)	(290,270)	(451,699)
Arising during the period:					
Pre-tax amount	230,115	13,869	1,533	5,770	251,287
Tax expense	-	(5,084)	(155)	1,128	(4,111)
Net-of-tax amount	230,115	8,785	1,378	6,898	247,176
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	4,550	(820)	(22)	10,067	13,775
Tax expense	-	290	(10)	392	672
Net-of-tax amount	4,550	(530)	(32)	10,459	14,447
Other comprehensive income (loss), net of tax:	234,665	8,255	1,346	17,357	261,623
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	14,343	20	(19)	(178)	14,166
Accumulated other comprehensive income (loss) — Balance at December 31, 2014	53,103	14,262	1,128	(272,735)	(204,242)

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

Translation adjustments — Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities — Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract 316million yen — Other income (deductions)
Commodity derivatives (294)million yen — Cost of sales
Pension liability adjustments — Net periodic pension cost

Components of other comprehensive income (loss) for the three months ended December 31, 2014 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
Arising during the period:					
Pre-tax amount	149,991	2,092	749	(98)	152,734
Tax expense	-	(1,111)	(197)	78	(1,230)
Net-of-tax amount	149,991	981	552	(20)	151,504
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(729)	(474)	(809)	4,071	2,059
Tax expense	-	167	153	108	428
Net-of-tax amount	(729)	(307)	(656)	4,179	2,487
Other comprehensive income (loss), net of tax:	149,262	674	(104)	4,159	153,991
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	9,166	(6)	125	(9)	9,276
Net change in accumulated other comprehensive income (loss)	140,096	680	(229)	4,168	144,715

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

Translation adjustments － Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities － Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract 930million yen － Other income (deductions)
Commodity derivatives (121)million yen － Cost of sales
Pension liability adjustments － Net periodic pension cost

Components of other comprehensive income (loss) for the nine months ended December 31, 2013 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) ー Balance at April 1, 2013	(297,015)	(218)	(4,573)	(326,423)	(628,229)
Arising during the period:					
Pre-tax amount	178,136	39,218	(8,922)	37,884	246,316
Tax expense	-	(14,506)	508	(1,992)	(15,990)
Net-of-tax amount	178,136	24,712	(8,414)	35,892	230,326
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(5,169)	(34,102)	12,029	(65,777)	(93,019)
Tax expense	-	12,890	(558)	2,754	15,086
Net-of-tax amount	(5,169)	(21,212)	11,471	(63,023)	(77,933)
Other comprehensive income (loss), net of tax:	172,967	3,500	3,057	(27,131)	152,393
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	9,096	15	-	1,213	10,324
Accumulated other comprehensive income (loss) ー Balance at December 31, 2013	(133,144)	3,267	(1,516)	(354,767)	(486,160)

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

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 (9,603)million yen ー Other income (deductions)
Commodity derivatives (2,426)million yen ー Cost of sales
Pension liability adjustments ー Net periodic pension cost

Components of other comprehensive income (loss) for the three months ended December 31, 2013 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
Arising during the period:					
Pre-tax amount	120,723	(752)	(480)	(107)	119,384
Tax expense	-	(53)	(98)	29	(122)
Net-of-tax amount	120,723	(805)	(578)	(78)	119,262
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(2,761)	(13,208)	1,527	4,074	(10,368)
Tax expense	-	4,992	76	(53)	5,015
Net-of-tax amount	(2,761)	(8,216)	1,603	4,021	(5,353)
Other comprehensive income (loss), net of tax:	117,962	(9,021)	1,025	3,943	113,909
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	6,257	30	-	10	6,297
Net change in accumulated other comprehensive income (loss)	111,705	(9,051)	1,025	3,933	107,612

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

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 (339)million yen ー Other income (deductions)
Commodity derivatives (1,188)million yen ー Cost of sales
Pension liability adjustments ー Net periodic pension cost

(9) Supplementary Information

Included in other deductions for the nine months and three months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	8,423	8,450
Write-down of investment securities	36	45
Foreign exchange losses	-	4,352

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	3,329	6,637
Write-down of investment securities	-	-
Foreign exchange losses (gains)	-	(768)

Foreign exchange gains included in other income for the nine and three months ended December 31, 2014 are 8,085 million yen and 4,697 million yen, respectively.

Net periodic benefit costs of the defined benefit pension plan for the nine months ended December 31, 2014 and 2013 are a loss of 18,950 million yen and a gain of 49,035 million yen, respectively. Net periodic benefit costs of the defined benefit pension plan for the three months ended December 31, 2014 and 2013 are a loss of 4,868 million yen and a loss of 6,132 million yen, respectively. In the first quarter of fiscal 2014, the Company and certain domestic subsidiaries decided to make a transition from the defined benefit pension plan to the defined contribution pension plan, effective after July 1, 2013. Under the U.S. GAAP, upon this decision, any decrease in projected benefit obligations (PBO) due to a plan amendment in the past is required to be immediately recognized in the profit and loss. Accordingly, the Company recognized a gain of 79,762 million yen in “Other income” in the consolidated statement of income for the nine months ended December 31, 2013.

In the first quarter of fiscal 2014, the Company's management and labor unions agreed to reduce the employee's bonuses in accordance with the Group extraordinary management measures. As a result of the agreements, the Company and certain domestic subsidiaries reversed accrued employee's bonus expenses, included in the consolidated balance sheet as of March 31, 2013. This revision was regarded as a change in accounting estimate under the U.S. GAAP. This revision caused an increase in income before income taxes by 20,133 million yen on the consolidated statement of income for the nine months ended December 31, 2013.

Gains included in other income due to stocks contribution to an employee retirement benefit trust for the nine and three months ended December 31, 2013 amounted to 12,199 million yen.

The expense to prevent further accident included in other deductions for the nine and three months ended December 31, 2014 are 23,036 million yen and 5,859 million yen, respectively.

(10) 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.

Assets and liabilities measured at fair value on a recurring basis

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31 and March 31, 2014:

	Yen (millions)			
	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	78,902	-	-	78,902
Corporate and government bonds	-	1,675	-	1,675
Other debt securities	-	17	-	17
Total available-for-sale securities	78,902	1,692	-	80,594
Derivatives:				
Foreign exchange contracts	-	9,214	-	9,214
Cross currency swaps	-	39	-	39
Commodity futures	3,057	918	-	3,975
Total derivatives	3,057	10,171	-	13,228
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	10,348	-	10,348
Cross currency swaps	-	956	-	956
Commodity futures	6,920	3,890	-	10,810
Total derivatives	6,920	15,194	-	22,114

	Yen (millions)			
	March 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	63,101	-	-	63,101
Corporate and government bonds	-	1,694	-	1,694
Other debt securities	-	16	-	16
Total available-for-sale securities	63,101	1,710	-	64,811
Derivatives:				
Foreign exchange contracts	-	4,645	-	4,645
Cross currency swaps	-	335	-	335
Commodity futures	2,935	1,337	-	4,272
Total derivatives	2,935	6,317	-	9,252
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	2,571	-	2,571
Commodity futures	8,000	2,058	-	10,058
Total derivatives	8,000	4,629	-	12,629

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 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 fair value of financial instruments

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

Available-for-sale securities
The carrying amount is equal to the fair value which is estimated based on quoted market prices. The fair value is also described in Note 3.

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. The carrying amount and fair value at December 31, 2014 are 565,670 million yen and 581,430 million yen, respectively. The carrying amount and fair value at March 31, 2014 are 598,955 million yen and 615,816 million yen, respectively.

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.

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 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, Accrued expenses)
The carrying amount approximates fair value because of the short maturity of these instruments.

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.

Assets and liabilities measured at fair value on a nonrecurring basis

For the nine months and three months ended December 31, 2014, there were no circumstances that required any significant assets and liabilities that are not measured at fair value on an ongoing basis to be measured and recognized at fair value.

The following table presents significant assets and liabilities that are measured at fair value on a nonrecurring basis for the nine months and three months ended December 31, 2013:

	Yen (millions)				
	Nine months ended December 31, 2013				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Long-lived assets	(32,176)	-	-	2,339	2,339

	Yen (millions)				
	Three months ended December 31, 2013				
	Total gains (losses)	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Long-lived assets	(26,011)	-	-	1,471	1,471

The Company classified most of assets and liabilities described above in Level 3 as the Company used unobservable inputs to value these assets when recognizing impairment losses related to the assets. The fair value for the major assets was measured through repurchase cost method.

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

	Yen (millions)			
	For the nine months ended December 31, 2013			
	Fair value at December 31, 2013	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets	2,339	Repurchase cost method	Residual value ratio	0.0%-9.3%

	Yen (millions)			
	For the three months ended December 31, 2013			
	Fair value at December 31, 2013	Valuation technique	Unobservable inputs	Range
Assets:				
Long-lived assets	1,471	Repurchase cost method	Residual value ratio	0.0%-9.3%

(11) 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, the Company sold certain trade receivables to independent third parties, some of which are with recourse. If the collectibility of those receivables with recourse becomes doubtful, the Company is obligated to assume the liabilities. At December 31, 2014, the maximum amount of undiscounted payments the Company would have to make in the event of default was 27,217 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at December 31, 2014 was immaterial.

In connection with the sale and lease back of certain machinery and equipment, the Company guarantees a specific value of the leased assets. For each guarantee provided, the Company is required to perform under the guarantee if certain conditions are met during or at the end of the lease term. At December 31, 2014, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 3,327 million yen. The carrying amount of the liabilities recognized for the Company's obligations as guarantors under those guarantees at December 31, 2014 was immaterial.

The Company and certain subsidiaries are under the term of leasehold interest contracts for land of domestic factories and have obligations for restitution on their leaving. The asset retirement obligations cannot be reasonably estimated because the durations of use of the leased assets 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, the U.S. Department of Justice and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). Subsequent to these actions by the authorities, a number of class action lawsuits, etc. has been filed in the U.S. and Canada against the Company and certain of its subsidiaries. In fiscal 2010, the Japan Fair Trade Commission issued a cease and desist order against MTPD and assessed a fine against its three subsidiaries in South East Asia, but each named company filed for a hearing to challenge the orders which is currently subject to proceedings. Other than the above, there are a number of other legal actions and investigations 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.

(12) 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 development, manufacture and sales of consumer electronics (flat panel TVs, home audio equipment, video equipment, refrigerators, microwave ovens, rice cookers, washing machines, vacuum cleaners, personal-care products, etc.), air-conditioners (room air-conditioners, large-sized air-conditioners, etc.), cold chain (showcases, etc.), devices (compressors, electric motors, fuel cells, etc.) and bicycle related products.

"Eco Solutions" is comprised of development, manufacture and sales of lighting fixtures, electric lamps (including LED lighting), wiring devices, solar photovoltaic systems, interior furnishing materials, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.

"AVC Networks" is comprised of visual and imaging business (surveillance cameras, projectors, digital cameras, etc.), mobility business (PCs, etc.), communication business (IP-related equipment, etc.) and vertical solution business (aircraft in-flight entertainment systems, social infrastructure systems equipment, etc.).

"Automotive & Industrial Systems" is comprised of development, manufacture and sales of automotive related products (car-use-multimedia-related equipment, electrical components, etc.), industrial related devices (electronic components, electronic materials, automation controls, semiconductors, optical devices, dry batteries, lithium-ion batteries, storage batteries, etc.) and manufacturing related systems (electronic-component-mounting machines, welding equipment, etc.).

"Other" consists of PanaHome Corporation and others.

By Segment:

Certain businesses were transferred among segments on April 1, 2014 and July 1, 2014. Accordingly, segment information for the nine months ended December 31, 2013 has been reclassified to conform to the presentation for the nine months ended December 31, 2014. Information by segment for the nine months ended December 31, 2014 and 2013 is shown in the tables below:

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Sales:		
Appliances:		
Customers	1,168,130	1,152,788
Intersegment	212,541	208,514
Total	1,380,671	1,361,302
Eco Solutions:		
Customers	1,026,366	1,004,440
Intersegment	197,976	198,469
Total	1,224,342	1,202,909
AVC Networks:		
Customers	786,115	746,496
Intersegment	41,653	86,428
Total	827,768	832,924
Automotive & Industrial Systems:		
Customers	1,953,758	1,917,562
Intersegment	125,314	121,852
Total	2,079,072	2,039,414
Other:		
Customers	410,164	462,390
Intersegment	37,049	85,642
Total	447,213	548,032
Eliminations and Adjustments:		
Customers	374,800	396,135
Intersegment	(614,533)	(700,905)
Total	(239,733)	(304,770)
Consolidated total	5,719,333	5,679,811

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Segment profit (loss):		
Appliances	44,577	26,567
Eco Solutions	75,676	70,732
AVC Networks	21,583	9,215
Automotive & Industrial Systems	80,291	72,420
Other	1,528	10,330
Eliminations and Adjustments	66,618	73,912
Total segment profit	290,273	263,176
Interest income	10,190	7,492
Dividends received	1,411	1,948
Other income	33,245	133,518
Interest expense	(13,741)	(16,374)
Impairment losses of long-lived assets	(7,248)	(32,176)
Other deductions	(106,067)	(50,547)
Consolidated income before income taxes	208,063	307,037

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 nine months ended December 31, 2014 and 2013 mainly include price differences of 472,986 million yen and 487,200 million yen, respectively, between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales through sales department of consumer products. Adjustments also include the sales of certain associated companies under the equity method, amounted to a deduction of 75,243 million yen and a deduction of 78,604 million yen, respectively, solely for the purpose of assessing segment performance.

Adjustments of profit for the nine months ended December 31, 2014 and 2013 mainly include 54,111 million yen and 61,231 million yen of profit and loss of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments, respectively. The adjustments also include 12,507 million yen and 12,681 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets generated by business combinations and other differences in accounting standards.

Transfers between business segments are made at arms-length prices. There is no material concentration of sales to a single external major customer for the nine months ended December 31, 2014 and 2013.

Certain businesses were transferred among segments on April 1, 2014 and July 1, 2014. Accordingly, segment information for the three months ended December 31, 2013 has been reclassified to conform to the presentation for the three months ended December 31, 2014. Information by segment for the three months ended December 31, 2014 and 2013 is shown in the tables below:

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Sales:		
Appliances:		
Customers	400,334	386,839
Intersegment	63,967	68,163
Total	464,301	455,002
Eco Solutions:		
Customers	357,697	356,866
Intersegment	76,237	74,816
Total	433,934	431,682
AVC Networks:		
Customers	280,461	261,394
Intersegment	15,661	22,233
Total	296,122	283,627
Automotive & Industrial Systems:		
Customers	657,652	646,085
Intersegment	43,241	45,393
Total	700,893	691,478
Other:		
Customers	136,555	153,091
Intersegment	12,756	30,703
Total	149,311	183,794
Eliminations and Adjustments:		
Customers	163,751	169,216
Intersegment	(211,862)	(241,308)
Total	(48,111)	(72,092)
Consolidated total	1,996,450	1,973,491

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Segment profit (loss):		
Appliances	12,193	13,117
Eco Solutions	33,833	31,155
AVC Networks	17,641	11,566
Automotive & Industrial Systems	28,054	24,371
Other	(415)	3,725
Eliminations and Adjustments	21,988	32,653
Total segment profit	113,294	116,587
Interest income	3,960	2,661
Dividends received	175	438
Other income	15,620	25,443
Interest expense	(4,320)	(4,490)
Impairment losses of long-lived assets	(3,643)	(26,011)
Other deductions	(38,925)	(14,996)
Consolidated income before income taxes	86,161	99,632

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 three months ended December 31, 2014 and 2013 mainly include price differences of 199,182 million yen and 203,480 million yen, respectively, between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales through sales department of consumer products. Adjustments also include the sales of certain associated companies under the equity method, amounted to a deduction of 25,688 million yen and a deduction of 28,086 million yen, respectively, solely for the purpose of assessing segment performance.

Adjustments of profit for the three months ended December 31, 2014 and 2013 mainly include 16,496 million yen and 28,558 million yen of profit and loss of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments, respectively. The adjustments also include 5,492 million yen and 4,095 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets generated by business combinations and other differences in accounting standards.

Transfers between business segments are made at arms-length prices. There is no material concentration of sales to a single external major customer for the three months ended December 31, 2014 and 2013.

By Geographical Area:

Sales attributed to countries based upon the customer's location for the nine months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Nine months ended December 31	
	2014	2013
Sales:		
Japan	2,677,611	2,757,603
North and South America	905,260	853,731
Europe	551,105	568,734
Asia and Others	1,585,357	1,499,743
Consolidated total	5,719,333	5,679,811
United States included in North and South America	777,161	724,755
China included in Asia and Others	789,712	767,703

Sales attributed to countries based upon the customer's location for the three months ended December 31, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended December 31	
	2014	2013
Sales:		
Japan	927,673	970,271
North and South America	344,014	299,822
Europe	207,241	214,479
Asia and Others	517,522	488,919
Consolidated total	1,996,450	1,973,491
United States included in North and South America	293,601	252,924
China included in Asia and Others	252,792	257,057

There are no individually material countries of 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.

(13) Cash Dividends

On April 28, 2014, the board of directors approved a year-end dividend of 8.0 yen per share, totaling 18,492 million yen on outstanding common stock as of March 31, 2014. The dividends, which became effective on June 5, 2014, were sourced out of retained earnings.

On October 31, 2014, the board of directors approved an interim dividend of 8.0 yen per share, totaling 18,492 million yen on outstanding common stock as of September 30, 2014. The dividends, which became effective on December 4, 2014, were sourced out of retained earnings.

(14) Acquisition

On February 28, 2014, the Company acquired 90% of outstanding shares of Viko Electric Co., Ltd. (VIKO) and accordingly, had a controlling interest of VIKO from the acquisition date.

VIKO is in the business of manufacturing and sales of electrical and materials, such as wiring devices, low voltage switchgears, smart meters and building automation system. As a result of this acquisition, by utilizing VIKO's management resources, such as its strong brand awareness, sales channels, and "C-Type" wiring devices and technologies, using Turkey as the base, the Company expects expansion in the sales of wiring devices and other product ranges as well as electrical equipment and materials produced by the Company, such as lighting devices and fans, not only in Turkey, but in the Middle East, CIS and African markets. In addition, by introducing new products by making use of the Company's product competitiveness and development capabilities, and by making improvements in productivity through sharing manufacturing know-how with VIKO, the Company will create synergies with VIKO and is aiming for further expansion of the business.

The fair value of noncontrolling interests was measured based on the acquired cost deducting control premium. The fair value of the consideration paid for the controlling interests of VIKO and the noncontrolling interests as of the acquisition date is as follows:

	Yen (millions)
Fair value of consideration:	
Cash	47,510
Fair value of noncontrolling interests	3,771
Total	51,281

Acquisition-related cost was not material and included in other deductions in the consolidated statements of operations for the year ended March 31, 2014.

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

	Yen (millions)
Cash and cash equivalents	131
Goodwill	23,145
Intangible assets	30,295
Other assets	11,701
Total assets acquired	65,272
Deferred tax liabilities	5,963
Other liabilities	8,028
Total liabilities assumed	13,991
Total net assets acquired	51,281

Intangible assets of 20,188 million yen are subject to amortization, which include dealer network of 17,629 million yen with a 13 -year weighted-average useful life. Intangible assets of 10,107 million yen are not subject to amortization, all of which relates to trademark.

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

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

(15) Subsequent Events

Based on the board of directors meeting held on February 3, 2015, the Company resolved to issue unsecured straight bonds up to 400 billion yen in or after February 2015 in order to secure funds necessary for expanding its business. The Company plans to issue the bonds through public offering in Japan and the purpose of funding is for capital expenditures, investments and loans, and redemption of bonds.