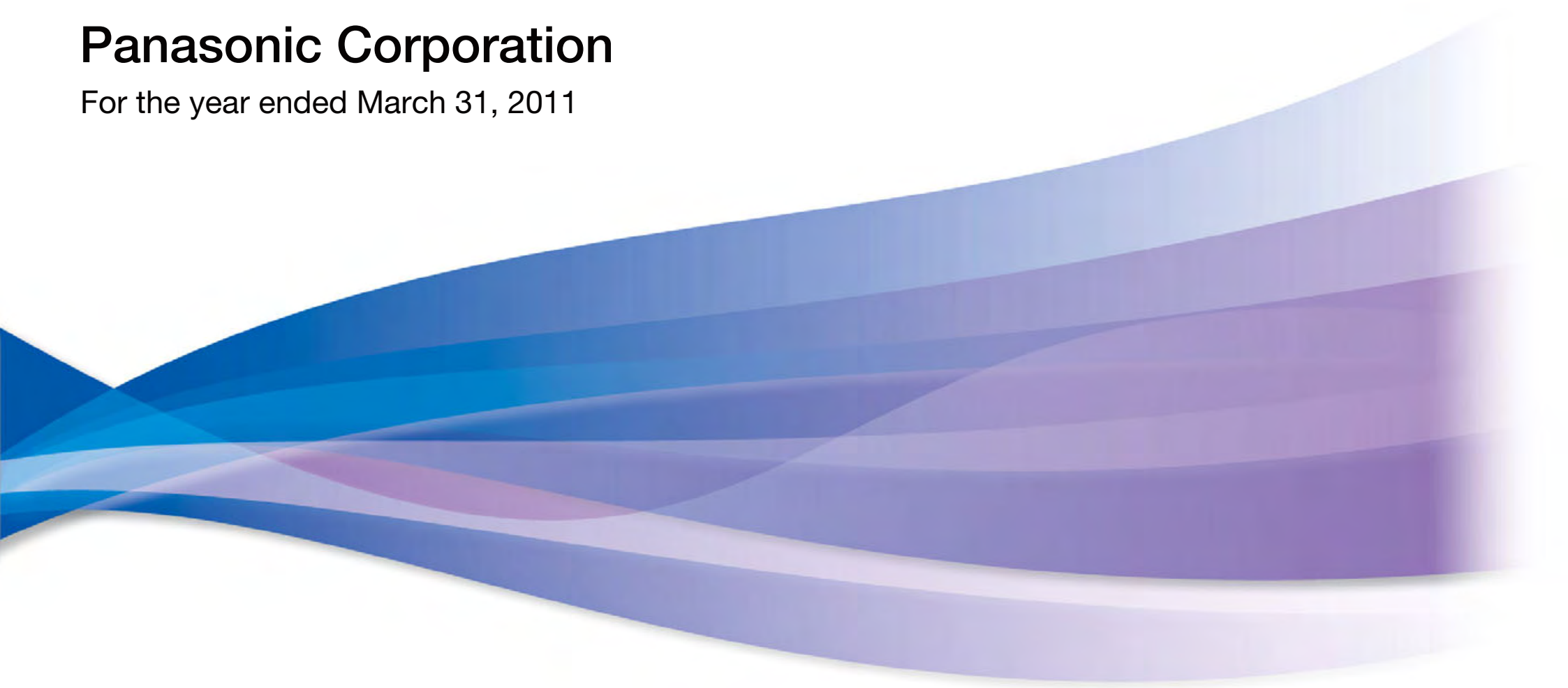


Annual Report 2011



Panasonic Corporation

For the year ended March 31, 2011



Profile

Since its foundation in 1918, Panasonic Corporation has been guided by its basic management philosophy, which states that the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide.

Currently, the Company is actively undertaking Group-wide reorganization in an effort to become the No. 1 Green Innovation Company in the Electronics Industry. As a part of this reorganization, Panasonic made Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO) wholly-owned subsidiaries on April 1, 2011.

Consistent with its brand slogan, "Panasonic ideas for life," the Company will continue to enrich the lives of people around the world and contribute to a future for the earth and the progress of society.






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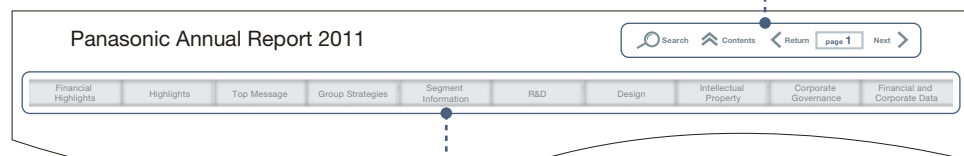
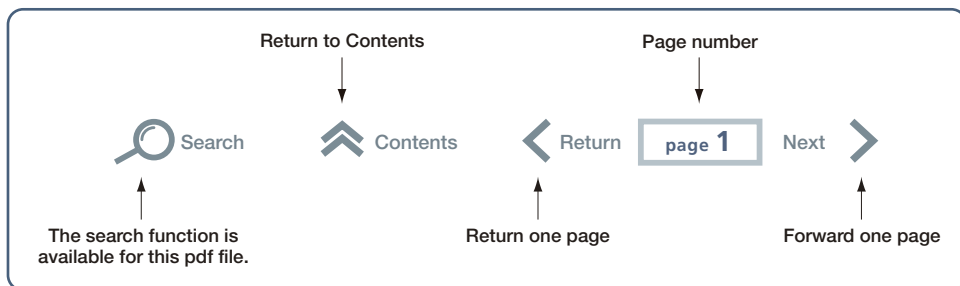
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Note: Risk Factors
Please refer to the Company's Form 20-F for details regarding business and other risks.

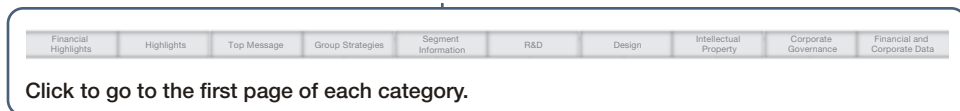
Instructions Regarding the Use of Navigation and Category Tabs

With the exception of the relevant page number, navigation tabs will not appear when each page is printed.

Navigation tab



Category tab



Editorial Policy

This Annual Report contains wide-ranging information including details of Panasonic's business strategies and financial position that assist mainly individual and institutional investors in making investment decisions. In this Report, the Company has focused particularly on improving quality from the following two perspectives.

1. Readability

Enhancing the Report's overall landscape, steps have been taken to improve PC screen readability. Navigation and category tabs are newly employed on each page allowing easy movement between pages.

2. Content

A Topics section has been added to further enhance the Report's content. Initiatives implemented as well as the details and results of business activities are presented together with photographs and charts in an easy-to-understand manner.

Please refer to the website URL indicated to the right for information on Panasonic's approach and activities regarding corporate social responsibilities (CSR) and the environment.



CSR
<http://panasonic.net/csr/>



Environmental Activities
<http://panasonic.net/eco/>

Disclaimer Regarding Forward-Looking Statements

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

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the U.S., Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising

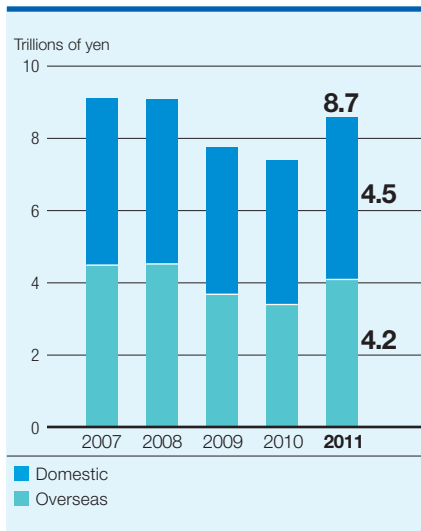
environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; natural disasters including earthquakes, prevalence of infectious diseases throughout the world and other events that may negatively impact business activities of the Panasonic Group; as well as direct or indirect adverse effects of the Great East Japan Earthquake on the Panasonic Group in terms of, among others, component procurement, manufacturing, distribution, economic conditions in Japan including consumer spending and sales activities overseas. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual reports, Form 20-F, and any other reports and documents which are on file with the U.S. Securities and Exchange Commission.

■ Major Financial Indicators (Graphs) |
 □ Major Financial Indicators (Tables)

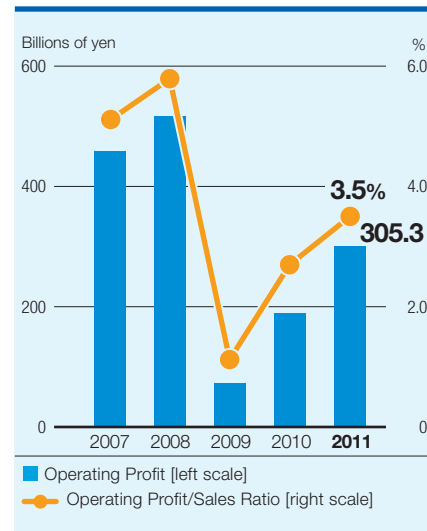
Major Financial Indicators (Graphs)

Panasonic Corporation and Subsidiaries
Years ended March 31

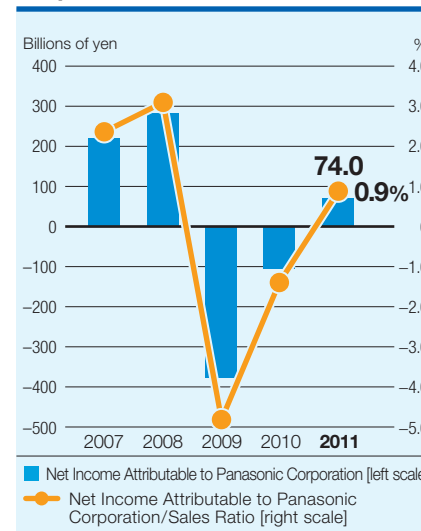
Net Sales



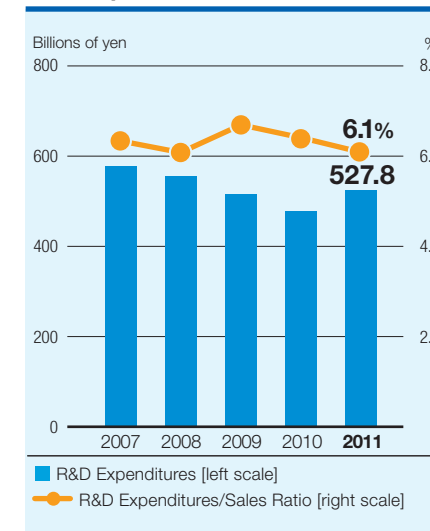
Operating Profit and Ratio to Sales



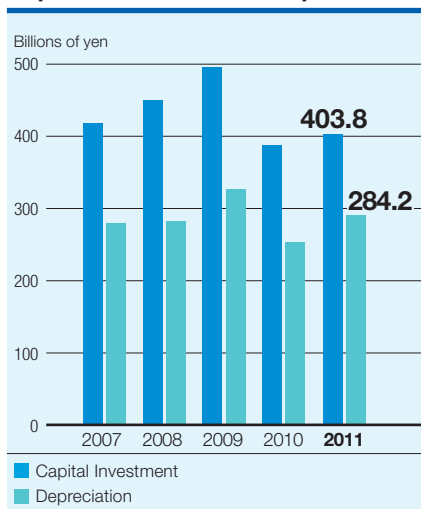
Net Income Attributable to Panasonic Corporation and Ratio to Sales



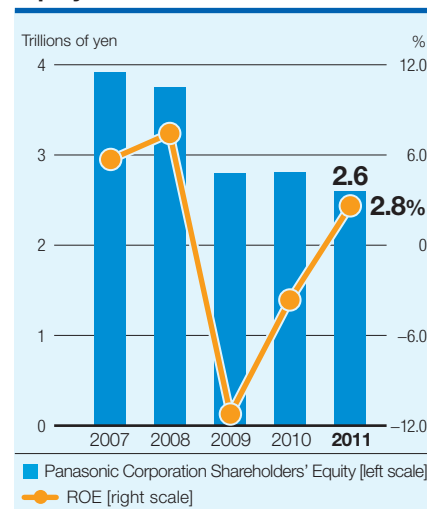
R&D Expenditures and Ratio to Sales



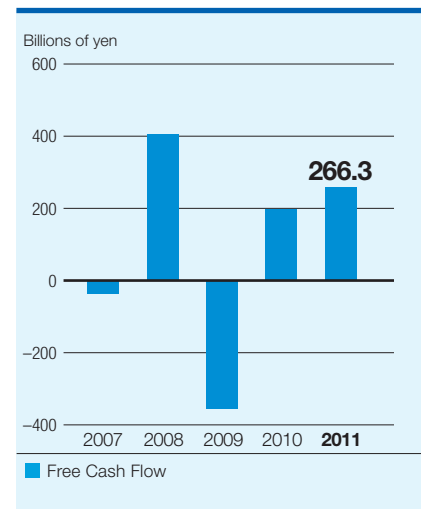
Capital Investment and Depreciation



Panasonic Corporation Shareholders' Equity and ROE



Free Cash Flow



Dividends Declared per Share and Payout Ratio



*Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

Major Financial Indicators (Graphs) | Major Financial Indicators (Tables)

Major Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries
Years ended March 31

 Download DATA BOOK
(10-Year Summary)

(Millions of yen)

	2007	2008	2009	2010	2011
For the year					
Net sales	9,108,170	9,068,928	7,765,507	7,417,980	8,692,672
Operating profit	459,541	519,481	72,873	190,453	305,254
Income (loss) before income taxes	439,144	434,993	(382,634)	(29,315)	178,807
Net income (loss)	248,316	310,514	(403,843)	(170,667)	85,597
Net income (loss) attributable to Panasonic Corporation	217,185	281,877	(378,961)	(103,465)	74,017
Capital investment*	418,334	449,348	494,368	385,489	403,778
Depreciation*	280,177	282,102	325,835	251,839	284,244
R&D expenditures	578,087	554,538	517,913	476,903	527,798
Free cash flow	(35,251)	404,687	(352,830)	198,674	266,250
* Excluding intangibles					
At year-end					
Long-term debt	226,780	232,346	651,310	1,028,928	1,162,287
Total assets	7,896,958	7,443,614	6,403,316	8,358,057	7,822,870
Panasonic Corporation shareholders' equity	3,916,741	3,742,329	2,783,980	2,792,488	2,558,992
Total equity	4,467,895	4,256,949	3,212,581	3,679,773	2,946,335
Number of shares issued at year-end (thousands)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of shareholders (persons)	250,858	234,532	277,710	316,182	364,618
Number of consolidated companies (including parent company)	653	556	540	680	634
Number of associated companies under the equity method	71	139	182	232	114

	2007	2008	2009	2010	2011
Per share data (Yen)					
Net income (loss) attributable to Panasonic Corporation per common share					
Basic	99.50	132.90	(182.25)	(49.97)	35.75
Diluted	99.50	132.90	(182.25)	–	–
Dividends declared per share	30.00	35.00	30.00	10.00	10.00
Panasonic Corporation shareholders' equity per share	1,824.89	1,781.11	1,344.50	1,348.63	1,236.05
Ratios (%)					
Operating profit/sales	5.0	5.7	0.9	2.6	3.5
Income (loss) before income taxes/sales	4.8	4.8	(4.9)	(0.4)	2.1
Net income (loss) attributable to Panasonic Corporation/sales	2.4	3.1	(4.9)	(1.4)	0.9
ROE	5.6	7.4	(11.8)	(3.7)	2.8
Panasonic Corporation shareholders' equity/total assets	49.6	50.3	43.5	33.4	32.7
Payout ratio	30.2	26.3	–	–	28.0

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

2. Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.

3. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. See the consolidated statements of operations on page 50.

4. Diluted net income (loss) attributable to Panasonic Corporation per common share for fiscal 2010 and fiscal 2011 have been omitted because the Company did not have potential common shares that were outstanding for the period.

Financial Highlights	Highlights	Top Message	Group Strategies	Segment Information	R&D	Design	Intellectual Property	Corporate Governance	Financial and Corporate Data
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- | Highlights 1 | Highlights 2 | Highlights 3 | Highlights 4 | Highlights 5 |

Securing a Foothold in India, a Market of Enormous Potential

India, having the world's second largest population with 1.2 billion people, continues on the path of steady growth backed by robust domestic demand. Recognizing this potential, Panasonic strongly feels that there is no genuine global growth without growth in the Indian market. Hence, we have begun earnest efforts to fully develop this huge market.

In addition to building a product planning structure mainly comprising local employees and launching a series of new products aimed specifically at satisfying local needs, Panasonic is proactively developing a nationwide sales network and placing considerable emphasis on advertising and promotion. The Company's aim is to become the No. 1 brand for consumers in India.



32-inch LCD TV Sound for India



Split air-conditioner CUBE

Establishing Showrooms in Two Metropolitan Cities

Panasonic showcases a wide range of consumer products for an ideal lifestyle at the Panasonic Experience Center in the National Capital Region of Delhi, and also introduces its corporate philosophy. The 2nd Panasonic Experience Center is in Mumbai, India's commercial capital, and provides a display of industry-focused Business-to-Business products. Both showrooms help strongly promote the Company's business and activities.



Engaging Major Celebrities for Advertising and Promotion

Panasonic is carrying out extensive measures to showcase the appeal of its products, and has launched major TV and mass media campaigns featuring leading Bollywood stars (Indian Film Industry actors and actresses) as well as famous sports personalities from cricket, the most popular sport in India, and soccer.



Establishing a Brandshop Network

Panasonic is putting forth product proposals that best fit the Indian lifestyle through a network of approximately 110 exclusive stores in addition to strengthening our presence and expanding our product display at leading dealers and mass merchandisers.



Financial Highlights	Highlights	Top Message	Group Strategies	Segment Information	R&D	Design	Intellectual Property	Corporate Governance	Financial and Corporate Data
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- Highlights 1
- Highlights 2**
- Highlights 3
- Highlights 4
- Highlights 5

Eco Home Appliances Proving Popular in Europe

Panasonic introduced refrigerators and washing machines under the banner of its “European Market-Entry of White-Goods Project” in March 2009. Since then, the Company has continued to develop products that satisfy local needs focusing particularly on eco-conscious, universal design and innovation.

In fiscal 2011, Panasonic released several new products with enhanced energy-saving performance, and as a result, sales of refrigerators and washing machines were favorable.

Looking ahead, the Company will upgrade and expand its product lineup placing considerable weight on designs and specifications that truly reflect the lifestyles of each local market.



Balancing Environmental and Technology Concerns

In Europe, where consumers have a high level of environmental awareness, energy-saving performance continues to attract significant attention. In delivering increased energy efficiency, Panasonic’s fiscal 2011 refrigerator and washing machine models contributed significantly to increasing sales.



Conducting New Product Presentations

New product presentations were held during February and March 2011 mainly for the benefit of dealers throughout Europe and the media. Presentations were distinguished by their lively information exchange and negotiation.



Refrigerator equipped with wine bottle holders



Drum-type washing machine



Paper pack vacuum cleaner

Solar Photovoltaic Systems that Realize High Conversion Efficiency

In response to high demand in Japan, the Panasonic Group released a home solar photovoltaic system that employs HIT[®] photovoltaic modules that provide energy conversion efficiency* of 17.9% (nominal maximum output of 230 W/module). This home solar photovoltaic system is a major pillar of the Panasonic Home Energy Solution that encompasses energy management for the entire home.

Every effort is being made to ensure wider spread use, utilizing in full home appliance, home-related and other sales channels.

* The ratio of electric energy generated by a solar cell/module to the light energy irradiated into the cell/module.



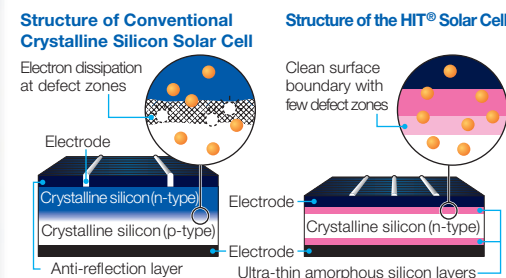
The HIT[®] series

ECO management system control panel

Monitoring using a VIERA television

Realizing High Efficiency Using a Proprietary Hybrid Structure

Utilizing a proprietary hybrid structure that sandwiches the thin single crystalline silicon wafer with ultra-thin amorphous silicon layers that boast low levels of impurities, the Panasonic Group has reduced power generation loss and realized high energy conversion efficiency.



Energy Management through an Easy-to-Understand Screen

The newly released ECO Management System helps visualize the amount of electricity, gas, and water consumed. This new innovation realizes complete home energy management.



Lifestyles Free from the Wasteful Use of Energy

Increased energy-saving efficiency can be achieved through the use of such environmentally-conscious products as Eco Cute and induction heating (IH) cooking equipment in combination with solar photovoltaic systems.



Financial Highlights	Highlights	Top Message	Group Strategies	Segment Information	R&D	Design	Intellectual Property	Corporate Governance	Financial and Corporate Data
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- Highlights 1
- Highlights 2
- Highlights 3
- Highlights 4**
- Highlights 5

Beauty and Health Offerings in the China Market

In line with the nation's economic growth, the people of China are beginning to show a growing interest in beauty and health. Driven by its concept of Panasonic Beauty—the busier you are, the more beautiful you get—the Company is actively engaged in the promotion and sale of beauty-and-health-related appliances.

In fiscal 2011, Panasonic held over 200 Beauty and Health road shows at department stores, mass merchandisers and shopping malls in most major cities throughout China allowing customers to experience its lineup of products.

Targeting this enormous market that carries 1.3 billion consumers, Panasonic is endeavoring to establish a beauty-and-health-related appliance brand that offers unparalleled satisfaction.



Real Pro, massage chair



Hair dryers with nano-e particles



Ionic steamer with nano-e particles

Panasonic

A Popular Actress as the Face of the Company's Promotional Campaign

Dong Jie, a leading Chinese actress, has been selected as the face of the Company's promotional campaign in China. Based on the catchphrase that the busier you are, the more beautiful you get, every effort is being made to showcase the appeal of the Company's products.



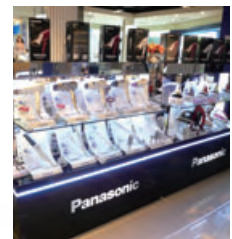
City Jack Marketing Campaign

Panasonic is promoting a broad-based advertising campaign utilizing various media including TV commercials and outdoor billboards as well as bus and online advertising in approximately 10 cities including Anshan and Kunming. The Company plans to continue holding Beauty and Health road shows.



A Growing Store Network

Sales channels mainly comprise department and mass merchandising stores. In fiscal 2011, approximately 3,600 stores handled the Company's products. This number is projected to increase to around 5,000 stores in fiscal 2012.



Participating in the Tianjin Eco-City Project, a Proposed Home to 350,000 Residents in 2020

China's urban population continues to expand by 12 million each year, substantially increasing electric power consumption. Responding to this issue, the Chinese government is currently promoting the construction of 13 eco-cities with plans to expand this number to 100 in the future.

Taking a pioneering step, Panasonic is participating in the Sino-Singapore Tianjin Eco-City Project. A by-product of this participation is to build on the know-how and experience gained to secure new orders in other projects and areas.



Home energy monitor

Multi air conditioning system

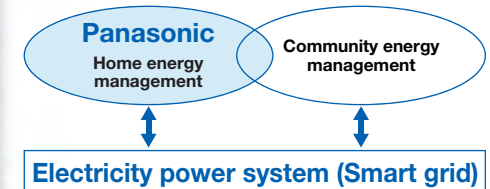
Total heat exchange system

Store management system, Landscape LED lighting

Area management system

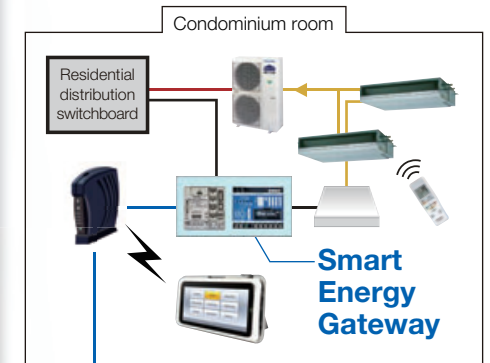
Integrating Home and Regional Energy Management

Panasonic has developed a home energy management system, combining its know-how on energy creation, storage and saving. Linking with a community energy management system, it enables optimal energy use across the entire town.



Linking Residences and Cities through Smart Energy Gateways

Energy use is managed for all rooms in a condominium unit. Visualization of energy consumption, energy saving control and energy saving advice are realized by linking up with community power information through SEGs.



Channeled to a community energy management center

To Our Stakeholders | Message from the President



To Our Stakeholders

The Panasonic Group would like to offer its heartfelt condolences to the families of those who perished in the Great East Japan Earthquake on March 11, 2011, and its deepest sympathies to those who continue to suffer.

With numerous bases located in each of the devastated areas, the Group sincerely apologizes for any anxiety it may have caused stakeholders. In the immediate aftermath of the disaster, every effort was made to bring about a resumption of operations. With the support of all concerned, business activities had recommenced either partially or in full at all production facilities by the end of April 2011. Moving forward, the Group will continue to pursue a complete return to full-scale operations while contributing to the earliest possible restoration and reconstruction of devastated areas.

At this juncture, the Panasonic Group is undergoing a major transformation.

The Group has adopted the overarching vision of becoming the No. 1 Green Innovation Company in the Electronics Industry, up to its 100th anniversary in 2018. As the first step toward this vision, Panasonic is devoting itself over the next three years to carrying out its midterm management plan, called Green Transformation 2012 (GT12). Under GT12,

every emphasis will be placed on shifting the Group's paradigm for growth and laying the foundation to be a Green Innovation Company. In overall terms, Panasonic is striving to become a company filled with growth potential. In order to accelerate the pace of maximizing synergy, Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO) became wholly owned subsidiaries of the Company on April 1, 2011. Again, moving forward, the Company will pursue Group-wide reorganization guided by the three core principles of maximizing value creation by strengthening contacts with customers, having speedy and lean management and accelerating growth businesses by boldly shifting management resources. Accordingly, the Group will significantly ramp up the pace of growth strategy implementation under its new organizational structure from January 2012.

Based on these reform measures, Panasonic will build optimum business models for each business field while striving for global growth. As we work steadily toward achieving these goals, we kindly request the continued support and understanding of all stakeholders.

July 2011

Kunio Nakamura, Chairman (Left)

Fumio Ohtsubo, President (Right)

To Our Stakeholders | **Message from the President**



Fumio Ohtsubo, President

In an effort to provide readers with a deeper understanding of the Company, I would like to provide an overview of our results in fiscal 2011, the period from April 1, 2010 to March 31, 2011, an outline of our progress under GT12, the Group's midterm management plan, details of the Group's reorganization and new growth strategies, key initiatives earmarked for fiscal 2012 and additional pertinent information.

Message from the President

Overview of Fiscal 2011 Results

Achieved double-digit sales growth both in and outside Japan; secured a return to net income attributable to Panasonic Corporation for the first time in three years

Consolidated net sales improved 17% compared with fiscal 2010 to 8,692.7 billion yen in fiscal 2011. This was due mainly to the consolidation of SANYO and its subsidiaries and double-digit sales growth*1 in all regions both in and outside Japan.

Overseas sales were particularly robust in such emerging countries as BRICs+V and MINTS+B*2, positioned as countries of considerable significance and serving as an engine driving overall growth. Sales in Japan of consumer products reached an all-time high, due mainly to the favorable conditions generated by the Japanese government's "eco-point" subsidy program.

From a profit perspective, operating profit amounted to 305.3 billion yen, a significant year-on-year improvement of 114.8 billion yen. This reflected the positive flow-on effect of sales growth and successful efforts to streamline material costs. Accounting for these factors, the operating profit to sales ratio increased 0.9% to 3.5%. In fiscal 2011, the Group brought forward several business and organizational restructuring measures. As a result, business restructuring expenses totaled 80.4 billion yen, surpassing estimates identified at the beginning of the period. Compared with fiscal 2010, however, business restructuring expenses decreased 64.1 billion yen translating to a considerable improvement in other deductions. Taking the aforementioned into consideration, income before income taxes amounted to 178.8 billion yen, a year-on-year turnaround of 208.1 billion yen. After incurring a net loss in fiscal 2010, Panasonic recorded a positive about-face of 177.5 billion yen. Returning to the black for the first time since

fiscal 2008, net income attributable to Panasonic Corporation came to 74.0 billion yen.

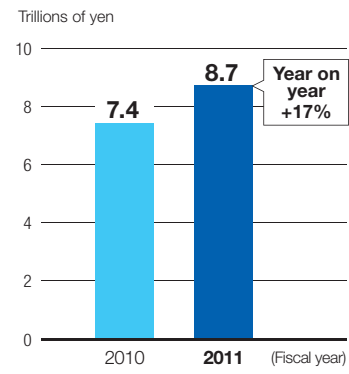
Despite the burdens imposed by the severe business condition and in particular foreign currency exchange losses due mainly to persistent appreciation of the yen, the sharp rise in raw materials costs and the impact of the March 2011 earthquake*3, we believe fiscal 2011 was a year of certain accomplishment and results.

*1 Consolidated net sales in fiscal 2010 included the operating results of SANYO and its subsidiaries for the three-month period (January to March) only. Consolidated net sales for fiscal 2011, on the other hand, include the operating results of SANYO and its subsidiaries for the full fiscal year (April 2010 to March 2011).

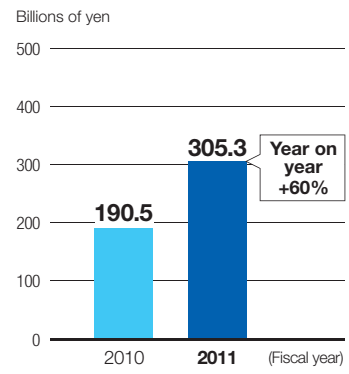
*2 BRICs+V: Brazil, Russia, India, China and Vietnam; MINTS+B: Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia and the Balkans

*3 The negative impact of the Great East Japan Earthquake that occurred in the fourth quarter of fiscal 2011 on net sales, operating profit, income before income taxes and net income attributable to Panasonic Corporation are estimated at 70.0 billion yen, 21.0 billion yen, 30.2 billion yen and 19.0 billion yen, respectively.

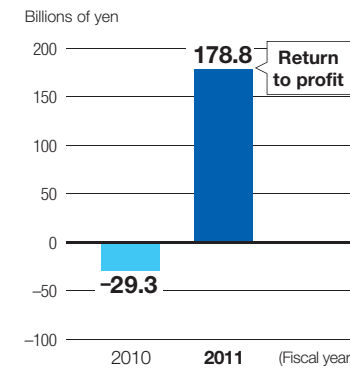
Net Sales



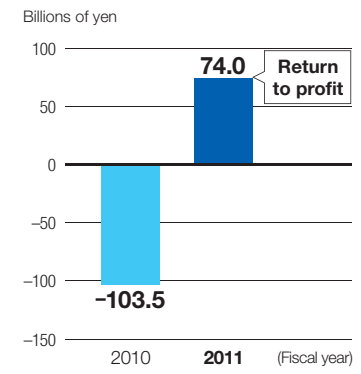
Operating Profit



Income (Loss) Before Income Taxes



Net Income (Loss) Attributable to Panasonic Corporation



Impact of the Earthquake and Restoration Efforts

While continuing to support devastated areas, Panasonic is contributing to reconstruction efforts through its products and business activities

Several of the Company's production bases were damaged in the earthquake. All plants, however, have resumed operations either partially or in full. From a supply chain perspective, the after-effects of the earthquake continue to create difficulties. Despite ongoing efforts to move forward, restrictions in the use of electric power as well as measures aimed at detecting radiation contamination are a cause for concern.

In the wake of the earthquake, the Panasonic Group is channeling its resources toward the many restoration and reconstruction matters that require its attention.

In the hours and days that immediately followed the disaster, the Group forwarded



donations as well as relief packages including radios, dry batteries and flashlights. In addition to the ongoing flow of donations from the Group's employees worldwide, the Group will continue to support affected areas in every way possible.

Turning to the Group's mainstay activities, every effort is being made to address those pending issues that impede an immediate and full recovery. These include a review of the Group's procurement strategies as well as measures aimed at offsetting restrictions in the use of electric power. Working to eliminate future risk, we are overhauling the disaster prevention measures at core operating locations while looking to rebuild the Group's global base strategy. With an eye to the bottom line, Panasonic is also promoting reductions in operating overheads and investments commensurate with fluctuations in sales caused by the earthquake.

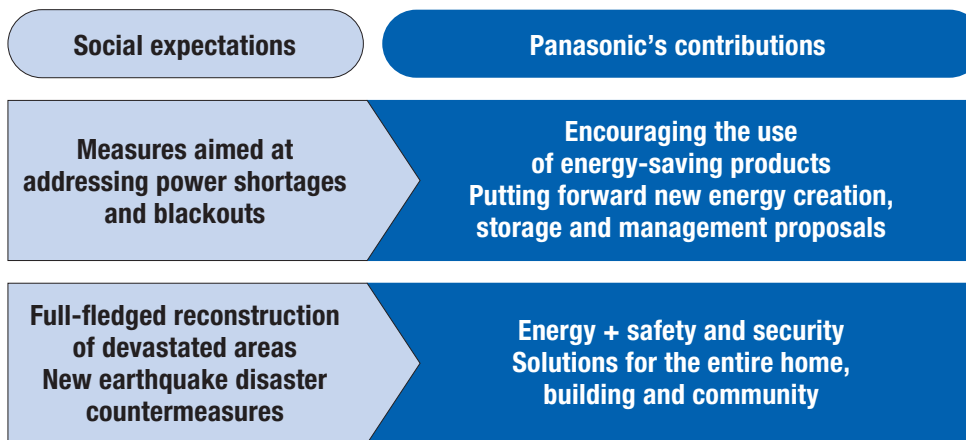
Panasonic recognizes, however, that its most important obligation is to ensure a complete and prompt recovery of its core operations. Only through its products and business activities can the Group hope to genuinely contribute to reconstruction efforts. This focus on mainstay activities will also help contain the damage to performance and results. In response to projected shortfalls in the supply of electric power as well as the high probability of rolling blackouts, the Panasonic Group will adopt a more proactive stance toward the development and increased use of new model energy-saving products while at the same time putting forward proposals regarding energy creation, storage and management. In addition to maintaining its

focus on energy in combination with safety and security, Panasonic is committed to taking a leading role in delivering its unique solutions that encompass the entire home, building and society. In putting forward comprehensive solutions that only Panasonic can provide, the Company is better placed to contribute to full-fledged reconstruction.

As an entity that strives to become a Green Innovation Company, Panasonic's mission is to advance new concepts regarding the life and image of society. While working to contribute to affected areas, the Company maintains an eye on the global community. Putting into practice the management

philosophy outlined under our basic management objective, we recognize our responsibilities as industrialists, and devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.

Chart 1 Toward Building a New Social Infrastructure



Putting into practice the Green Innovation Company concept and putting forward proposals globally

To Our Stakeholders | Message from the President

Progress Under GT12 and Pending Issues

While a certain level of progress has been achieved, a majority of issues have been carried over and remain pending

Based on the Group's performance in fiscal 2011, progress under GT12 was sound without being spectacular. Looking at the Group's fiscal 2013 management goals and particularly the aspect of growth, there is still much to be achieved. While operating profit to sales ratio, free cash flow and CO₂ emission reduction results exceeded plans, net sales and ROE fell short of their targets.

In charting the Group's progress and ability to pursue the three paradigm shift themes, which are core themes of GT12, against established transformation indexes, successful efforts have been made to expand two of the Group's six key businesses. While steady growth was achieved in the heating/refrigeration/air conditioning and LED businesses, results in each of the energy systems, network AV, healthcare and security businesses fell below fiscal 2010. In overall terms, aggregate sales of the six businesses combined remained flat on a year-on-year basis.

Turning next to the second facet of the Group's paradigm shift for growth from Japan-oriented to globally-oriented businesses, sales in emerging countries were up 20% compared with fiscal 2010. Despite this substantial improvement, the overseas sales ratio was essentially unchanged. This was mainly attributable to the impact of exchange rate fluctuation and a slump in North America.

Moreover, in shifting toward a solutions and systems business orientation, Panasonic recorded a certain level of results in systems and equipment businesses. However, the overseas sales ratio remained flat.

While acknowledging positive results in certain businesses and regions, the Group failed to secure dramatic improvements in new business fields and overseas sales. Accordingly, we were unable to meet plans from a paradigm shift perspective.

Despite our efforts over the past several years, it is clear that we are yet to break free from an extended period of low growth. On this basis, we recognize that many issues remain pending to be carried over into the second and third years of GT12.

Chart 2 Progress in Achieving GT12 Group Management Goals

	FY2011 Results	YoY/Difference	FY2013 Goals
Sales	¥8,692.7 billion	+17% <+1%>*1	¥9.4 trillion
Operating profit (ratio)	¥305.3 billion (3.5%)	+¥114.8 billion	(5% or more)
ROE	2.8%	—	10%
Free cash flow	¥266.3 billion	+¥67.6 billion	Three year cumulative ¥800.0 billion or more
CO ₂ emission reduction	(vs FY2006*2) 35.18 million tons	(vs Plan) +4.92 million tons	(vs FY2006*2) 50.00 million tons

*1 Data in parentheses is an actual comparison with FY2010 including SANYO results.

*2 Reduction compared with the estimated amount of emissions in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006

Chart 3 Transformation Indexes

	Indexes	FY2011 Results	YoY*3	FY2013 Goals
New Business Fields	Sales ratio of the six key businesses*1	35%	±0%	42%
	Sales of the energy systems business	¥550.8 billion	-2%	¥850.0 billion
Overseas	Sales in emerging countries*2	¥505.1 billion	+20%	¥770.0 billion
	Overseas sales ratio	48%	±0%	55%
Solutions & Systems	Sales of the systems & equipment business	¥2,271.8 billion	+2%	¥2,600.0 billion
	Overseas sales ratio for the systems & equipment business	32%	+1%	39%

*1 Six key businesses: energy systems, heating/refrigeration/air conditioning, network AV, healthcare and security

*2 BRICs+V and MINTS+B Panasonic consumer and system sales (YoY comparison on a local currency basis)

*3 Figures for FY2010 include annual sales figures for SANYO (excluding sales in emerging countries).

To Our Stakeholders | **Message from the President**

Group Reorganization and New Growth Strategy

Maximizing the Group's potential through business reorganization while striving for genuine transformation

Under these circumstances, Panasonic is currently undergoing a major transformation. A substantial component of this transformation is the inclusion of PEW and SANYO as wholly-owned subsidiaries of the Company. With this as our base, we are reorganizing the Group's overall structure while promoting a new growth strategy. As a company that takes full advantage of its global competitive advantage, and with a vision that looks to the 100th anniversary of the Company's founding in 2018, Panasonic will put in place a new structure that is capable of becoming the No. 1 Green Innovation Company in the Electronics Industry as quickly as possible. Moving forward individual businesses and the Group as a whole will then ramp up the pace of growth strategy implementation.

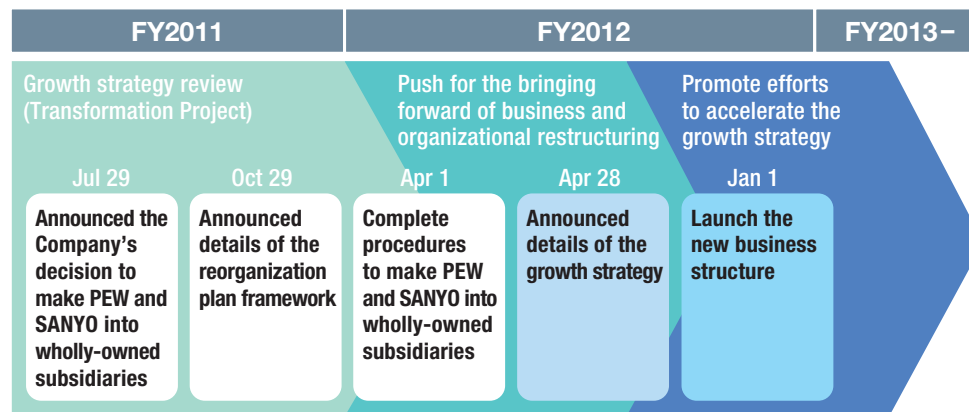


The Group's Reorganization Plan and Goals

Immediately following the announcement in July 2010 that PEW and SANYO would be made into the Company's wholly-owned subsidiaries, Panasonic launched the Transformation Project taking steps to consider and assess reorganization details and the introduction of a new growth strategy. The Company has adopted three basic concepts that collectively underpin its plans for reorganization: to maximize value creation by strengthening contacts with customers; to realize speedy and lean management; and, to accelerate growth businesses by boldly shifting management resources. Guided by these basic concepts, we will reorganize all of our businesses in an effort to accelerate and maximize synergies. (Please refer to the Special Feature: Group Strategies from page 17 for details). Our existing five business segments of Digital AVC Networks, Home Appliances, PEW and PanaHome, Components and Devices, and SANYO will be reorganized to reflect customers' perspectives. In specific terms, existing business segment will be reorganized into the three business sectors of Consumer, Components & Devices and Solutions by business model.

Complementing these efforts to build an optimal structure, we will look to reform our head office and businesses. This will entail large-scale Group-wide reorganization including restructuring operating sites as well as relocating personnel. After the reorganization, our workforce is projected to fall from 385,000 to 350,000 level. Reflecting the substantial scale of business restructuring proposed, related structural reform expenses for the fiscal 2012

Chart 4 Group Reorganization Schedule



Making Two Companies into Wholly-Owned Subsidiaries and the Group's Financial Policy

PEW and SANYO became wholly-owned subsidiaries of the Company by way of tender offers and, thereafter, share exchanges on April 1, 2011. In the lead up to the tender offers, short-term liabilities increased due to the issue of commercial paper* and other factors. In order to reorganize its debt maturity profile and extend repayment schedules over longer terms, the Company issued unsecured straight bonds to a value of 500.0 billion yen in March 2011. In this manner, Panasonic took steps to enhance the stability of its financial position, which serves as both the backbone behind the Group's business and organizational restructuring efforts and the driving force for realizing Group-wide growth.

To expeditiously implement strategic investment, research and development, and

business restructuring in any environment, Panasonic will strive for a thorough reinforcement of management based on its own funds that focuses on cash flows, and aims to enhance return on capital and maintain financial soundness.

* Electronic commercial paper (short-term bonds) for the purpose of securing short-term funds



Announcement of agreements toward Panasonic's acquisition of all shares of PEW and SANYO on July 29, 2010

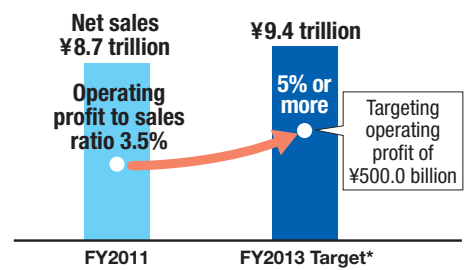
and fiscal 2013 periods is expected to reach 160.0 billion yen in total.

Conversely, in integrating the three companies, Panasonic is forecast to reap the synergy benefits. Looking ahead, earnings are anticipated to rise with operating profit in fiscal 2012 and fiscal 2013 totaling 6.0 billion yen and 60.0 billion yen, respectively.

Taking into consideration the yen's forecast ongoing appreciation and the Transformation Project that was launched in the period following GT12 formulation, Panasonic has established a fiscal 2013 net sales target of 9.4 trillion yen and will work toward achieving this performance goal. From a profit perspective, the Group is expected to benefit from the synergy effects generated following reorganization. On this basis, we will continue to target the operating profit to sales ratio and operating profit goals initially established of 5% or more and 500.0 billion yen, respectively.

Sales and Operating Profit Targets

Toward an operating profit to sales ratio of 5% or more (including exchange rate effects)



* Exchange rate assumptions
 GT12 ¥90/\$ ¥120/€
 As of April 28, 2011 ¥80/\$ ¥110/€

Key Initiatives in Fiscal 2012

Placing every emphasis on two key initiatives that entail decisive action and change

Proactively target priority markets

In fiscal 2012, Panasonic will adopt a more aggressive approach toward growth markets and fields.

Emerging countries are a prime example of growth markets. We will place particular emphasis on securing increased growth in such priority countries as BRICs+V and MINTS+B. In India, Panasonic is entering the second year of a project aimed at significantly expanding sales. Looking ahead, we will redouble our efforts in promoting this project. The Company has taken considerable strides in developing businesses that are deeply rooted in the local community. In addition to bolstering its product lineup, Panasonic has upgraded and expanded its marketing structure and systems while opening product showrooms targeting the commercial market. Based on these endeavors the Company plans to achieve sales in India of 100.0 billion yen in fiscal 2012. Plans are then in place to ensure a natural progression to 200.0 billion yen in fiscal 2013.

Panasonic is targeting consumer and systems product sales in BRICs+V and MINTS+B of 615.0 billion yen in fiscal 2012. This would represent a 27% improvement compared with fiscal 2011. The Company will make every effort to achieve this target and to realize net sales in emerging countries of 770.0 billion yen and an overseas sales ratio of 55% during the period of the GT12.

Acting Decisively in Growth Fields

Panasonic will proactively target new growth fields and act decisively in securing market share. To this end, the Company will continue to promote and strengthen its six key businesses positioned as growth fields under GT12.

In the components and device business, for example, we will accelerate growth by focusing on devices that take full advantage of rapid expansion in the smart phone market. Particular emphasis will be given to increasing our high-density any layer interstitial via hole (ALIVH) circuit board production capacity. At the same time, we will proactively pursue opportunities for growth. Among a host of measures, this will include forming strategic alliances.

In next-generation lighting, the potential for the market to polarize in the not too distant future is attracting attention. With a clear distinction drawn between LED and organic EL lighting, we established Panasonic Idemitsu OLED Lighting Co., Ltd. in an attempt to get the jump on its rivals, with Idemitsu Kosan Co., Ltd. on April 12, 2011.

Turning to its energy device activities, Panasonic will place considerable weight on the solar business. In addition to the supply of products and services that help reconstruct the nation after the Great East Japan Earthquake, we will pursue alliances with electric and gas companies in Europe and the U.S. while strengthening our system proposal capabilities. Overall, Panasonic will aim for sales in the solar business of 150.0 billion yen in fiscal 2012.

In the environmental engineering business,

Panasonic will propose comprehensive solutions for the entire factory to address the environmental challenges that factories face today. This includes water purification system proposals that leverage filtration membrane technologies originally developed by SANYO, and energy-saving support services that encompass consultations for creating and saving energy from factory infrastructure. Through initiatives that cover the entire factory, Panasonic plans to generate sales of 37.0 billion yen in fiscal 2012 from this business.

Through decisive action in growth fields, the onus is on the Company to achieve the target of GT12, raising the ratio of its six priority business sales to 42%.

Changing Product Development

Another key initiative entails change. Panasonic has established the Group Management Innovation Division in order to consolidate its wide-ranging innovation activities and accelerate implementation.

A major component of its reform endeavors entails changing the Company's stance toward product development. We will strengthen our efforts in the development of products that can excel in the global consumer electronics market as well as energy-saving and recycling-oriented products that incorporate eco-conscious design. While promoting products that both contribute to the environment and generate business growth, Panasonic is endeavoring to ensure a constant stream of new products that embody the Company's essence and spirit.

Changing the Company's Business Structure

Panasonic will pursue bold reform measures in businesses that continue to pose challenges and issues.

Against the backdrop of an increasingly competitive global environment, the Company's flat-panel TVs business is experiencing a drop in profitability. In an effort to improve profitability, we will increase purchases of Liquid Crystal Display (LCD) panels from outside vendors, transfer the production line of our third domestic Plasma Display Panel (PDP) plant to China, freeze new investment and streamline assets. At the same time, we will focus on panel sizes, adopting an inch-size strategy where we can give full play to our competitive advantage in flat panels with the aim of improving production efficiency. For TV sets, Panasonic will concentrate on improving profitability by introducing TVs with distinctive features while stepping up production overseas.

In order to change the existing system LSI-oriented business model regarding the semiconductor business, Panasonic will look toward shifting its development resources. While striving to increase efficiencies in system LSI development, we will shift resources to the environment, energy and network AV businesses. At the same time, we will ramp up efforts to cultivate new customers by consolidating the development, production and sales functions and accelerate and optimize production by selecting best-fit production sites. Through these means, Panasonic will ensure the necessary reforms to establish a robust and independent components and devices business.

Changing the Company's Management Structure

Panasonic is promoting change in its management structure on a Group-wide basis.

While progress was made during fiscal 2011 to improve profit margins, profitability remains low and net cash* negative. Bolstering our management structure is an absolute imperative and we will take concrete steps in this area.

As one measure, Panasonic will focus on the reduction of fixed costs. Through various initiatives including efforts to generate higher productivity and restructure operating sites, we will lower the breakeven point by 4% over the next two years. Another measure entails cash generation. Every effort will be made to reduce inventory and implement such measures as the sale of capital holdings and assets. Moving forward, Panasonic is committed to securing positive net cash in fiscal 2013.

* Net cash is calculated by deducting bonds and debt from financial assets on hand, such as cash and deposits, and marketable securities.

Returning Profits to Shareholders

Taking into consideration the Company's policy for returning profits to shareholders with the need to bolster its financial position, Panasonic has declared an annual dividend of 10 yen per share

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. Accordingly, the Company has implemented proactive and comprehensive measures in this regard. Taking into consideration return on the capital investment made by shareholders, Panasonic, in principle, distributes returns to shareholders based on its business performance. In this context, the Company is aiming for stable and continuous growth in dividends, targeting a consolidated dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

While the Company successfully secured a return to net income attributable to Panasonic Corporation of 74.0 billion yen in fiscal 2011 after incurring a loss of 103.5 billion yen in fiscal 2010, Panasonic remains cognizant of the need to bolster its financial position as it pursues Group-wide business reorganization. Based on the aforementioned collective policy of returning profits to shareholders while bolstering its financial position, Panasonic has declared an annual dividend of 10 yen per share comprising the interim dividend of 5 yen per share paid on November 30, 2010 and a fiscal year-end dividend of 5 yen per share.



Toward Further Improvements in Performance

Looking at prospects throughout fiscal 2012, emerging markets are projected to enjoy ongoing high rates of growth while Europe and the U.S. will also experience moderate expansion. While recognizing there remains little room for complacency due mainly to the impact of the Great East Japan Earthquake, Panasonic will adopt a more proactive approach commensurate with forecast growth in global markets. Returning to the recent disaster that devastated Japan, the Company will also take positive steps toward contributing further to reconstruction and recovery.

As we launch a new business structure from January 2012, we will work diligently to further improve the Group's performance by implementing a new growth strategy. Endeavoring to return profits to shareholders and investors, we ask for your continued support and understanding.

Group Reorganization and New Growth Strategies

Three Business Sector Strategies and Fiscal 2013 Objectives

The Head Office Structure and Brand Strategy after Reorganization

Special Feature: Group Strategies Group Reorganization and New Growth Strategies

Mobilizing the collective strengths of the Group to embark on a new phase of growth

Evolving into a corporate group that maximizes synergies

Taking a First Step under a New Business Structure in January 2012 toward Three Customer-Oriented Business Sectors

Together with PEW and SANYO, which became wholly-owned subsidiaries of Panasonic, the Company is undertaking a reorganization of the entire Group to embark on the next phase of its evolution under a new business structure from January 2012.

The Group's reorganization is grounded in the three fundamental concepts of maximizing value by strengthening contacts with customers, realizing speedy and lean management, and accelerating growth businesses by boldly shifting management

resources. From a Group structure that currently consists of five business segments based on a common technology platform, Panasonic will shift through a process of reorganization to a structure that places customers' perspectives at the heart of three business sectors, based on a business model. In these three business sectors, the Group will establish nine business domain companies and a marketing division. While building an optimum business model for each business sector, every effort will be made to maximize Group synergies.

Generating Synergy Effects through a New Growth Strategy and Structural Reforms

After completing the reorganization process, steps will be taken to put in place an optimum business model for each business sector. Each business domain company will then be charged with the responsibility of implementing autonomous management on a global basis. While thoroughly strengthening each business, considerable weight will be placed on drawing out those comprehensive capabilities unique to the Panasonic Group. This in turn will help maximize the Group's potential.

As a part of the reorganization process, Panasonic has factored in structural reform expenses totaling 110.0 billion yen in fiscal 2012. After offsetting the projected drop in sales attributable to business duplication elimination with the positive effects of rationalization and structural reform,

synergies of 6.0 billion yen in operating profit is forecasted. Positioning fiscal 2013 as the year in which the new organizational structure will get on track, the Group expects structural reform expenses of 50.0 billion yen. At the same time, synergies of 60.0 billion yen in operating profit are anticipated mainly from the increase in sales of solar cells, lithium-ion batteries, LED, air conditioning and related products as well as restructuring benefits.

In implementing its new growth strategy and structural reforms aimed at creating an optimal structure, the Group is slated to undergo major transformation. In fiscal 2013, the three business sectors are each projected to generate sales in excess of 3.0 trillion yen becoming a dynamic and formidable force.



□ Group Reorganization and New Growth Strategies | **■ Three Business Sector Strategies and Fiscal 2013 Objectives** | □ The Head Office Structure and Brand Strategy after Reorganization

Three Business Sector Strategies and Fiscal 2013 Objectives

The Consumer Business Sector

In AVC Networks, Panasonic will cultivate new markets by bolstering easy-to-use network connectable products that fit every possible daily life scene while at the same time generating synergies with SANYO. In addition, AVC Networks will shift development and production to emerging countries to tap into inherent local demand growth and further fortify high-volume segment products. In Heating/Refrigeration/Air Conditioning & Home Appliances, Panasonic will focus on expanding global sales by generating demand for products tailored to regional characteristics,

increasing the ratio of overseas white goods sales to total sales and boosting overseas sales of small kitchen appliances as well as personal and healthcare products. Capitalizing on SANYO's strengths, Heating/Refrigeration/Air Conditioning & Home Appliances will also boost its BtoB business activities beginning with large-sized air conditioners. Furthermore, steps will be taken to boost planning and marketing in each region. Through close-knit communication and collaboration, Panasonic will secure a dominant position amid fierce global competition.

The Components & Devices Business Sector

In Automotive Systems, the Company will increase sales of high-volume segment products focusing on the multi-media field for new vehicles. At the same time, Panasonic will secure an overwhelming top share in the domestic car navigation systems market further boosting sales. With an eye to the worldwide market, Panasonic will offer products globally in Components & Devices to areas where fast-paced growth is expected, such as the environment and energy fields and smart phones. The Company will

endeavor to secure high growth and profitability. In Energy Devices, Panasonic will complement efforts to strengthen its cost competitive edge by shifting production of lithium-ion batteries to China and promoting optimal procurement with cutbacks in production costs of its HIT[®] solar cells in the solar photovoltaic systems business. Together with these initiatives Panasonic will augment its solar cell product lineup by outsourcing polycrystalline solar modules further contributing to the Group as a growth engine.

The Solutions Business Sector

In Systems & Communications, Panasonic will strengthen activities in the security and communication fields, and accelerate sales growth to global customers. In Environment & Energy Solutions, the Company will expand the lighting business by significantly enhancing its lineup of LED products. As a comprehensive solutions company, Panasonic will promote sales of a wide range of Group-wide products targeting stores and other outlets. Through solutions that link cross-sectional product sales to repair,

maintenance and other services, the Company will work to create new businesses. In Healthcare & Medical Solutions, Panasonic will develop such growth businesses as in-hospital work assistance, early diagnosis and home healthcare. In addition to exploring new business opportunities in the production process area, the Company will actively inject resources into emerging regions and expand existing businesses through sales partnerships in North America in Factory Solutions.

Business Sector/
Business Domain Company Name Objectives

Business Sector/ Business Domain Company Name	Objectives
The Consumer Business Sector	<ul style="list-style-type: none"> Ensure that individual regional needs are accurately reflected in product development through robust marketing capabilities Deliver optimal products to each region in a timely and highly cost competitive manner
AVC Networks	Expand AVC Network products, synergy creation and business platforms in emerging regions Sales: ¥2.1 trillion or more (up 13% compared with fiscal 2011); operating profit to sales ratio: up 3.9% compared with fiscal 2011
Heating/Refrigeration/Air Conditioning & Home Appliances	Become the No. 1 Green Innovation Company in the home appliances business Sales: ¥1.2 trillion or more (down 6% compared with fiscal 2011); operating profit to sales ratio: up 2.5% compared with fiscal 2011
Global Consumer Marketing	Expand sales through market-oriented product planning and increased marketing activities

Business Sector/
Business Domain Company Name Objectives

Business Sector/ Business Domain Company Name	Objectives
The Components & Devices Business Sector	<ul style="list-style-type: none"> Put forward proposals that preempt inherent customer needs by integrating the marketing and R&D functions Expand individual businesses independent from internal demand
Automotive Systems	Contribute to the creation of a new motoring society through electronics Sales: ¥0.7 trillion level (up 5% compared with fiscal 2011)
Components & Devices	Become the global No. 1 in the components & devices industry Sales: ¥1.8 trillion or more (up 17% compared with fiscal 2011)
Energy Devices	Contribute to becoming a Green Innovation Company as a Group growth engine Sales: ¥760.0 billion or more (up 15% compared with fiscal 2011) Operating profit to sales ratio: up 1.6% compared with fiscal 2011

Business Sector/
Business Domain Company Name Objectives

Business Sector/ Business Domain Company Name	Objectives
The Solutions Business Sector	<ul style="list-style-type: none"> Uncover customer needs and issues as the basis for proposals that deliver optimal solutions Maximize profitability from the confines of the vast supply chain
Systems & Communications	Contribute to the success of customers around the globe by integrating AV, communications and IT solutions Sales: ¥1.2 trillion or more (up 29% compared with fiscal 2011)
Environment & Energy Solutions	Help people from all over the world realize a comfortable lifestyle and living spaces while minimizing environmental load Sales: ¥1.6 trillion level (up 8% compared with fiscal 2011) Operating profit to sales ratio: up 1.9% compared with fiscal 2011
Healthcare & Medical Solutions	Realize easily accessible healthcare for as many people as possible globally Sales: ¥140.0 billion or more (up 17% compared with fiscal 2011)
Factory Solutions	Contribute to progress and development of the global society with manufacturing solutions Sales: ¥190.0 billion or more (up 16% compared with fiscal 2011)

- Group Reorganization and New Growth Strategies
- Three Business Sector Strategies and Fiscal 2013 Objectives
- The Head Office Structure and Brand Strategy after Reorganization**

The Head Office Structure and Brand Strategy after Reorganization

Pursuing lean, speedy and global operations

Following reorganization, steps will be taken to consolidate the head office of the Company, PEW and SANYO and to integrate the governance functions of the six regional management divisions to form the Global and Group (G&G) head office. The G&G head office will consist of a global head office and five regional management headquarters: China and Northeast Asia; North America; Latin America; Asia, Oceania, the Middle East and Africa; and Europe and the Commonwealth of

Independent States (CIS). This head office structure will pursue lean, speedy and global operations. In addition, Panasonic will promote the shift of the production and related functions to Asia. Moving forward, the Company will strive to raise the level of manufacturing globally by developing robust production bases, boosting local procurement and strategically utilizing outside sources.

Unifying the Corporate Brand into Panasonic and Enhancing Brand Value

On completion of reorganization both PEW and SANYO will assume different positions. PEW's businesses will be fully integrated into the new domain companies with Panasonic and PEW operating in a unified manner. SANYO on the other hand conducts certain businesses that cannot currently be integrated into domain companies. These include the OEM products in direct competition with domain companies and joint ventures that SANYO has formed overseas. For the foreseeable future these business will maintain their existing corporate status and be responsible

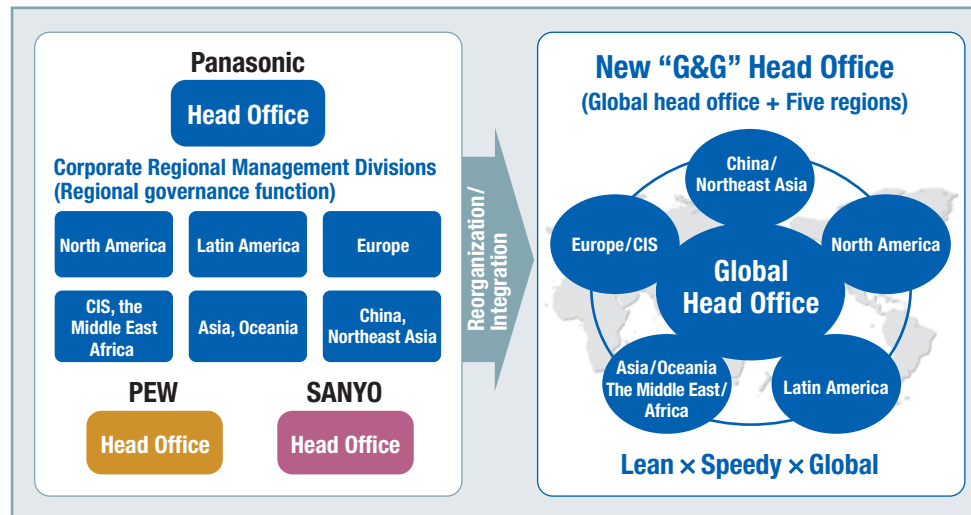
for business operations and asset management. With the exception of certain regions and products, steps will be taken to rationalize brands. Every effort will be made to ensure that the Panasonic brand stands alone in conveying the corporate message for all business groups. The aim is to increase visibility and awareness thereby enhancing value. The Group's many sub-brands, product names and technologies will be realigned and coordinated to ensure consistency. Their use will be continued according to business needs and necessity.

Attaining Genuine Transformation as a Group

Panasonic is endeavoring to become a company that is capable of harnessing its global competitive advantage by putting in place the aforementioned new structure and implementing growth strategies.

Working together, the Panasonic Group will continue to fulfill its 100th anniversary vision of becoming the No.1 Green Innovation Company in the Electronics Industry.

Conceptual Image of the New Head Office Structure



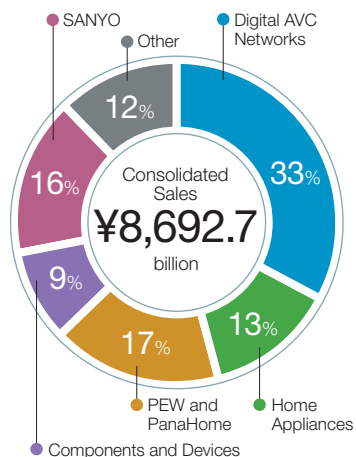
Brand Strategy



■ **Business at a Glance** | □ Business Review | □ Overseas Review by Region

Business at a Glance

Percentage of Fiscal 2011 Sales



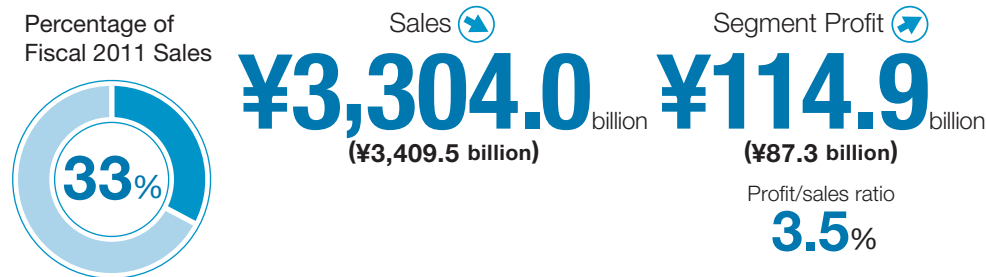
- Notes:
- Sales composition for each business segment includes intersegment transactions.
 - The Company restructured the motor business on April 1, 2010. Accordingly, segment information for Home Appliances, and Components and Devices for fiscal 2008 through to fiscal 2010 is reclassified to conform to the presentation for fiscal 2011.
 - SANYO Electric Co., Ltd. (SANYO) and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009. The operating results of SANYO and its subsidiaries prior to December 2009 are thus not included in Panasonic's consolidated financial statements.
 - The Company has changed the transactions between the Global Procurement Service Company and the Other segment since April 1, 2008. Accordingly, sales results for Other and Corporate and eliminations for fiscal 2007 and fiscal 2008 have been reclassified to conform with the presentation for fiscal 2009.
 - The healthcare business was transferred to Panasonic Shikoku Electronics Co., Ltd. (current Panasonic Healthcare Co., Ltd.) on April 1, 2007. Accordingly, Digital AVC Networks and Home Appliances segment information for fiscal 2007 has been reclassified to conform to the presentation for fiscal 2008.

* The operations of the System Networks Company of Panasonic were integrated with Panasonic Mobile Communications Co., Ltd. on April 1, 2011. As a result, the System Networks Company was dissolved and the Systems & Communications Company established.

Business Segment	Main Products and Services (As of March 31, 2011)	Main Business Domain and Group Companies (As of March 31, 2011)	Sales (Years ended March 31)	Segment Profit (Years ended March 31)
Digital AVC Networks See p. 21	Plasma and LCD TVs, Blu-ray Disc and DVD recorders, camcorders, digital cameras, personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, PCs, optical disc drives, multi-function printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.	<ul style="list-style-type: none"> AVC Networks Company System Networks Company* Panasonic Mobile Communications Co., Ltd.* Automotive Systems Company Panasonic Healthcare Co., Ltd. 		
Home Appliances See p. 25	Refrigerators, room air conditioners, washing machines and clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, compressors, vending machines, electric motors, etc.	<ul style="list-style-type: none"> Home Appliances Company Lighting Company Panasonic Ecology Systems Co., Ltd. 		
PEW and PanaHome See p. 27	Lighting fixtures, wiring devices, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.	<ul style="list-style-type: none"> Panasonic Electric Works Co., Ltd. PanaHome Corporation 		
Components and Devices See p. 29	Semiconductors, general components (capacitors, tuners, circuit boards, power supplies, circuit components, electromechanical components, speakers, etc.), batteries, etc.	<ul style="list-style-type: none"> Semiconductor Company Panasonic Electronic Devices Co., Ltd. Energy Company 		
SANYO See p. 31	Solar photovoltaic systems, lithium-ion batteries, optical pickups, capacitors, digital cameras, LCD TVs, projectors, showcases, commercial air conditioners, room air conditioners, compressors, medical information systems, biomedical equipment, washing machines, refrigerators, car navigation systems, etc.	<ul style="list-style-type: none"> SANYO Electric Co., Ltd. 		
Other See p. 32	Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.	<ul style="list-style-type: none"> Panasonic Factory Solutions Co., Ltd. Panasonic Welding Systems Co., Ltd. 		

Digital AVC Networks

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Digital AVC

In the digital AVC business, Panasonic provides such imaging equipment as flat-panel TVs, digital AVC network equipment including Blu-ray Disc recorders and digital cameras as well as business-use AV equipment.

Fiscal 2011 was a year in which many of the Company's competitors launched 3D-compatible products. Against this backdrop, Panasonic's lineup attracted significant interest. At the same time, positive momentum was generated by the consumer electronics eco-point program*1 introduced in Japan. As a result, sales were steady.

*1 The Japanese government introduced an eco-point program in May 2009. Eco-points are awarded to consumers who purchase eligible home appliances including high energy-saving air conditioners, refrigerators and terrestrial digital broadcasting TVs. These points can be exchanged for a variety of products and services.

Flat-Panel TV Unit Sales Increased 1.3 Times as the Newly Released 3D VIERA was Well Received

Global demand for flat-panel TVs saw strong growth due mainly to the positive effect of Japan's eco-point program and a substantial

upswing in such emerging markets as Asia as well as central and south America. Flat-panel TV sales climbed 123% year on year, surpassing 200 million units for the first time.

Amid these circumstances, Panasonic took steps to provide its customers with fresh and exciting television experiences launching a series of advanced 3D- and Internet-compatible products. In addition to the release of a bass enhanced 32-inch LCD TV in India, the Company worked diligently to increase sales of high-volume segment products that address the local needs of each global region. As a result, unit sales in fiscal 2011 climbed to 20.23 million worldwide, 1.3 times higher year on year.

In terms of panel production, Panasonic expanded its capabilities. At the Company's fifth domestic PDP plant in Amagasaki, monthly production of 42-inch panels was increased from 120,000 to 330,000 units. LCD panel production began at the Himeji plant from April 2010 with monthly production of 32-inch panels increased to 810,000 units. At the same time, Panasonic stepped up efforts to relocate such intermediary processes as module production and mounting to Asia. In order to increase cost competitiveness, the Company strove to procure a greater

percentage of its components locally and to reduce delivery costs.

Fiscal 2011 saw the 3D television era emerge in earnest. Panasonic began efforts to bring the fresh sensation of full HD 3D images to customers by commercializing its 3D plasma TV lineup focusing on high-picture-quality and outstanding video image responsiveness. The Company's ability to eliminate double-images and deliver high-resolution images is being widely acclaimed. Panasonic has received a host of awards both in and outside Japan including the International 3D Society's Charles Wheatstone Award and the prestigious European EISA AWARD. Together with the high-picture-quality IPS Alpha panel*2 LCD TV, Panasonic will further augment its lineup making every effort to enhance the status and standing of the VIERA brand.

*2 LCD panels manufactured by Panasonic Liquid Crystal Display Co., Ltd. Boasting a wide viewing angle, these panels help realize the industry's fastest level of responsiveness and energy-saving performance.

The Full HD 3D Plasma TV VT Series

A plasma TV that delivers the experience of clear 3D images using technologies that minimize double-images



The DIGA Series of Blu-ray Disc Recorders Maintains Its Top Global Market Shares

The increased penetration of digital broadcasting and flat-panel TVs continues to drive growth in the Blu-ray Disc recorder market. Under these circumstances, higher DIGA sales were strongly supported by the product's networking features, which enhance enjoyment by helping to link various devices, as well as basic functions including extended recording in full HD video and simple operation. Buoyed by these factors, Panasonic maintained its top share in the global market.

Following in the footsteps of the release of the world's first model to play Blu-ray 3D™ Discs in April 2010, the Company introduced a new model equipped with triple tuner in February 2011. Panasonic will continue to expand its product lineup in efforts to drive the Blu-ray Disc recorder market forward.

Note: "Blu-ray," "Blu-ray Disc," and "Blu-ray 3D" are trademarks of Blu-ray Disc Association.

The DMR-BZT900 Equipped with the World's First Triple Digital Tuner that Allows Simultaneous Recording for Four Different Channels*3

Family members can now record the program of their choice despite overlapping broadcast times.



*3 The world's first Blu-ray Disc recorder equipped with digital tuner. Simultaneous recording of four programs together with SkyPerfect! HD. Source: Panasonic

Despite Higher Units Sold, Lower Sales due Mainly to Price Decline

The compact digital camera market expanded steadily driven largely by firm unit sales in emerging regions including Asia and China. In contrast, sales on a value basis fell below the level recorded in the previous fiscal year due to negative growth in Japan, Europe and the U.S.

Consistent with this market trend, sales of Panasonic products in North America and emerging markets climbed on a units sold basis. As a result, the Company recorded global year-on-year growth. In value terms, however, sales contracted owing primarily to the drop in product prices and the impact of the strong yen.

In digital interchangeable lens cameras, Panasonic saw several of its competitors enter the mirrorless interchangeable lens camera market. In the fiscal year under review, the Company released a succession of innovative products including the G2, the world's first*⁴ touch-operation model with video recording function in April 2010, the GH2, the world's fastest*⁵ level of light speed AF to capture subjects in spur-of-the-moment sharp focus in October 2010, and the GF2, which allows the user to take full HD video images in December

2010. All three models have compact bodies and are easy to operate attracting wide market acclaim.

*⁴ For a digital interchangeable lens system camera. Source: Panasonic

*⁵ As of September 21, 2010. For the digital interchangeable lens system camera 14-140mm lens model. Source: Panasonic

Efforts to Strengthen the Digital Camcorder Lineup Fail to Offset the Drop in Sales due to Volatility in Foreign Exchange Rates

The digital camcorder market saw units sold surpass the previous fiscal year. Reflecting the growing trend toward lower priced products, however, sales contracted year on year on a value basis.

Under these circumstances, units sold by the Company again climbed above the previous fiscal year, only to fall on a year-on-year value basis due primarily to the drop in retail prices and the strong yen.

To boost its product lineup, Panasonic released two new models. The HDC-TM750 and 650 are the world's first*⁷ 3D and digital HD camcorders in August 2010. By simply attaching

the separately purchased 3D conversion lens, anyone can create powerful, true-to-life 3D images. Both models follow in the footsteps of the previously released 3D-compatible flat-panel TVs and Blu-ray Disc recorders, and are stimulating broad interest as an integral component of the Company's 3D product platform. In addition, the easy-to-use, lightweight and compact body HDC-TM35 at 185 g is proving popular among women in Japan. Overseas, the picture quality of the Company's HD camcorders is held in high esteem. As a result, market share continues to rise worldwide. In major European countries particularly the United Kingdom and Germany, Panasonic is dominating the market with shares exceeding 40%.

At the opening of the peak spring season, the Company launched three new models including HDC-TM45 in the popular HDC-TM series in February 2011. Looking ahead, Panasonic will continue to strengthen its product lineup and deliver high-picture-quality images to an increasingly broad user base.

*⁷ For AVCHD standard compliant consumer-use camcorders. Source: Panasonic

In June 2010, the Company launched the CF-C1 series, the world's lightest*⁸ convertible tablet PC. Following on the heels of this release, Panasonic launched the CF-J9 series of jacket-style PCs with a cover that can be freely removed and replaced in October 2010. Both products have received favorable reviews. More recently in March 2011, the Company commenced sales of the CF-B10 notebook PC offering a large-screen 15.6-inch full HD LCD. Panasonic continues to drive the market forward by strengthening its product lineup.

The Company's TOUGHBOOK series has maintained the top position in the worldwide market for rugged mobile computers since 2002. By tailoring specifications to specific operating environments, the Company is working to address the needs of a wide range of corporate clients.

Moving forward, Panasonic will continue to refine the performance of its products, an essential feature of the full-mode mobile PC market. Every emphasis will be placed on enhancing quality.

*⁸ As of January 27, 2011. For convertible notebook PCs with LCDs of 12.1 inches or more. Source: Panasonic

Maintaining Its Worldwide Market Lead in Innovative Mobile Computers

The notebook PC market displayed steady growth on a unit sales basis both in and outside Japan. Sales on a value basis were marginally lower than fiscal 2010.

Sales of the Company's Let'snote mobile computer designed for the Japanese market were robust expanding year on year. While results overseas for the rugged TOUGHBOOK notebook PC were impacted by the strong yen falling below the previous fiscal year's level, units sold increased year on year.

Through efforts to develop and refine products in these series under the concept of lightness, extended battery life, toughness, and high performance, Let'snote has maintained the top position in the domestic business mobile computer since 2004.

The CF-B10 is the World's Lightest, Extended Battery Life*⁹ Notebook PC Offering a 15.6-inch Full HD LCD



*⁹ As of January 27, 2011. For 15-inch LCD optical drive notebook PCs. Operating life for batteries mounted within the PC body. Source: Panasonic

The DMC-GF2 with the World's Smallest and Lightest Body*⁶



*⁶ As of November 18, 2010. For a digital interchangeable lens system camera incorporating an internal flash. Source: Panasonic

The HDC-TM45 for Clear Picture Quality Over Long Distances

Powerful and vivid images with high-definition picture quality using ultra high resolution (Intelligent Auto (iA) 42x) technology



System Networks

In the business-use system solutions market, where image and communications technologies continue to converge, Panasonic is pursuing global growth in its system networks business. This is in response to advances in IP networks including increasing use of the Internet and LANs.

In addition, the Company provides wide-ranging leading-edge products and system solutions in the security field including surveillance cameras for safeguarding people, property, and information in companies and regions. At the same time, Panasonic is active in the communication field linking people through voice and images.

Expanding Business Activities throughout Global Markets Encompassing Emerging Countries

Issues of safety and security are attracting growing concern in Japan. Against this backdrop, demand for equipment and systems that ensure security continues to climb. In addition to the existing requirements of urban areas and schools, the need for security from retail stores, small offices and related facilities increased throughout fiscal 2011. Under these conditions, sales of the Company's security-related products, particularly network cameras were robust.

In North America, sales of POS system solutions that use touch-panel terminals saw substantial growth on the back of replacement demand as major fast food chains sought to renew or upgrade their systems. Turning to emerging markets, sales expanded mainly in

China and Russia. Results were particularly strong for such products as compact multi-function printers (MFPs) and network cameras with sales rising substantially compared with fiscal 2010.

Furthermore, analog surveillance cameras were also adopted by public transportation systems in China. Together with such factors as the development of new sales channels in North America, results were firm.

Focusing on Providing Solutions at Overseas Operating Sites

Panasonic has been strengthening its ability to provide quality solutions at overseas operating sites as a part of its efforts to further develop its activities in the global market. To this end, the Company has been strengthening its presence and capabilities in Asia and Europe. With Asia in particular a core operating base, Panasonic has located its front design centers in its offices in Singapore and China while establishing a specialist engineering department within its overseas plant in Malaysia.

Panasonic will continue to strengthen its overseas solutions systems and structure. Moreover, the Company will expand its solutions business by focusing on such initiatives as the sale of Digital Enhanced Cordless Telecommunications (DECT)-compliant products as well as audio and visual services that employ cloud computing technology.

Mobile Communications

In the mobile communications business, Panasonic offers mobile phones incorporating advanced functions, and cutting-edge communications infrastructure equipment such as base transceiver stations. Through these products, the Company works to realize a communications society that offers high-level security and greater convenience and comfort.

In addition to enhancing camera picture quality and ease-of-use, the Company is looking to add energy-saving functions that automatically control power consumption and minimize waste depending on the status of use. By this means, Panasonic delivers advanced products.

Strengthening Product Competitiveness in response to an Increasingly Polarized Market

In fiscal 2011, the Japanese mobile phone market became increasingly polarized along advanced function, top-tier and high-volume segment model lines.

In the high-end handset category, Panasonic received favorable acclaim following the introduction of the LUMIX Phone, which harnesses the Company's accumulated digital camera technologies.

While limiting models to basic functionality, the Company reported strong sales of high-volume segment models that balance the dual needs for reasonable pricing and stylish design.

However, mobile communications business sales were lower than in fiscal 2010. This was largely attributable to delays in responding effectively to the rapid demand for smart phones.

Plans are in place to release several new smart phone models in fiscal 2012. These products will showcase the unique Panasonic concept by converging seamlessly with the AV field and supporting people's lives.

i-PRO SmartHD Offers a Variety of Functions including Face Detection and Matching

The surveillance camera system, i-PRO Smart series, delivers superior image viewing quality, high profile compression and low power consumption. Released to the market at competitive prices against existing analog systems, Panasonic's lineup is getting a high reputation globally.

Example for retail system

The real-time face matching function matches faces against registered images displayed on a live camera feed. A buzzer function alerts when a match is found.



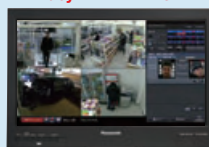
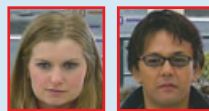
Mega pixel camera with face detection function



DG-SP305



DG-SC385



DG-NV200 network disk recorder with real-time face matching function

The Docomo P-07C*1 “My First Smartphone” with a Stylish Design, Easy-to-Use Large Screen

A smartphone that combines a stylish design with functional beauty. Even with a large 4.3-inch touch screen, end-users enjoy easy one-hand operation, by customizing the screen position of the keypad and touch-speed selector, a system of rotating icons which enables customers to select and activate functions.



Full-Fledged Entry into the Next-Generation High-Speed Mobile Communication Format Base Station Business

NTT DOCOMO, INC. (NTT DOCOMO) launched Xi™ (Crossy) in December 2010, a common global wireless connectivity service based on the extra-high-speed technology, LTE*2, which is expected to witness growing global use.

Panasonic developed Xi service-based wireless equipment for base stations with partner Nokia Siemens Networks, which the Company then supplied to NTT DOCOMO signifying its full-fledged entry into this business. Looking ahead, Panasonic will promote its infrastructure business focusing mainly on LTE-compatible equipment. The Company is committed to

contributing to the further development of next-generation mobile infrastructure.

*2 The acronym for Long Term Evolution

Automotive Electronics

In the automotive electronics business, Panasonic is developing its business in the automotive multimedia field while at the same time pursuing new opportunities in the environment and safety field. This is amid growing interest in more comfortable, environmentally-conscious, and safer vehicles.

Panasonic operates in wide-ranging fields, from car navigation systems to such key devices as engine control units and batteries for eco-cars. At the same time, the Company is engaged in the development of car cabin and eco-car systems and devices as well as proposals that distinguish the appeal of the Company's products.

Sales Growth in Japan, North America, Emerging Countries and Other Regions

In 2010, new automobile sales saw a year-on-year increase for the first time in six years. This was mainly attributable to the eco car subsidy initiative implemented in Japan which served to ignite demand. Under these circumstances, sales of the Company's car navigation systems, cameras and digital terrestrial tuners were strong.

In October 2010, Panasonic released Tabi Navi, a portable travel navigation device that condenses tour guide information, navigation function and a camera into a single unit. The Company has been successful with its marketing strategy to cultivate new demand among middle to older age travelers. Sales were strong mainly through the domestic electronics retail store channel.

Outside of Japan, overall sales were strong including those for rear-seat entertainment systems. In addition to indications of a recovery in the North American market, this largely

reflected the return to favor of large-sized vehicles. Sales also grew steadily in emerging countries including China, which led the world in annual new car sales at 18 million vehicles, India, and Brazil, where demand was high.

Working to Cultivate the India Market

In India, where the automobile market is experiencing marked growth, major automotive makers from around the world are engaging in accelerated investment.

Tabi Navi, a New Type of Navigation Tool that Contains Information on around 80,000 Facilities

Together with abundant tour guide information, Tabi Navi comes with navigation and camera functions. As a new type of navigation tool, Tabi Navi provides travelers with comprehensive support from planning to the recording of precious memories. Helping to confirm location directions at a glance and to reach each desired destination, Tabi Navi allows travelers to enjoy their journey with complete peace of mind.



In April 2010, Panasonic established a local automotive electronics sales company as part of efforts to promote a sales channel strategy deeply rooted in the local community. Steps are being taken to coordinate with the Group-wide cultivation of the India market thereby expanding sales.

Strengthening System Solutions Product Development and Proposals Showcasing Features that Appeal to Customers

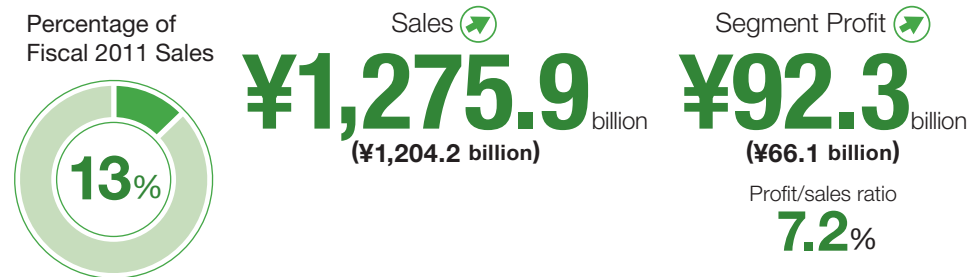
Panasonic is vigorously developing system solutions and proposals that showcase the distinguishing features and appeal of each product as a new business initiative.

In its eco-car systems, the Company has successfully strengthened its power management, heat management and battery systems. As a result, the Company's systems have been adopted by numerous automotive makers.

In addition, Panasonic established a specialist development office to focus on cockpit systems that offer in-car display of wide-ranging audio-related, safe and comfortable driving support, and other information. In the future, the Company will continue to reinforce its proposal capabilities to automotive makers in and outside Japan.

Home Appliances

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Household Appliances/ Refrigeration, Air Conditioning and Heating

Panasonic provides advanced technology-driven products and services across a variety of fields including housekeeping, cooking, cooling and heating, and hot water supply.

Moreover, the Company is accelerating its overseas business activities pursuing product development that reflects the local lifestyles of each region.

In April 2010, Panasonic restructured the Motor Company by integrating the Home Appliance and Automotive Motor and Industrial Motor business into the Home Appliance Company. Over the ensuing period, steps have been taken to further strengthen product competitiveness.

Focused on Streamlining Fixed Costs while Achieving Sales Growth by Strengthening Product Competitiveness

In fiscal 2011, both high environmental performance as well as high-volume segment products that addressed local needs performed well. In particular, Panasonic recorded drastic

increases in sales mainly in emerging countries. As a result, overall sales exceeded the previous year. Furthermore, the Company offset the negative impact of a sharp rise in raw material costs by rationalizing operating and fixed costs.

Strong Domestic Sales of Products Featuring ECO NAVI

In Japan, performance was favorably impacted by the eco-point program as well as an extremely hot summer. Moreover, sales of ECO NAVI products, which automatically save electricity depending on the mode of use, won strong support throughout the entire year. Taking these factors into consideration, sales were higher than fiscal 2010. ECO NAVI features in a broad range of products including room air conditioners, refrigerators as well as tilted-drum washing machines and clothes dryers, and accounts for around 30% of home appliance sales.

Furthermore, unit sales of the Ene Farm household fuel cell cogeneration systems that Panasonic has supplied to city-gas companies since fiscal 2010 increased 40% compared with fiscal 2010. In April 2011, Panasonic released a new product that features the world's highest*1

rated electricity generation efficiency and the industry's smallest*1 installation space at a significantly reduced price. With this initiative, the Company is endeavoring to further boost sales.

*1 As of February 9, 2011. Source: Panasonic

Toward Further Increases in the Overseas Sales Ratio

Overseas, Panasonic actively introduced products for high-volume segments focusing particularly on middle-income earners in each country in Asia. In China, sales were strong in washing machines featuring top-class water-saving functions released in March 2010, room air conditioners and vacuum cleaners. This was largely attributable to the Chinese government's home electronic subsidy program*2.

In India, where the Company is intensifying efforts to boost sales, Panasonic launched the CUBE room air conditioner in January 2011. The CUBE room air conditioner was well received by the market due to its reduced noise levels

and enhanced energy savings compared with competing products in the same price range.

In Europe, two years have passed since Panasonic entered the refrigerator and washing machine markets, and sales rose substantially higher than the previous fiscal year by expanding its line-up.

In order to lift the overseas sales ratio, which currently stands at approximately 50%, the Company will pursue local customer-oriented marketing. In addition, Panasonic will strengthen overseas production. Currently, Panasonic is conducting research into the local needs of India and Brazil markets. The Company is also pursuing the construction of local production sites. Plans are in place to commence the manufacture of room air conditioners and washing machines in India and refrigerators and washing machines in Brazil in fiscal 2013.

*2 An initiative to increase the penetration rate of home electronics in rural areas by subsidizing the purchase of government-designated models

The Easy-to-Use Tall Drum-Type NA-VT8000L Tilted-Drum Washing Machine and Clothes Dryer

The door of this tall drum-type washing machine and clothes dryer is positioned higher than conventional models. This helps to relieve the burden on the back and knees when loading and unloading and makes it easier to look into the drum.



CUBE Room Air Conditioners Developed for the India Market based on Thorough Market Research

Recognizing that room air conditioners are frequently used during the sleeping hours in India, Panasonic placed a premium on noise reduction and energy saving. On the other hand, Panasonic reduced product prices by eliminating such unnecessary functions as remote and airflow control.



Lighting

In the lighting business, Panasonic is actively developing products that conserve energy and resources, and are based on universal design. The Company continues to maintain a No. 1 share in general lighting products in Japan.

Leading the LED Lighting Market in Japan through Diverse Product Variations

Signs that environmental awareness was steadily taking hold in Japan began to emerge throughout fiscal 2011. Demand for conventional light sources including incandescent bulbs and fluorescent lamps declined, while demand for low-power consumption, long-life LED light bulbs climbed substantially. As a result, sales increased.

Panasonic has positioned the LED business as a core growth engine. In order to secure competitive advantage, the Company is releasing a succession of unique and innovative products.

Among the new products launched in fiscal 2011, the Company released the industry's first*1 purpose-built inclined mounting-type product as well as a wide light distribution-type product. This wide light distribution-type product

produces a light that is essentially equivalent to electric bulbs in Japan. These new products and the small bulb-type, which continue to be well received, have helped Panasonic secure a top share of the LED light bulb market. The straight tube-type LED lamp, which complies with the high performance and safety standards of the Japan Electric Lamp Manufacturers Association, is also proving popular since its release in December 2010.

*1 Source: Panasonic

Focusing on Overseas Operations as a Second Growth Engine

In its overseas operations, which serve as another growth engine, Panasonic pursued efforts aimed at creating new demand in fiscal 2011. One initiative was the introduction of global ball-type fluorescent lamp models in emerging markets following the worldwide shift away from incandescent bulbs. As a result, sales were higher than fiscal 2010.

Looking ahead, the Company will place particular weight on pushing forward commercial application LED products in the U.S. and Europe.

Environmental Systems

In the environmental systems business, Panasonic is developing ventilation fan systems and indoor air quality products while pursuing environmental engineering and component businesses. The Company is engaging in product development utilizing environmental technologies that are kind to the earth and humankind.

Ventilation Fan Sales Grew due to a Recovery in New Housing Starts in and outside Japan

In the ventilation fan systems business, detached and apartment new housing starts experienced a modest recovery. As a result, signs of a positive turnaround in mainstay ventilation fan sales began to emerge.

DC motor ceiling mount ventilation fans results were particularly robust in North America. Accordingly, ventilation fan unit sales in North America surged by 25% year on year to 550,000 units.

Sales of Air Purifiers Strong in Japan and China

In the indoor air quality business, sales of humidifiers and air purifiers in Japan were firm. Results were particularly strong in Uruoi Air Rich, equipped with ECO NAVI in addition to the nano-e* generator function, released in September 2010.

Furthermore, Panasonic launched air purifiers with standardized features and fresh design in the Chinese, Asian and Middle East markets in October 2010. This new model is attracting wide acclaim helping to rapidly boost sales.

* Minute ion particles produced from moisture in the air. Helpful in controlling fungi, odors and allergy-related substances

Developing Energy-Saving Solutions for the Entire Plant

In the environmental engineering business, Panasonic has made every effort to promote solutions that aim to reduce the environmental footprint of entire plants utilizing its energy-saving know-how. The Company provides comprehensive support from conducting energy-conservation diagnoses of customers' plants through to formulating specific countermeasures. In March 2011, the Company established a showroom at one of its plants to showcase its energy-saving features. Panasonic is working for green factories both in and outside Japan.

In the environmental component business, the Company successfully entered the mobile phone market in China, and mobile phone base station cooling units performed extremely well. At 30,000 units, sales substantially surpassed projections.

Energy-Saving Showroom Established at the Company Plant

Panasonic established an environmental showroom within its plant in Kasugai City, Aichi Prefecture, Japan in March 2011. Targeting plant managers mainly from the manufacturing sector, the showroom features equipment and systems as well as numerous examples of initiatives that showcase the CO₂ reduction capabilities and know-how of the plant.



Expanding New LED Lamp Products

October 2009



The industry's first compact bulb-type lamp

April 2010



A compact bulb-type lamp offering the industry's leading*2 brightness

June 2010



The industry's first inclined mounting-type lamp

November 2010



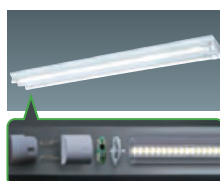
A general bulb-type lamp with the industry's leading*3 brightness

March 2011



The industry's leading*4 omnidirectional light distribution lamp

December 2010



Standard-compliant

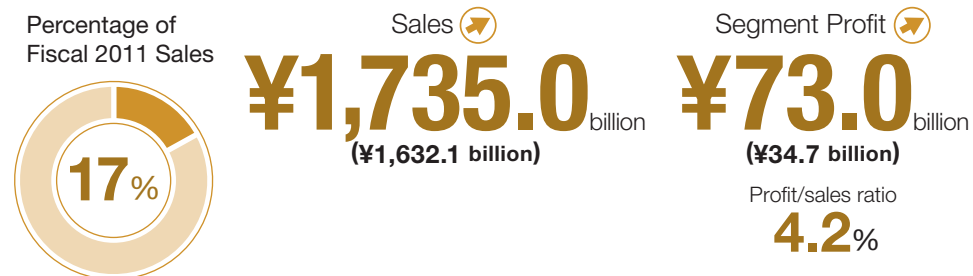
A straight tube-type LED lamp that realizes continuous light by aligning LED elements on the substrate and overlaying fluorescent materials in line with these elements

*2 As of April 22, 2010 *3 As of October 21, 2010 *4 As of January 26, 2011
Source: Panasonic

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PEW and PanaHome

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



PEW

PEW provides wide-ranging products that incorporate society's need for energy and environmental conservation as well as information. PEW also undertakes measures that address the aging population, safety, security, and convenience. Moreover, PEW is promoting its business globally by developing products that realize synergies between comfort and eco-consciousness.

An Increase in Sales Accompanied by a Substantial Increase in Earnings

In addition to actively introducing energy-saving and eco-conscious products in Japan, PEW took steps to create new products that address other social trends including the need for increased security and health in fiscal 2011. Overseas, PEW undertook to promote a high-volume segment product strategy in Asia including China and India. Coupled with significant sales growth in electrical construction materials and home appliances, PEW recorded strong sales of devices and eco-conscious materials mainly in emerging countries. As a result, overall sales were higher than fiscal 2010.

Complementing sales growth, cost reduction and structural reform measures led to an improvement in earnings structure. As a result, PEW recorded a substantial increase in profit.

Eco-Conscious Products including LED Lighting Fixtures Widely Acclaimed in Japan

In Japan, PEW posted higher sales of eco-conscious LED lighting fixtures mainly for store spotlights and universal downlights. This was amid the ongoing upswing in energy-saving, CO₂ emission reduction and related needs.

In addition, sales were strong for the energy monitor series that measures energy consumption at buildings and facilities. Results were also firm for wiring devices with sensors including lighting control switches that can be used automatically to turn lights on or off by detecting when people move. Sales were also strong in Eco-Power Meter and its related products which are distinguished by their ability to visualize electricity use thereby helping to save energy.

Healthy Sales Mainly of Water-Related Products on the Back of Recovery in Domestic New Housing Starts

Sales, mainly of such water-related products as the Living Station modular kitchen system, grew amid a modest recovery in new housing starts in Japan.

Sales were particularly strong in the new series of vanity units that offer water- and energy-saving functions, A La Uno, fully-automatic self-cleaning toilets, and Cococino unit bathrooms distinguished by their heat retention and other properties, thanks to Japan's eco-point program for housing*.

* The eco-point program for housing was introduced by the Japanese government in March 2010. Under this system, points are awarded to those who build or renovate eco-conscious houses. These points can be exchanged for a variety of goods or applied to offset additional construction expenses.

An Array of New Personal-Care Products Well Received

Sales of personal-care products were also strong. Year-on-year results were again favorable for Lamdash men's shavers as well as Nanocare dryers equipped with a nanoe-ion generator function that provides UV care while drying hair.

In addition, PEW took steps to stimulate new demand by releasing several new products. Sales performed remarkably well in Pocket Doltz, a stylish pocket sonic vibration toothbrush, and Neck Refre, a compact low frequency massage device that is convenient for use at home and in the office performed remarkably well.

Achieved Higher Overseas Sales in such Priority Markets as Asia, China and India

Overseas, where emerging countries continue to grow, PEW has positioned Asia, China and India as priority markets. Accordingly, PEW is endeavoring to restructure its entire value chain from development to post-sales service. Buoyed

by demand growth in China, sales were strong in home appliance- and communications-use relays and printed circuit board materials, factory-automation (FA)-related products as well as men's shavers and hair dryers.

The Living Station Modular Kitchen System Equipped with Triple-Wide

PEW has added a new gas stove model to its original Triple-Wide IH model that aligns three Induction Heaters side by side. Among a host of features, Triple-Wide promotes the efficient use of space. With three stoves positioned side by side, multiple menus can be prepared at the same time with enough space for two people to cook together. Easy to clean, Triple-Wide also helps realize high-capacity storage.



The Triple-Wide IH model



The Triple-Wide gas stove model

Financial Highlights

Highlights

Top Message

Group Strategies

Segment Information

R&D

Design

Intellectual Property

Corporate Governance

Financial and Corporate Data

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In Asia, PEW reported strong results in such products as narrow-pitch connectors for mobile and smart phones, and multilayer printed circuit board materials. Sales of devices for automobiles and two-wheeled vehicles were also favorable. In India, sales mainly of wiring devices and electric control equipment increased along with growing demand. Despite the impact of the strong yen, these factors helped boost overseas sales.

Launching EV Charging Stands

PEW is placing considerable emphasis on the development of new growth businesses that help realize synergies between comfort and

eco-consciousness. PEW's efforts to develop a charging stand, so vital to the increased use of electric vehicles (EV) that continue to attract significant attention as a next-generation car, are one example of its endeavors in this field. PEW released self-contained ELSEEV charging stands for outdoor public area installation in June 2010, and ELSEEV-mine for residences and offices in November 2010.

Moving forward, PEW will continue to provide charging facilities that link home living environments with automobiles. In this way, PEW will help contribute to realizing a low-carbon society.

ELSEEV EV Charging Stand that Holds the Key to Increased Next-Generation Vehicle Use

Japan is accelerating efforts to promote next-generation vehicles including EVs and plug-in hybrid electric vehicles (PHEVs).

Developed by PEW, the ELSEEV charging stand is recognized as key to popularizing next-generation cars. Sold separately, 200V and 100V outlet modules can be attached to the stand. As a result, multiple EVs can be charged at the same time. Emphasizing safety and security, the module has been designed with an interlocking mechanism to prevent electric shock.



PanaHome

For the bright future of the Earth, PanaHome is committed to empowering all who live in its 'eco ideas' Homes to lead comfortable lives. In this context, PanaHome mainly engages in detached housing, asset management, and home remodeling businesses.

Achieved an Increase in Sales on the Back of the Housing Market Recovery

In fiscal 2011, PanaHome saw sales increase thanks largely to a modest recovery in new housing starts triggered mainly by the government's housing initiative programs including tax breaks on mortgages.

In the detached housing business, PanaHome introduced long-life products in response to the government's Long-Term Quality Housing Certification Program*. At the same time, PanaHome promoted sales of houses that employ KIRATECH tiles for exterior walls. Using photocatalytic technology KIRATECH homes help reduce the effort and expenditure required for maintenance due to their self-cleaning capacity. Moreover, PanaHome launched CASART which delivers superior earthquake-resistance, environmental and energy-saving performance, focusing initially on urban areas. The enhanced design of this new construction method enables 15 cm cut planning.

In the asset management business, PanaHome continued to promote medical and welfare facility construction. As a part of this endeavor, PanaHome commenced its Whole-Building Leasing System for special rental housing with nursing care services for the elderly.

In the home remodeling business, PanaHome entered the renovation business in earnest for which demand is expected to grow. PanaHome is fine-tuning its proposals for the entire home.

* A housing certification system that recognizes high property values encouraging quality maintenance over the long term. Certified houses are eligible for preferential taxation measures.

High Rating for Homes that Offer Outstanding CO₂ Reduction and Energy-Saving Performance

In fiscal 2011, PanaHome was recognized across three divisions including detached housing in the House of the Year in Electric 2010 Awards. These awards acknowledge the outstanding contributions of 'eco ideas' Homes. This is the fourth consecutive year that PanaHome has received this award and is a measure of the high esteem in which PanaHome is held.

In fiscal 2012, PanaHome will work toward commercializing zero carbon footprint houses harnessing the collective strengths of the Panasonic Group's environmental technologies. PanaHome continuously contributes to protecting the global environment and to the development of "Lifestyle Cultures."

Establishing a Research Facility to Promote Zero Carbon Footprint Houses

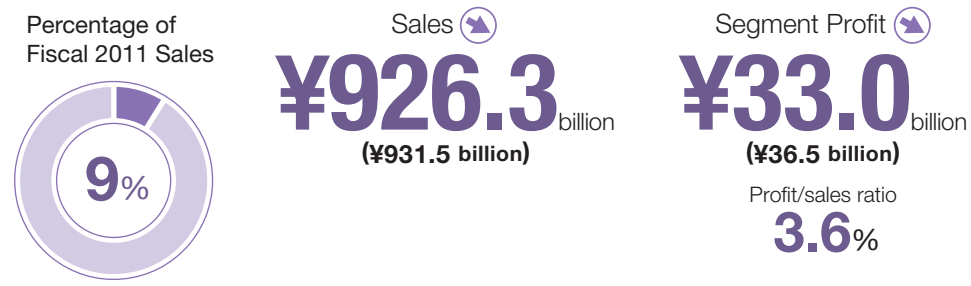
Cooperating with industry and academia, PanaHome has been active in the development of zero carbon footprint houses since March 2010. In July of the same year, PanaHome established a designated research facility within its plant in Shiga Prefecture in Japan. Under actual living conditions, PanaHome will verify and evaluate the entire household energy balance of a family of four over a three-year period.



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Components and Devices

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Semiconductors

In the semiconductor business, Panasonic provides a wide range of products including system LSIs integrating multiple functions on a single chip, and image sensors achieving higher picture quality for digital cameras.

Strong Overall Sales of Products for Digital Home Electric Appliances, However a Slowdown from the Second Half

In fiscal 2011, sales of system LSIs for flat-panel TVs and Blu-ray Disc recorders as well as dual wavelength lasers for optical pickup systems were strong. This was largely attributable to the positive effects from the eco-point program and the steady migration to terrestrial digital TV broadcasts in Japan.

Looking at other products, the rate of growth slowed during the six-month period ended March 31, 2011 after a firm first half. As a result, sales of the semiconductor business as a whole were lower than fiscal 2010.

Intensifying Efforts toward the Development of Differentiated Products

Panasonic successfully developed the world's first*1 mass-production technology for 32-nm generation system LSIs. This advanced technology enables system LSIs with higher performance and lower power consumption that help enhance the competitiveness of finished products. Utilizing this technology featuring Panasonic's proprietary UniPhier®*2 integrated platform, shipments of system LSIs for use in Blu-ray Disc players commenced in October 2010. This new development allows 3D image playback as well as Internet video image and other services.

In addition, Panasonic is accelerating development aimed at commercializing gallium-nitride (GaN) power devices that can be used in motors, power supply control and other products that help achieve low-power consumption, as well as low-heat-generating home electric appliances.

Furthermore, the Company is promoting development in order to strengthen the set product competitiveness of image sensors in terms of such features as enhanced sensitivity. At the same time, Panasonic is expanding the

application of its products to such fields as security systems with high picture quality.

*1 Source: Panasonic

*2 Developed by Panasonic, UniPhier® is an integrated platform that enables the sharing and reutilization of software and hardware technology resources across different product categories. UniPhier® helps the Company to achieve great strides forward in development efficiency.

Strengthening Production and Development Capabilities in Asia

Amid the ongoing shift of production sites to China and other Asian countries by digital AV product manufacturers, Panasonic's sales remain firm on the back of growing demand in these markets.

In addition, the Company commenced new facility operations at its assembly plant in Indonesia in October 2010 and increased its

production capacity at its sites in Asia. Furthermore, Panasonic expanded its workforce at support bases in Singapore, China and other locations while strengthening its ability to assist local finished product manufacturers. Through such local marketing activities, the Company focused on those essential functions that meet market needs while strengthening product competitiveness. Carrying on from fiscal 2010, Panasonic continued to promote high-volume segment products that feature lower power consumption in emerging and other markets.

Going forward, the Company will also pursue the shift of its assembly operations overseas. Furthermore, the Company will develop design as well as R&D facilities in each location throughout Asia with the goal of expanding sales through local R&D and production.

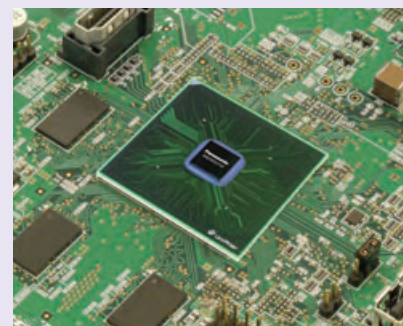
Electronic Devices

In the electronic devices business, Panasonic develops and manufactures a variety of electronic components based on its three core technologies—power management, membrane and MEMS*, and circuit board and mounting technologies for use in the digital AV, information and telecommunications, automotive electronics, environment and energy, medical electronics and related fields.

* Micro Electro Mechanical Systems: technology is related to the production of minute electrical equipment systems created via the silicon process technology used for semiconductors.

System LSI for Use in 3D Blu-ray Disc Players

A system LSI that combines the features of a 32-nm generation ultrafine transistor with the UniPhier integrated platform. Compared with the Company's existing system LSIs, UniPhier reduced power consumption and mounting footprint by approximately 40% and 30%, respectively.



Blu-ray Disc evaluation board

Products for Smart Phones and Eco-Cars Driving Business Results Forward

In fiscal 2011, demand for conventional AV equipment and mobile phones continued to be sluggish. However, driven by strong demand for smart phones and eco-car products, sales remained the same as fiscal 2010. Sales were particularly strong in products such as angular

rate sensors for automobiles, chip resistors and graphite heat-conductive sheets for smart phones, and specialty polymer aluminum electrolytic capacitor for notebook PCs. Offering high-density and multilayer properties, Panasonic recorded sales growth in any layer interstitial via hole (ALIVH) high-density printed circuit boards. These products provide the advanced complex functions required by such mobile devices as smart phones.

Positioned as areas of medium- and long-term growth, Panasonic is prioritizing the environment and energy fields. The Company is in particular focusing on the environment and society infrastructure including electric vehicle as well as smart grid products. In fiscal 2011, Panasonic's in-car power supplies and hybrid vehicle pedestrian alert systems were adopted in strategic automobiles for the global market by major automotive manufacturers. Panasonic also developed the industry's first eco-car speaker utilizing recycled resources. Mass production commenced in January 2011 and the product has been adopted by numerous automobile manufacturers.

Accelerating Overseas Business Development as a Key to Growth

Panasonic is shifting to a business model that strengthens the role of its overseas operations. This initiative is aimed at addressing demand in overseas markets where high growth is expected. For example, in addition to promoting the rapid launch of new products overseas, the Company is initiating local product development through such measures as the expansion of its R&D facility in Singapore in May 2010. Furthermore, local staff are taking the lead at the Company's four device application center in Japan, the U.S., Europe, and China to offer solutions that address specific market needs.

Looking ahead, Panasonic will shift its production function overseas including pre-fabrication processes. Domestic bases will concentrate on new business creation and the development of innovative technologies. Collectively, these measures will provide the platform for continued growth.

Energy

Panasonic continues to develop its broad-based business in the energy field. Products range from primary batteries including EVOLTA, which has won recognition for its long life, to rechargeable batteries such as lithium-ion and lead-acid batteries. The demand for rechargeable batteries is expected to increase significantly on the back of growing concerns for the environment.

Decline in Sales Owing Largely to the Drop in Market Prices

In fiscal 2011, sales declined impacted by such factors as the strong yen and decreases in market product prices.

Panasonic's dry alkaline EVOLTA battery maintained its top market share in Japan. In addition to its longer life, the EVOLTA battery continues to receive high praise as the industry's first* battery for use in the event of a disaster after lengthy storage with a recommended expiration date of 10 years. Recognizing the global shift in demand from manganese to dry alkaline batteries, Panasonic commenced EVOLTA production in Thailand where manufacturing and transportation costs are lower in March 2011. Moving forward, the Company will continue to market the use of EVOLTA batteries worldwide. Steps will be taken to upgrade and expand the EVOLTA

lineup of nickel metal-hydride rechargeable batteries. Panasonic is promoting wider use of this type of battery.

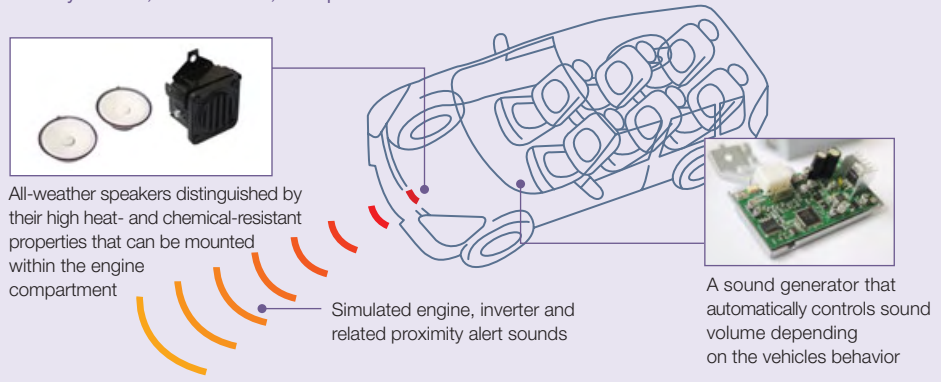
In its lithium-ion battery business, Panasonic commenced production at its Suminoe plant, Osaka, from April 2010 in order to expand its production capacity. The Company's lithium-ion batteries use proprietary nickel-based cathodes. In addition to ensuring safety, these batteries are distinguished by their high-energy-output and durability. Plans are in hand to launch the larger volume 3.4 Ah lithium-ion battery in fiscal 2012. In addition, Panasonic has provided samples of its lithium-ion battery modules to automobile manufacturers for use in EVs. With the potential for a multitude of applications, the Company has commenced verification testing of an accumulator battery system for home use. Panasonic is accelerating development with a view to commercialization.

Driven by Japan's eco-car subsidy program, in-car lead-acid batteries used mainly in idling-stop vehicles performed well. Looking ahead, Panasonic will develop further applications in wide-ranging areas such as proprietary power supply systems with natural energy, two-wheeled electric vehicles, and compact EVs.

* Source: Panasonic

A Pedestrian Alert System Compliant with Guidelines Issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism

Countermeasures are currently in demand to alert pedestrians of approaching hybrid, electric and related vehicles that when compared with other vehicles are relatively silent when in motion. Recognizing this need, Panasonic developed a pedestrian alert system that is fully compliant with guidelines issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Capital Investment in Tesla Motors Aimed at Expanding the EV-Related Business

Panasonic invested US\$30 million in U.S.-based Tesla Motors, an EV manufacturer, in November 2010. This capital investment aims to strengthen collaborative ties between the companies and to help expand Panasonic's business in the EV market.

Rechargeable EVOLTAe Batteries

Focusing on economic value, Panasonic released the new entry model EVOLTAe rechargeable battery at an affordable price in April 2010.



SANYO

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



SANYO

SANYO develops, manufactures, and sells products in three fields: energy (solar photovoltaic systems and rechargeable batteries), electronics (electronic devices and digital system devices), and ecology (commercial equipment, home appliances, and car electronics).

SANYO is expanding its business globally with a particular emphasis on energy-related businesses. To this end, SANYO promotes its broad lineup of lithium-ion batteries for use in such items as mobile devices and hybrid electric vehicles (HEVs) as well as leading-edge technologies including its HIT® solar cells that boast high energy conversion efficiency.

Sales Weak due Mainly to Increased Competition and the Drop in Demand

In fiscal 2011, sales of solar photovoltaic systems, car electronics and cold chain equipment were steady. On the other hand, sales of such products as rechargeable batteries, digital cameras, and commercial air conditioners stalled due mainly to increased competition and the drop in demand. As a result, SANYO sales on an overall basis were weak.

Robust Results in Solar Photovoltaic Systems

In the energy field, sales of solar photovoltaic systems increased due mainly to growing demand in Japan. This is attributable to the positive effects of government and local authority subsidy programs. Meanwhile, in rechargeable batteries, sales of lithium-ion batteries were sluggish due primarily to increasingly intense competition, further declines in product prices and the impact of the strong yen.

Under these circumstances, SANYO took steps to develop new and innovative applications. In fiscal 2011, SANYO began supplying lithium-ion batteries for electric motorcycles manufactured by Yamaha Motor Co., Ltd. In addition, SANYO joined with SUZUKI MOTOR CORPORATION in the development of an Electric Drive System for experimental electric scooters. Through these and other means, SANYO is working to expand its activities for battery systems for electric motors.

In the electronics field, SANYO recorded steady sales of capacitors by expanding applications. Optical pickups, which had recorded steady sales in the first half, on the other hand, were impacted by decreasing demand in the

second half resulting in weak sales. Sales of TVs in emerging markets were favorable. Digital camera results, however, were weak due largely to the drop in product prices and the impact of increasingly intense competition.

In the ecology field, sales of cold chain equipment including showcases and commercial-use kitchen instruments increased in China. In addition, car audio equipment results were supported by the positive turnaround in automobile sales in North America and China, as well as robust sales of car navigation systems on the back of Japan's eco car subsidy program.

In the fiscal year under review, SANYO continued to develop distinctive home appliances. In November 2010, SANYO launched GOPAN, a rice bread maker for baking rice bread from rice grains at home which attracted wide market acclaim.

Concentrated Investment of Management Resources to the Energy Business

SANYO is concentrating investment of its management resources in the energy business, which is positioned as a growth field. This initiative is designed to further strengthen its management structure aiming to improve profitability and to establish continuous competitive superiority. In this way, SANYO aims to enhance the competitiveness of this business, a source of sustainable profit.

In December 2010, SANYO established a new technical facility for lithium-ion batteries at its Tokushima Plant (Tokushima, Japan). In the smart energy systems business where expectations of future market growth are high, SANYO bolstered its business promotion structure. Turning to solar photovoltaic systems, SANYO ramped up production capacity of its HIT® solar cells in response to growth in worldwide demand. As a result, SANYO increased its annual solar cell production capacity from 340 MW as of the end of fiscal 2010 to 565 MW as of the end of fiscal 2011.

In addition, SANYO decided to transfer its three businesses (logistics, semiconductor and motor) to other companies in fiscal 2011. This decision was taken to help facilitate the selective channeling of SANYO's management resources to growth fields.

Furthermore, in April 2011, SANYO established the Energy Devices Company, which is responsible for driving the energy business forward. With this reorganization, the four previously independent businesses (rechargeable batteries, solar photovoltaic systems, rechargeable battery for eco-cars and large-scale storage battery systems) have been integrated. SANYO will work to further enhance efficiency in its management and technological development.

GOPAN, the World's First*¹ Rice Bread Maker to Use Rice Grains Released

Unlike existing bakeries that use rice flour as a basic ingredient, GOPAN, a rice bread maker, bakes rice bread from rice grains using the world's first*¹ fully-automatic rice mill function technology. Without having to rely on rice flour, which is in limited supply and relatively expensive, users can enjoy baking rice bread easily at home.

*1 Source: Panasonic

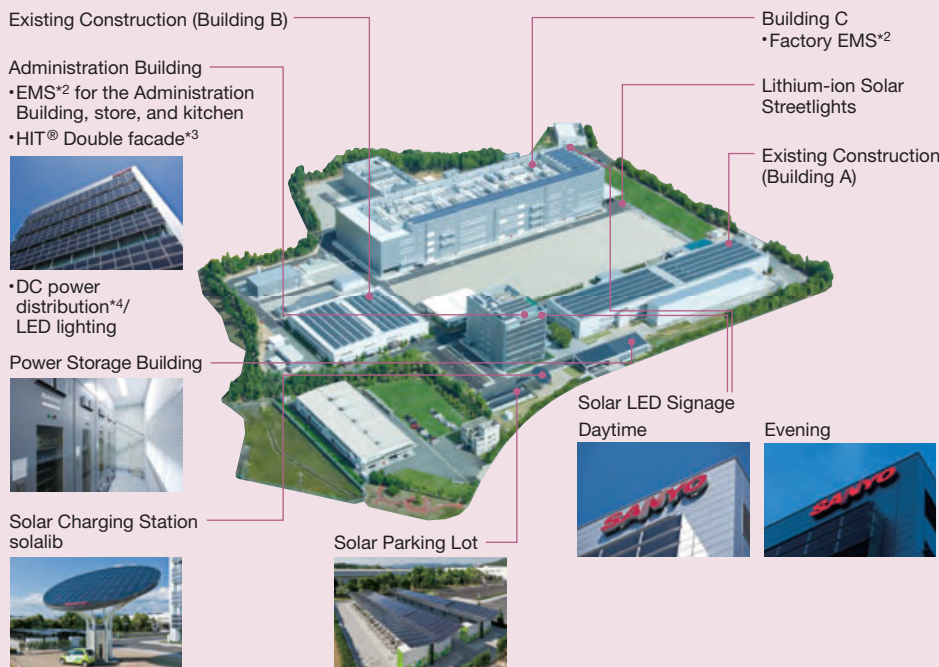


Construction of a Next-Generation Eco-Conscious Plant Completed

The Kasai Green Energy Park (GEP) was opened in October 2010 within SANYO's Hyogo Prefecture Kasai Plant which manufactures rechargeable batteries for eco-cars. The GEP is a next-generation eco-conscious plant that aims to help realize a low-carbon society. The GEP is equipped with a variety of SANYO's green technologies including a 1 MW mega solar system equipped with HIT®

photovoltaic modules, a 1.5 MWh lithium-ion mega battery system with lithium-ion batteries and an energy management system that controls energy-saving equipment. In adopting these systems, the GEP optimally controls all related-products from each of the energy creation, storage and saving perspectives. The GEP plays important roles in testing the efficacy of energy management technologies, and as a showroom open to customers that promotes optimal energy solutions.

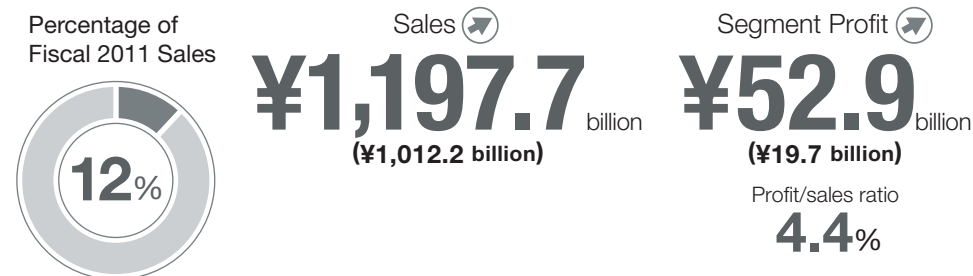
The Kasai Green Energy Park



*2 Acronym for Energy Management System. A system that enables energy saving by keeping track of the status of energy supply and demand of an entire building coupled with the efficient operation of individual facilities and equipment
 *3 HIT® Double bifacial photovoltaic modules are installed on the walls. The double-walled structure, which allows air flow, maintains its energy conversion efficiency under high temperatures and is highly capable of blocking the sun's rays.
 *4 Electric power generated in photovoltaic modules (DC) is directly supplied to equipment operated on DC (LED lights and PCs). By eliminating DC-AC conversion, power efficiency improves resulting in CO2 emission reduction.

Other

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Factory Automation

In the factory automation (FA) business, Panasonic supplies high utilization and reliable production systems that support advanced production in the electronic equipment industry.

In recent years, Panasonic has expanded its service beyond the sale of production equipment to focus on one-stop solution proposals that address customers' production issues in their entirety. Moreover, the Company is strengthening its eco-solutions, which yield plant CO2 reductions.

as China, South America, and eastern Europe. Accounting for each of the aforementioned factors, FA business sales significantly surpassed the level recorded in the previous fiscal year.

In addition to commencing NPM series production at its plant in China, Panasonic strengthened its overseas production base activities by expanding chip mounter production capacity at its Singapore plant. In December 2010, the Company also began putting forward lease proposals for electronic component mounting equipment and systems utilizing carbon offsets to manufacturers seeking to reduce their CO2 emissions.

Looking to the future, Panasonic will continue to develop the NPM series in order to deliver full dual lane comprehensive production systems. The Company will bolster its total solutions proposal capabilities from element processing to surface mounting technology for the benefit of companies engaged in the production of LED modules.

Promoted Sales Expansion in Emerging Markets and Achieved a Substantial Increase in Sales

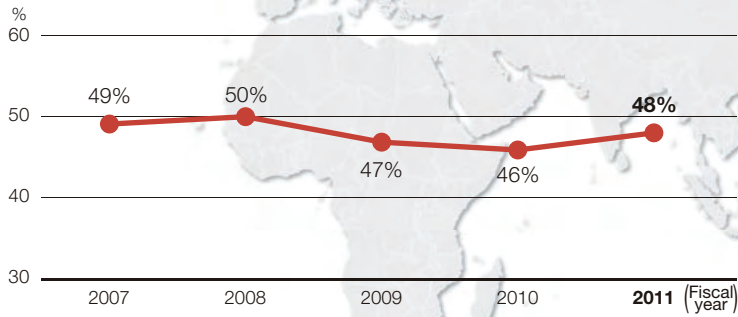
In fiscal 2011, capital investment by electronic equipment manufacturers entered a recovery trend. This was largely attributable to increased demand for smart phones and tablet PCs.

Amid these circumstances, Panasonic launched new models in the Next Production Modular (NPM) series, which offers outstanding area productivity, while expanding sales of existing models at the same time. As a result, sales surged substantially in such emerging markets

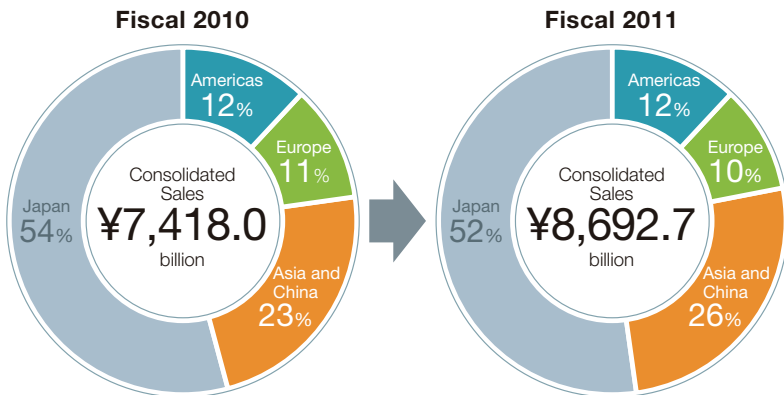
Overseas Review by Region

Panasonic has set double-digit growth in overseas sales as one of its growth strategies, and is conducting various activities tailored to regional characteristics while creating region-oriented products based on local living environments and lifestyles.

Overseas Sales Ratio



Share of Sales by Region



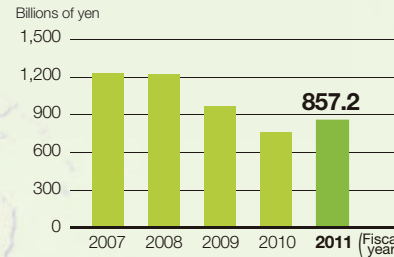
Americas



In addition to Consumer-Use Product Fields, Panasonic is Strengthening Its Systems Activities

In fiscal 2011 in North America, Panasonic worked diligently to expand its customer base by bolstering its product advertising in the consumer-use field. At the same time, the Company took steps to enhance the recognition of its flat-panel TV and digital camera brands. In the systems field, Panasonic stepped up solution sales in such areas as Education, Sports and Entertainment. In Latin America, sales expanded with flat-panel TV and mini component system results particularly robust in Brazil and Mexico. As a result, overall sales in Americas were higher than fiscal 2010.

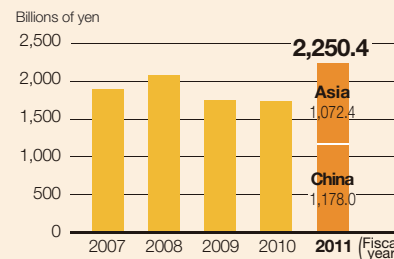
Europe



Strengthening the Company's Product Lineup Tailored to Market Needs

In fiscal 2011, sales of various products including 3D TVs, refrigerators, and washing machines were strong, increasing year on year. Turning specifically to refrigerators and washing machines, which Panasonic introduced in earnest under the banner of its European Market-Entry of White Goods Project in March 2009, the Company upgraded and expanded its lineup of products tailored to market needs and undertook intense marketing resulting in a substantial increase in sales. Panasonic was quick to create a 3D market placing considerable weight on releasing such products as flat-panel TVs and took steps to show live 3D broadcasts of the French Open tennis tournament.

Asia and China



Achieved a Substantial Increase in Sales on the Back of Robust Demand

In fiscal 2011, Panasonic recorded strong sales of white goods including room air conditioners and such digital AV products as flat-panel TVs centered on the three large growth markets of India, Vietnam, and Indonesia. In China, together with robust sales of white goods as well as network cameras and other products in the systems field, Panasonic also recorded significant growth in its FA business including electronic component mounting machines and welding equipment. As a result, overall sales in Asia and China rose substantially compared with fiscal 2010.

Highlights (New Products and Services)

Americas

Strengthening Collaboration with SANYO in the Energy Field

In the lead up to making SANYO a wholly-owned subsidiary, Panasonic promoted sales of SANYO's solar photovoltaic systems in the U.S. Harnessing Panasonic's sales strengths and SANYO's product competitiveness, 1,652 solar panels were installed at Infineon Raceway in California. This initiative represents the Group's first overseas eco-synergy project. The solar power produced by this new system provides 41% of the raceway's overall energy requirements.



Solar panels installed at the Infineon Raceway

'eco ideas' Declaration in Latin America

Aiming to become the No. 1 Green Innovation Company in the Electronics Industry in Latin America, Panasonic announced the 'eco ideas' Declaration for the region in April 2010. This initiative underscores Panasonic's efforts to maximize its contributions to the environment in this region that is becoming increasingly aware of environmental considerations. In addition, Neymar da Silva Santos Junior, a popular soccer player, was appointed a new ambassador for the Panasonic brand in Brazil.



Press conference announcement held in Brazil

Europe

Live 3D Broadcasts of the French Open Tennis Tournament

High-quality 3D broadcasts of the French Open, one of the world's four major tennis tournaments, were transmitted live in May 2010. Building on this initiative, promotions aimed at showcasing the appeal of Panasonic's 3D Viera TVs were held at more than 4,000 retail stores across Europe. At the same time, Panasonic took steps to highlight the appeal of its end-to-end 3D capabilities at press events including the use of its professional camcorders to shoot behind the scenes 3D footage and create dedicated 3D reports.



A retail store filled with customers in France

Participating in Europe's Leading Consumer Electronics Fair

Panasonic participated in IFA2010, Europe's leading consumer electronics fair, held in Berlin, Germany in September 2010. In addition to exhibiting a full range of the Group's digital AV lineup focusing particularly on 3D-related products, Panasonic showcased its latest offerings in energy creation, storage, saving and energy management devices and technologies. In this manner, Panasonic is continuing to emphatically promote its activities in the energy field in Europe, a region that is becoming increasing aware of environmental concerns.



Solar panels that provide the platform for attracting considerable attention

Asia and China

Conducting Thoroughgoing Research into the Lifestyles and Needs of Customers in Each Country

Panasonic is undertaking increasingly detailed consumer analysis in Asia while accelerating activities that link directly through to product planning and development. In addition to establishing the High-Volume Market Research Center in India in July 2010, Panasonic is stepping up its lifestyle research capabilities focusing particularly on the demographic residing in provincial areas in Vietnam, which accounts for 70% of the nation's population, and the general public in Indonesia, where consumption is expected to expand.



A home visit study conducted in Indonesia

Contributing to the Shanghai Expo through the Display of Advanced Digital Technology

In addition to supporting the Japan Pavilion, Panasonic delivered devices and systems to a considerable number of exhibits including the China Pavilion during the Shanghai Expo held between May and October 2010. At the Japan Pavilion, Panasonic provided the Life Wall, a wall-to-wall information display, that combined three of the world's largest* 152-inch PDPs with advanced high precision sensing technology. This look into the future of visual communication enthralled the many visitors to the Pavilion.



A stage show utilizing Panasonic's Life Wall

* As of March 31, 2011. Source: Panasonic

R&D

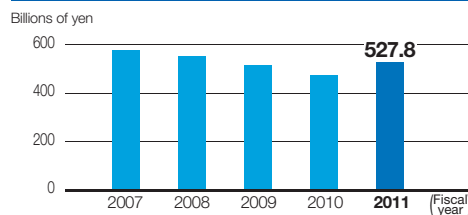
The Company's R&D topics are wide in scope, ranging from digital network software to device and environmental technologies. Panasonic has established R&D sites at optimal locations globally so that it can make the most of engineers and technologies in Japan, North America, Europe, China and the ASEAN region. In recent years, the Company has placed particular emphasis on the development of products that are more closely tailored to the local food, clothing and housing environments of emerging countries.

In addition to conducting mainstay product R&D, Panasonic stepped up its development of environmental- and energy-related technologies in new growth business fields in fiscal 2011. The Company was particularly active in pursuing energy solution-related themes encompassing energy creation, storage, saving and management. Moreover, the Innovation Promotion Center collaborated closely with related divisions within the Panasonic Group working diligently to increase the pace of new business creation.

Panasonic incurred ¥527.8 billion in R&D expenditures in fiscal 2011, which amounted to 6.1% of total sales.

In fiscal 2012, every effort will be made to harness additional synergy effects following the acquisition of all shares of PEW and SANYO. Panasonic will accelerate environmental- and energy-related technology R&D together with new business creation.

R&D Expenditures



Initiative 1

Utilizing Battery Management Systems to Maximize the Performance of Battery Systems for Power Storage that Boast the World's Largest Capacity*1

Consistent with efforts to realize a low-carbon society, the Panasonic Group established the Kasai Green Energy Park, a massive testing site located within Company's Kasai Plant, a manufacturing facility for batteries used in eco-cars, in Hyogo Prefecture. Employing photovoltaic modules, lithium-ion batteries and energy-saving systems as well as the energy management technologies that control these systems, the Group is pursuing the large-scale testing and verification of energy creation, storage and saving technologies.

• Energy Management

Energy management entails the efficient control of electricity generated by photovoltaic modules and late-night power kept in storage batteries. In addition, a portion of the DC electricity generated by photovoltaic modules is used in such direct current devices as LED lighting and PCs without conversion to AC helping to avoid conversion loss.

• Lithium-ion Mega Battery System

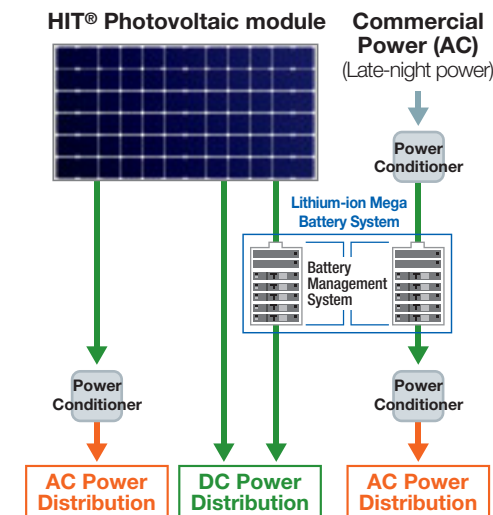
The Group has introduced a large-scale storage system by installing approximately 1,000 units of

standard battery systems for power storage use. This standard battery system contains 312 cylindrical lithium-ion battery cells (18 mm in diameter and 65 mm in length, often used in laptop PCs) for an aggregate total of 310,000 cells. This system offers the world's largest capacity of approximately 1,500 kWh, equivalent to the daily electricity consumption needs of around 150 households. Compared with lead-acid batteries of the same dimension, the lithium-ion batteries can store approximately five times the volume of energy. In this regard, this system is also distinguished by its efficient use of space.

• Battery Management System

The battery management system optimally controls the charge and discharge of electricity by accurately detecting the conditions of numerous storage batteries based on electric voltage, current and temperature while maximizing the performance of lithium-ion mega battery systems.

Diagrammatic Representation of the Energy Management Mechanism



Initiative 2

LED Light Bulbs Realizing the Industry's Widest*2 Light Distribution Angle of Approximately 300 Degrees

Signs of a sharp pickup in the use of LED light bulbs particularly in Japan are emerging due mainly to their high energy efficiency and long life.

Compared with incandescent bulbs, however, conventional LED light bulbs*3 deliver narrower light dispersion, raising questions regarding illumination or the sufficient lack thereof. In response to this concern, Panasonic developed a new LED light bulb that provides the industry's widest*2 light distribution angle of approximately 300 degrees utilizing proprietary optical simulation and structural design technologies. The new LED light bulb was released for commercial sale in March 2011.

In order to widen the angle of light distribution, LED packages are arranged in a circular pattern inside a large globe. Moreover, a double reflector structure is employed with the aim of optimizing shape and angle. In this manner, the new LED light

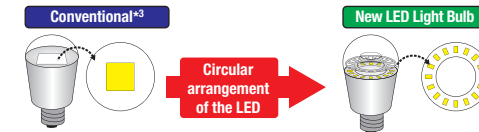
bulb delivers a brightness equivalent to a 40W incandescent lamp while realizing a wide light distribution angle.

In addition, the enhanced size of the globe portion has been offset by cutbacks in the size of the overall bulb. As a result, the size of the body portion has been reduced to around 60% of conventional products*3. With its compact size, issues arose regarding the impact of heat on circuit parts negatively affecting operating life. Panasonic again addressed this issue utilizing proprietary high heat dissipation technology resulting in an operating life of approximately 40,000 hours.

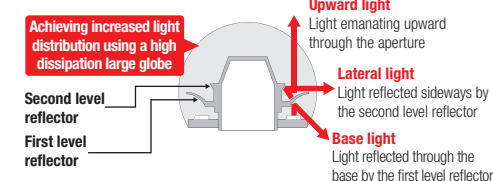
Light Diffusion Comparison



Internal Structure of LED Light Bulbs (LED Package Arrangement)



Double Reflector Structure



*1 As of October 2010. For power storage battery systems that incorporate consumer-use lithium-ion batteries. Source: Panasonic

*2 As of January 26, 2011. The general E26 base LED light bulb. Source: Panasonic

*3 Panasonic's LED light bulbs including the LDA7L-A1

Design Initiatives

Panasonic's global design development centers are committed to the enhancement of customer satisfaction worldwide. In addition to developing sophisticated, innovative designs that embody the Panasonic essence, every effort is made to satisfy customers from emerging to developed countries. While pursuing ecological design, the Company also embraces universal design principles to create more value for customers and ensure that the products are easy to use for a broader customer base.

Developing Sophisticated, Innovative Designs

Through their first-hand knowledge and exposure to the latest design and market trends in New York and London, designers in Japan, the U.S. and Europe are dedicated to creating sophisticated, innovative designs. In addition, Panasonic collaborates with world renowned design firms to create global designs aimed at driving the brand image worldwide.

Responding to Market Needs

By utilizing global design development centers in China and Southeast Asia, Panasonic diligently strives to deliver attractive and easy-to-use products in tune with local needs and aspirations in emerging markets. For developed countries, target users are clearly defined in addition to local needs. Characterized by their attention to detail and innovation, Panasonic products are receiving worldwide recognition.

Initiative 2 Globally Acclaimed Eco and Universal Design

Panasonic design is recognized worldwide for considering both the user and the environment.

Panasonic's multi-directional iron with double-pointed soleplate has received praise for its ease-of-use. By not having to switch hands to change direction, these irons help shorten ironing time and conserve energy. Energy-saving, long-life LED light bulbs have a smooth surface without the heat-dissipating grooves, making them easy to clean.



- 2010 iF Product Design Award
- 2010 UD Award
- 2010 Good Design Award



- ① Double-pointed soleplate makes the iron easy to use and energy efficient.
- ② LED light bulbs have received prestigious design awards in Germany, the U.S. and Japan. Packages that convey product attributes have also attracted significant acclaim.

Initiative 1 Leading the World in Sophisticated, Innovative Design

Working in collaboration with designers in Japan, the U.S., and Europe, Panasonic's ability to generate a constant stream of innovative concepts and stylish designs is receiving high acclaim worldwide. One Sheet of Glass design for 3D TVs highlights the essence of high-quality image and sound through a full glass front panel. With the utmost attention to detail, speakers were positioned to face forward to deliver uncompromised sound quality. Panasonic's pursuit of high-quality design in products such as camcorders, coffee makers and refrigerators have also won critical acclaim.



- ① 3D TV's sophisticated, innovative design
- ② Popular camcorders specifically targeting female users
- ③ Espresso machines and coffee makers designed as Reliable Tools
- ④ Expressing luxury and premium value in refrigerators

Initiative 3 Design Development in Tune with Market Needs

Reflecting local customer aspirations and tastes, vividly-colored vacuum cleaners have become popular in China. Paring down the functionality to local needs, air conditioners designed in Malaysia became successful not only in Asia but also worldwide because of their simplicity. Digital cameras and cordless phones designed with clearly defined target users in mind were well received in developed countries.



- ① Vividly colored vacuum cleaners popular in China
- ② Simplified air conditioner from Malaysia becoming a worldwide success
- ③ Digital cameras and cordless telephones that successfully address the tastes of target users

Intellectual Property

Panasonic takes full advantage of its intellectual property (IP) rights to both protect and secure the competitive advantage of its businesses and products. In this regard, we actively promote global-scale IP activities.

Intellectual Property Strategies

— Striving to Maximize Business and Product Value

In order to maximize business and product value, and to better ensure sustainable growth, Panasonic recognizes the critical need to efficiently secure global IP rights over those new technologies, services, brands, and designs that serve as the source of its value. This is particularly true for markets that are confronting increasingly intense

global competition. Coupled with the important nature of a domestic network, IP offices are maintained in China, the U.S., and Europe. Relying on local staff who work in tandem with their counterparts in Japan, Panasonic engages in activities that best reflect local conditions.

Considerable weight is placed on fostering IP personnel, who possess both management and specialist skills. IP staff are required to undergo OJT as well as internal and external multifaceted training. This training is by no means restricted to IP personnel and is tailored to encompass wide-ranging employee needs. Engineers are, for example, provided with IP know-how that has practical application to their daily tasks and duties. Senior executives undertake internal training to enhance their IP management skills. Furthermore, Panasonic maintains an IP rights database that allows engineers themselves to research prior art technologies at their own R&D workplaces. Panasonic strives to unify its R&D and IP activities.

Trademarks

Strengthening Countermeasures against Counterfeiting

Panasonic is active in its efforts to protect brand rights and prevent counterfeits in all countries in which it operates. The Company acquires the appropriate trademark right in a particular country after careful consideration of any discrepancies in that country's trademark system. The Company's basic "Panasonic" corporate brand trademark is registered in approximately 190 countries worldwide. In addition, trademarks for such product sub-brands as VIERA are held in most major global markets.

In recent years, Panasonic has been placing particular emphasis on countermeasures to prevent counterfeits. In this context, the Company established a designated team led mainly by local staff in China, and is implementing measures while collaborating with Chinese government agencies. In the event a counterfeit product is identified, the

appropriate report is lodged with the relevant enforcement authority. The Company then strongly pursues the seizure and disposal of all counterfeit products, the imposition of penalties and fines as well as the revocation of business licenses. Moreover, Panasonic coordinates closely with other companies and the Japanese government.

As of March 31, 2011, Panasonic held 5,143 trademarks in Japan and 13,517 trademarks overseas.

Corporate Brand

Panasonic

Sub-Brands (Examples)

Plasma and LCD TVs

VIERA

Digital cameras

LUMIX

Patent

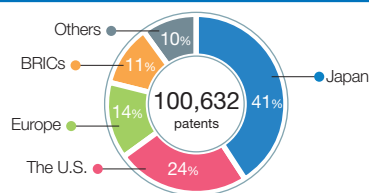
Ranked No. 1 in the World in International Patent Applications

In addition to the developed regions and countries of Europe and the U.S., Panasonic is stepping up its patent application activities in such strategically important emerging countries as China and India. As a part of its overall overseas strategy, the Company is also accelerating applications for patents in multiple countries simultaneously under the Patent Cooperation Treaty (PCT). Through these means, Panasonic is pursuing greater efficiency and quality in the acquisition of overseas patents.

As a measure of the Company's success in its endeavors, Panasonic was ranked first in the world for the second consecutive year in 2010 for international patent filings under PCT. The Company retained its high level of patent applications in most major markets both in and outside Japan.

As of March 31, 2011, Panasonic held 41,630 patents in Japan and 59,002 patents overseas maintaining its pre-eminent position in the world for intellectual property rights held.

Global Patents Held by Region* (As of March 31, 2011)



* The graph depicts the number of patents held by Panasonic and its principal subsidiaries (excluding SANYO, PEW and PanaHome).

Trends in International Patent Filing World Rankings under the Patent Cooperation Treaty (PCT)

Rank	2008	2009	2010
1	Huawei Technologies Co., Ltd. (China) 1,737	Panasonic Corporation (Japan) 1,891	Panasonic Corporation (Japan) 2,154
2	Panasonic Corporation (Japan) 1,729	Huawei Technologies Co., Ltd. (China) 1,847	ZTE Corporation (China) 1,863
3	Koninklijke Philips Electronics N.V. (the Netherlands) 1,551	Robert Bosch GmbH (Germany) 1,586	Qualcomm Inc. (the U.S.) 1,677

Design

From Products through Components to Packaging

Design is a core element in the sale and brand image of each product. Accordingly, Panasonic strives to secure and maintain design rights for all newly released products. The Company is also paying particular attention to securing component and package design patent rights.

Furthermore, Panasonic has assigned a design patent intellectual property right specialist to areas engaged directly in design development activities. This specialist is charged with the responsibility of examining the existence or otherwise of any competitor prior design patents on a daily basis, and

to ensure that the Company does not violate another company's design patent rights.

Reflecting business growth in such regions as Asia and the Middle East, the number of issues relating to the counterfeiting of designs has increased in recent years. With this in mind, related internal departments are coordinating to strengthen counterfeit countermeasures aimed at protecting the Company's rights in each country.

As of March 31, 2011, Panasonic held 6,672 design patent rights in Japan and 7,393 design rights overseas.

Counterfeit Countermeasures Undertaken to Protect Panasonic's Trademarks and Designs



Corporate Governance Structure

* Prepared based on excerpts from the Company's Form 20-F.

Directors and Senior Management

The Articles of Incorporation of the Company provide that the number of Directors of the Company shall be three or more and that of Corporate Auditors shall be three or more. Directors and Corporate Auditors shall be elected at the general meeting of shareholders.

The Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors. Directors may, by resolution of the Board of Directors, appoint a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President and Director, and one or more Executive Vice Presidents and Directors, Senior Managing Directors and Managing Directors. The Chairman of the Board of Directors, Vice Chairman of the Board of Directors, President and Director, Executive Vice Presidents and Directors, and Senior Managing Directors are Representative Directors and severally represent the Company. A Japanese joint stock corporation with corporate auditors, such as Panasonic, is not obliged under the Company Law of Japan and related laws and ordinances (collectively, the "Company Law"), to have any outside directors on its board of directors.

However, Panasonic has two (2) outside Directors. An "outside director" is defined as a director of the company who does not engage or has not engaged in the execution of business of the company or its subsidiaries as a director of any of these corporations, and who does not serve or has not served as an executive officer, manager or in any other capacity as an employee of the company or its subsidiaries. Outside Directors directly or indirectly cooperate with the internal audit, audit by Corporate Auditors and external audit, receive reports from the Internal Auditing Group and conduct an effective monitoring through reports on financial results at meetings of the Board of Directors and through reviews of the basic policy regarding the development of internal control systems and other methods. The term of office of Directors shall, under the Articles of Incorporation of the Company, expire at the conclusion of the ordinary general meeting of shareholders with respect to the last business year ending within one year from their election.

Corporate Auditors of the Company are not required to be, and are not, certified public accountants. Corporate Auditors may not at the same time be Directors,

accounting counselors, executive officers, managers or any other capacity as employees of the Company or any of its subsidiaries. Under the Company Law, at least half of the Corporate Auditors shall be outside corporate auditors. An "outside corporate auditor" is defined as a corporate auditor of the company who has never been a director, accounting counselor, executive officer, manager or in any other capacity as an employee of the company or any of its subsidiaries. Outside Corporate Auditors directly or indirectly cooperate with the internal audit, audit by Corporate Auditors and accounting audit, receive reports from the Internal Auditing Group and conduct an effective monitoring through reports on financial results at meetings of the Board of Directors, through reviews of the basic policy regarding the development of internal control systems and through exchanges of opinions and information at meetings of the Board of Corporate Auditors and other methods. Each Corporate Auditor has the statutory duty to audit the non-consolidated and consolidated financial statements and business reports to be submitted by a Director to the general meeting of shareholders and, based on such audit and a report of an Accounting Auditor referred to below, to respectively

prepare his or her audit report. Each Corporate Auditor also has the statutory duty to supervise Directors' execution of their duties. The Corporate Auditors are required to attend meetings of the Board of Directors and express opinions, if necessary, at such meetings, but they are not entitled to vote. In addition, Corporate Auditors receive monthly reports regarding the status of the internal control system, the audit results, etc. from the Internal Audit Group or from other sections. Corporate Auditors may request the Internal Audit Group or the Accounting Auditor to conduct an investigation, if necessary. The terms of office shall expire at the conclusion of the ordinary general meeting of shareholders with respect to the last business year ending within four years from their election. However, they may serve any number of consecutive terms if re-elected.

Corporate Auditors constitute the Board of Corporate Auditors. The Board of Corporate Auditors has a statutory duty to, based on the reports prepared by respective Corporate Auditors, prepare and submit its audit report to Accounting Auditors and certain Directors designated to receive such report (if such Directors are not designated, the Directors who prepared the financial statements and the business report).

■ Corporate Governance Structure

□ Policy on Control of Panasonic Corporation

□ Directors, Corporate Auditors and Executive Officers

A Corporate Auditor may note his or her opinion in the audit report if his or her opinion expressed in his or her audit report is different from the opinion expressed in the audit report of the Board of Corporate Auditors. The Board of Corporate Auditors shall elect one or more full-time Corporate Auditors from among its members. The Board of Corporate Auditors is empowered to establish auditing policies, the manner of investigation of the status of the corporate affairs and assets of the Company, and any other matters relating to the execution of the duties of Corporate Auditors. However, the Board of Corporate Auditors may not prevent each Corporate Auditor from exercising his or her powers.

Pursuant to amendments to the regulations of the Japanese stock exchanges in fiscal 2010, the Company is required to have one or more “independent director(s)/corporate auditor(s)” which terms are defined under the relevant regulations of the Japanese stock exchanges as “outside directors” or “outside corporate auditors” (each of which terms is defined under the Company Law) who are unlikely to have any conflict of interests with shareholders of the Company. All five (5) outside directors and corporate auditors satisfy the requirements for the “independent director/corporate auditor”

under the regulations of the Japanese stock exchanges, respectively. The definition of the “independent director/corporate auditor” is different from that of the independent directors under the corporate governance standard of the New York Stock Exchange or under Rule 10A-3 under the U.S. Securities Exchange Act of 1934.

In addition to Corporate Auditors, an independent certified public accountant or an independent audit corporation must be appointed by general meetings of shareholders as Accounting Auditor of the Company. Such Accounting Auditor has the duties to audit the consolidated and non-consolidated financial statements proposed to be submitted by a Director at general meetings of shareholders and to report their opinion thereon to certain Corporate Auditors designated by the Board of Corporate Auditors to receive such report (if such Corporate Auditors are not designated, all Corporate Auditors) and certain Directors designated to receive such report (if such Directors are not designated, the Directors who prepared the financial statements). The consolidated financial statement is prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and financial

information on a non-consolidated (a parent company alone) basis is in conformity with Japanese regulations.

Under the Company Law and the Articles of Incorporation of the Company, the Company may, by a resolution of the Board of Directors, exempt Directors or Corporate Auditors, acting in good faith and without significant negligence, from their liabilities owed to the Company arising in connection with their failure to perform their duties to the extent permitted by the Company Law. In addition, the Company has entered into liability limitation agreements with each of the outside Directors and outside Corporate Auditors, acting in good faith and without significant negligence, which limit the maximum amount of their liabilities owed to the Company arising in connection with their failure to perform their duties to the extent permitted by the Company Law.

The Company implemented in fiscal 2004 a reform of its corporate management and governance structure by (i) reorganizing the role of the Board of Directors, (ii) introducing Panasonic’s own Executive Officer system* in its Group and (iii) strengthening its Corporate Auditor system, all tailored to the Group’s new

business domain-based, autonomous management structure.

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 in Japan and overseas. The Board of Directors appoints Executive Officers mainly from senior management personnel of business domain companies, such as internal divisional companies and subsidiaries, as well as from management personnel responsible for overseas subsidiaries and certain senior corporate staff. The Executive Officers assume responsibility as the Group’s executives regarding execution of business. The Executive Officers may be given such titles as Vice President Executive Officer, Senior Managing Executive Officer, Managing Executive Officer and Executive Officer, depending on the extent of responsibility and achievement of each individual. The terms of office of the Executive Officers shall expire at the conclusion of the ordinary general meeting of shareholders with respect to the last business year of the Company ending within one year from their election. Each of the Executive Officers has the

■ Corporate Governance Structure

Policy on Control of Panasonic Corporation

Directors, Corporate Auditors and Executive Officers

authority to operate businesses for which such Executive Officer is responsible, under the supervision of the Board of Directors and in accordance with the Board of Directors' decisions on the management of corporate affairs.

The Board of Directors has, at the same time, been reformed in order to concentrate on establishing corporate strategies and supervising the implementation thereof by the Executive Officers. The Company has limited the number of Directors to facilitate more effective decision-making, and shortened their term of office to one year in order to clarify their responsibilities. Taking into consideration the diversified scope of the Company's business operations, the Company has chosen to continue its policy of having management personnel, who are well-versed in day-to-day operations at operational fronts, be members of the Board of Directors, while outside Directors continue to fully participate in Board meetings.

Meanwhile, the non-statutory full-time senior auditors were newly appointed within the Company's internal divisional companies in order to strengthen auditing functions at each business domain company. In addition, the Company has also launched the

"Panasonic Group Auditor Meeting" chaired by Senior Corporate Auditors of the Company in order to promote collaboration among the Company's Corporate Auditors, the non-statutory full-time senior auditors of the internal divisional companies and the corporate auditors of the Company's subsidiaries and affiliates. Moreover, as a part of their audit duties, Corporate Auditors maintain a close working relationship with the Internal Audit Group of the Company to ensure effective audits. Furthermore, in order to enhance the effectiveness of audits conducted by Corporate Auditors and ensure the smooth implementation of audits, the Company has established a Corporate Auditor's Office with full-time staff under the direct control of the Board of Corporate Auditors.

* Panasonic's Executive Officer ("Yakuin") system is a non-statutory system and different from the corporate executive officer ("Shikkoyaku") system that Japanese corporations with board of directors and an accounting auditor may adopt at their option under the statutory corporate governance system referred to as "joint stock corporation with specified committees" system stipulated in the Company Law.

Compensation

The aggregate amount of remuneration, including equity compensation such as stock options, bonuses, and other financial benefits given in consideration of performance of

duties (collectively, the "remunerations"), paid by the Company during fiscal 2011 to 18 Directors (other than Outside Directors) and 2 Corporate Auditors (other than Outside Corporate Auditors) for services in all capacities was 971 million yen and 67 million yen, respectively. The amount of remunerations for 2 Outside Directors and 3 Outside Corporate Auditors was 28 million yen and 42 million yen, respectively, in fiscal 2011.

The amount of remunerations for Mr. Kunio Nakamura, Chairman of the Board of Director, and Mr. Fumio Ohtsubo, President and Director, was 126 million yen and 109 million yen, respectively, in fiscal 2011.

Under the Company Law, the maximum amounts of remuneration of directors and corporate auditors of Japanese joint stock corporations, except for a "joint stock corporation with specified committees," must be approved at a general meeting of shareholders if the articles of incorporation of the company do not provide items about remuneration of directors and corporate auditors. Companies must also obtain the approval at a general meeting of shareholders to change such maximum amounts. Therefore, the remuneration of the directors

and corporate auditors are subject to the approval of shareholders if the articles of incorporation of the company do not prescribe such items. The maximum total amounts of remunerations for Directors and Corporate Auditors of the Company are therefore determined by a resolution at a general meeting of shareholders, because the Articles of Incorporation of the Company do not provide such items, and thus remuneration of Directors and Corporate Auditors of the Company is under the oversight of shareholders. The remuneration amount for each Director is determined by the Company's Representative Directors who are delegated to do so by the Board of Directors, and the amount of remuneration for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

The amounts of the remuneration and bonuses of Directors are linked to individual performance based on Capital Cost Management (CCM), sales and CO₂ emissions (an environmental management indicator). By implementing this new performance evaluation criteria based on shareholder interests, the Company intends to promote continuous growth and enhance profitability on a long-term basis for the Panasonic Group as a whole.

Policy on Control of Panasonic Corporation

Basic Policy

Since its foundation, Panasonic has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is to contribute to the progress and development of society and the wellbeing of people through its business activities, thereby enhancing the quality of life throughout the world. Aiming to grow further to become a global excellent company that contributes to solving global environment issues, Panasonic will work to deliver sustained growth in 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 decisions in the event of a Large-scale Purchase of the Company's shares, regarding whether or not the Large-scale Purchase should be accepted. However, there is a possibility that such Large-scale Purchaser may not provide shareholders to make appropriate decisions. There is also concern that any Large-scale Purchase may damage corporate value and shareholder interest. In this event, the Company may take countermeasures in order to protect the interests of all shareholders.

Measures to Realize Basic Policy

1) Specific Measures to Realize Basic Policy

In engaging in activities that help enrich people's lives, Panasonic aims to become a company that is capable of taking the lead in solving global environment issues, the world's common challenge. Leading up to its 100th anniversary in 2018, Panasonic has set a vision of becoming the No. 1 Green Innovation Company in the Electronics Industry. In this context, Panasonic has positioned its three-year midterm management plan, Green Transformation 2012 (GT12), as a first step along this path. Under the guidance of this plan, the Company will closely integrate its environment contribution with business growth as highlighted by the two central themes of the plan: "Paradigm shift for growth" and "Laying a foundation to be a green innovation company." From a paradigm shift to growth perspective, Panasonic is working diligently to shift its activities from (1) existing businesses to new businesses including energy; (2) Japan-oriented to globally-oriented, and (3) individual product-oriented to solutions and systems business-oriented. The Company will adopt bold and unconventional measures over the three years of the plan in its efforts to become a group filled with

strong growth potential. In completing the acquisitions of all shares of PEW and SANYO in April 2011, followed by ongoing Group-wide business and organization restructuring, Panasonic will accelerate these initiatives under the plan.

2) 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 called the Enhancement of Shareholder Value (ESV) Plan. The ESV Plan has been approved at every Board of Directors meeting held in April since then. On May 7, 2010, the Board of Directors resolved to continue the ESV Plan. The Board of Directors' meeting to be held in April 2011 is scheduled to decide on whether to continue the ESV Plan again.

With respect to a Large-scale Purchaser who intends to acquire 20% or more of all voting rights of the Company, this policy requires that (i) a Large-scale Purchaser provide sufficient information, such as its outline, purposes and conditions, the basis for determination of the purchase price and funds for purchase, and management policies and business plans which 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 is to be conducted and (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. The Board of Directors intends to assess and examine any proposed Large-scale Purchase after the information on such purchase is provided, and subsequently to disclose the opinion of the Board of Directors and any other information needed to assist shareholders in making their decisions. The Board of Directors may negotiate with the Large-scale Purchaser regarding 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 take countermeasures against the Large-scale Purchaser to protect the interests of all shareholders. Countermeasures include the implementation of share splits, issuance of stock acquisition rights (including allotment of share options without contribution) or any other measures that the Board of Directors is permitted to take under the Company Law of Japan, other laws and

Corporate Governance Structure

Policy on Control of Panasonic Corporation

Directors, Corporate Auditors and Executive Officers

the Company's Articles of Incorporation. If a Large-scale Purchaser complies with the Large-scale Purchase rules, the Board of Directors does not intend to prevent the Large-scale Purchase at its own discretion, unless it is clear that such Large-scale Purchase will cause irreparable damage or loss to the Company.

The Board of Directors will make decisions relating to countermeasures by referring to advice from outside professionals, such as lawyers and financial advisers, and fully respect the opinions of Outside Directors and statutory corporate auditors.

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 all shareholders, 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 shareholders as of a certain record date, the maximum ratio of the

stock split shall be five-for-one. 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 specified record date. One share shall be issued on 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 the conditions that allow the Company to acquire share options by swapping Company stock with a party other than the Large-scale Purchaser, in consideration of the effectiveness thereof as a countermeasure, such as the condition that shareholders do not belong to a specific group of shareholders including a Large-scale Purchaser.

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 taking 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 take 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 legislation. Any such review would be conducted in the interests of all shareholders.

The Company's Board of Directors resolved to continue the Enhancement of Shareholder Value (ESV) Plan on April 28, 2011.

Please refer to the Company's homepage (URL <http://panasonic.co.jp/corp/news/official.data/data.dir/en110428-6/en110428-6-1.pdf>) for details.

Evaluation of Measures by the Board of Directors and Rationale for Evaluation

Panasonic's mid-term management plan was formulated as a specific measure to increase the Company's corporate value in a sustained

manner. The ESV Plan was formulated from the perspective of protecting shareholder value, and is aimed at ensuring shareholders receive sufficient information to make decisions on share purchase proposals by allowing those responsible for the management of the Company, the Board of Directors, to provide their evaluation of any proposed Large-scale Purchase, and providing the opportunity for alternative proposals to be submitted.

Consequently, these measures, in accordance with Basic Policy, are intended to protect the interests of all the Company's shareholders.

Directors, Corporate Auditors and Executive Officers (As of June 24, 2011)

Directors

Chairman of the Board

Kunio Nakamura

Vice Chairman of the Board

Masayuki Matsushita

President

Fumio Ohtsubo

Executive Vice Presidents

Toshihiro Sakamoto

In charge of Domestic Consumer Marketing, Domestic Customer Satisfaction and Design

Takahiro Mori

In charge of Planning, Corporate Division for Promoting Systems & Equipment Business, and Electrical Supplies Sales, Project Sales and Building Products Sales

Yasuo Katsura

Representative in Tokyo

Senior Managing Directors

Ken Morita

In charge of Manufacturing Innovation, Facility Management, Quality Administration, FF Customer Support & Management and Environmental Affairs

Ikusaburo Kashima

In charge of Legal Affairs, Intellectual Property, Corporate Risk Management, Corporate Information Security and Corporate Business Ethics

Yoshihiko Yamada

In charge of Industrial Sales

Kazuhiro Tsuga

President, AVC Networks Company

Yoshiiku Miyata

In charge of Overseas Operations

Managing Directors

Kazunori Takami

President, Home Appliances Company

Makoto Uenoyama

In charge of Accounting and Finance

Masatoshi Harada

Representative in Kansai

Takashi Toyama

President, Systems & Communications Company / President, Panasonic System Networks Co., Ltd.

Yoshiyuki Miyabe

In charge of Technology and Digital Network & Software Technology

Yoshiaki Nakagawa

In charge of Personnel and General Affairs

Directors

Ikuo Uno

(Outside Director)

Masayuki Oku

(Outside Director)

Honorary Chairman of the Board and Executive Advisor, Member of the Board

Masaharu Matsushita

Corporate Auditors

Senior Corporate Auditors

Masahiro Seyama

Yoshihiro Furuta

Chairman, Panasonic Group Auditors Meeting

Corporate Auditors

Yasuo Yoshino

(Outside Corporate Auditor)

Ikuo Hata

(Outside Corporate Auditor)

Hiroyuki Takahashi

(Outside Corporate Auditor)

Corporate Governance Structure

Policy on Control of Panasonic Corporation

Directors, Corporate Auditors and Executive Officers

Executive Officers

Senior Managing Executive Officers

Shusaku Nagae

In charge of Lighting Company and
Panasonic Ecology Systems Co., Ltd. /
President, Panasonic Electric Works Co., Ltd.

Seiichiro Sano

President, SANYO Electric Co., Ltd.

Managing Executive Officers

Takumi Kajisha

In charge of Corporate Communications

Yutaka Takehana

Director, Corporate Division for Government & Public Affairs

Toshiaki Kobayashi

President, Panasonic Electronic Devices Co., Ltd.

Masaaki Fujita

In charge of Global Procurement and Global Logistics

Yoshihisa Fukushima

In charge of Intellectual Property

Hideaki Kawai

General Manager, Corporate Planning Group

Laurent Abadie

Director, Corporate Management Division for Europe /
Chairman & CEO, Panasonic Europe Ltd. /
Managing Director, Panasonic Marketing Europe GmbH

Yorihisa Shiokawa

Director, Corporate Management Division for
Asia and Oceania / Managing Director,
Panasonic Asia Pacific Pte. Ltd.

Executive Officers

Joseph Taylor

Director, Corporate Management Division for
North America / Chairman & CEO,
Panasonic Corporation of North America

Jun Ishii

President, Panasonic Consumer Marketing Co., Ltd.

Toshiro Kisaka

Director, Corporate Management Division for
China and Northeast Asia /
Chairman, Panasonic Corporation of China

Masato Tomita

Director, Corporate Management Division for CIS,
the Middle East & Africa

Takeshi Uenoyama

In charge of Device Technology

Shiro Nishiguchi

Director, Digital AVC Products Marketing Division,
Consumer Products Marketing

Yoshio Ito

Senior Vice President, Director,
Display Devices Business Group,
AVC Networks Company

Hidetoshi Osawa

Director, Corporate Communications Division

Mamoru Yoshida

Senior Vice President, Director,
Display Network Products Business Group,
AVC Networks Company

Tsuyoshi Nomura

Director, Corporate Manufacturing Innovation Division

Nobuharu Akamine

Senior Vice President,
Systems & Communications Company /
Executive Senior Vice President,
Panasonic System Networks Co., Ltd.

Kuniaki Okahara

Director, Corporate Engineering Quality
Administration Division

Yukio Nakashima

Director, Home Appliances and
Wellness Products Marketing Division,
Consumer Products Marketing

Kuniaki Matsukage

President, Lighting Company / Senior Managing Director,
Director of Lighting Manufacturing Business Unit,
Panasonic Electric Works Co., Ltd.

Masato Ito

President, Energy Company / Senior Vice President,
Company President, Energy Devices Company,
SANYO Electric Co., Ltd.

Yasutomo Fukui

In charge of Information Systems

Katsuhiko Fujiwara

Senior Vice President, in charge of Air Conditioner &
Cold-Chain Business, Home Appliances Company

Masahisa Shibata

President, Automotive Systems Company

Toshiyuki Takagi

Senior Vice President, Director,
Network Systems Business Group,
AVC Networks Company

Shiro Kitajima

COO, Panasonic Corporation of North America /
President, Panasonic Consumer Electronics Company

Machiko Miyai

Director, Corporate Environmental Affairs Division

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Note: Panasonic's financial review and consolidated financial statements are presented in accordance with the Company's annual report on Form 20-F.

Web Access to Form 20-F

Financial Review

* Please refer to the Company's Form 20-F for further details.

Consolidated Sales and Earnings Results

Sales

Consolidated group sales for fiscal 2011 amounted to 8,693 billion yen, up 17% from 7,418 billion yen in the previous fiscal year. This was due mainly to the inclusion of sales of SANYO and its subsidiaries in the Company's consolidated financial results from January 2010 onwards.

In fiscal 2011, as a first step towards realizing the 100th anniversary vision of becoming the "No.1 Green Innovation Company in the Electronics Industry," Panasonic started its three-year midterm management plan called "Green Transformation 2012 (GT12)," and worked towards the two themes of Paradigm Shift to Growth and Laying Foundations to be a Green Innovation Company.

Regarding Paradigm Shift to Growth, the Company worked towards shifting its businesses:

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

Furthermore, the Company promoted expansion of key businesses such as Heating/Refrigeration/Air Conditioning and LED, and sales increase in emerging markets through high-volume segment products. Regarding Laying Foundations to be a Green Innovation Company, Panasonic worked for a larger contribution towards protection of the environment, through increased sales of energy saving and creating products, while reducing CO₂ emissions in production. In addition, the Company proceeded to discuss business reorganization and new growth strategies, as Panasonic and its subsidiaries, PEW and SANYO agreed to make these two companies wholly-owned subsidiaries of Panasonic with the aim of speeding up synergy generation and maximizing it. Accordingly, PEW and SANYO became wholly-owned subsidiaries of Panasonic on April 1, 2011.

Cost of Sales and Selling, General and Administrative Expenses

In fiscal 2011, cost of sales amounted to 6,389 billion yen, up 1,048 billion yen from the previous year, and selling, general and administrative expenses amounted to 1,998 billion yen, up 112 billion yen from the previous year. These results are due mainly to the effects of sales increases, as discussed above.

Interest Income, Dividends Received and Other Income

In fiscal 2011, interest income decreased by 0.8 billion yen to 12 billion yen due mainly to the decrease in invested funds, and dividends received decreased by 0.4 billion yen to 6 billion yen and other income increased by 11 billion yen to 59 billion yen.

Interest Expense and Other Deductions

Interest expense increased by 2 billion yen to 28 billion yen. In other deductions, the Company incurred 35 billion yen as expenses associated with impairment losses of fixed assets, 57 billion yen as restructuring charges, 28 billion yen as a write-down of investment securities, and 9 billion yen as the loss related to the Great East Japan Earthquake.

Income (loss) before Income Taxes

As a result of the above-mentioned factors, income before income taxes for fiscal 2011 amounted to 179 billion yen, compared with a loss of 29 billion yen in fiscal 2010, due mainly to strong sales on an annual basis, and a wide range of exhaustive cost reductions, including the streamlining of material costs and other general expenses.

Provision for Income Taxes

Provision for income taxes for fiscal 2011 decreased to 103 billion yen, compared with 142 billion yen in the previous year. This result was due primarily to profitability improvement at certain of the Company's subsidiaries, which resulted in the Company recording deferred tax benefits as result of the reversal of valuation allowance.

Equity in Earnings of Associated Companies

In fiscal 2011, equity in earnings of associated companies increased to gains of 10 billion yen from the previous year's gains of 0.5 billion yen, due mainly to the inclusion of SANYO's associated companies under the equity method.

Net Income (Loss)

Net income amounted to 86 billion yen for fiscal 2011, compared with a net loss of 171 billion yen in fiscal 2010.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests amounted to 12 billion yen for fiscal 2011, compared with net loss attributable to noncontrolling interests of 67 billion yen in fiscal 2010. This result was due mainly to improved results in PEW.

Net Income (Loss) Attributable to Panasonic Corporation

As a result of all the factors stated in the preceding paragraphs, the Company recorded a net income attributable to Panasonic Corporation of 74 billion yen for fiscal 2011, an improvement of 177 billion yen from the previous year's net loss attributable to Panasonic Corporation of 103 billion yen.

Results of Operations by Business Segment

Digital AVC Networks sales decreased 3% to 3,304 billion yen, compared with 3,410 billion yen in the previous year. Despite favorable sales of Blu-ray Disc recorders, this result was due mainly to sales declines in mobile phones and digital cameras.

With respect to this segment, segment profit increased by 32% to 115 billion yen from 87 billion yen, mainly as a result of fixed cost reduction and streamlining efforts, offsetting the impact of a sales decline and the yen appreciation.

Sales of Home Appliances increased 6% to 1,276 billion yen, compared with 1,204 billion yen in the previous year, due mainly to favorable sales of air conditioners, refrigerators and compressors.

With respect to this segment, despite rising material costs, segment profit

increased by 40% to 92 billion yen from 66 billion yen, due mainly to strong sales and a fixed cost reduction.

Sales of PEW and PanaHome increased 6% to 1,735 billion yen, compared with 1,632 billion yen a year ago. Regarding PEW and its subsidiaries, in addition to favorable sales mainly in home appliances and devices such as electronic materials and automation controls, sales growth in the housing/building-related business such as electrical construction and building materials also contributed to the overall sales increase. For PanaHome and its subsidiaries, stable sales of housing construction such as detached housing and rental apartment housing led to the increase in overall sales.

With respect to this segment, segment profit improved significantly by 110% to 73 billion yen from 35 billion yen a year ago. This increase in profit was due mainly to strong sales and streamlining efforts, which offset the impact of the yen appreciation and rising material costs.

Sales of Components and Devices decreased 1% to 926 billion yen, from the previous year's 931 billion yen. Despite steady sales of general components, this result was due mainly to declines in sales of batteries and semiconductors.

With respect to this segment, segment profit decreased by 10% to 33 billion yen from 37 billion yen a year ago due mainly to falling sales, despite streamlining efforts.

Sales in the SANYO segment amounted to 1,562 billion yen. Within this segment, sales of solar photovoltaic systems, in-car-related equipment and cold-chain equipments were favorable, while sales of digital cameras and rechargeable batteries were sluggish due to price declines on the back of strong competition.

With respect to this segment, segment loss was 8 billion yen, after incurring expenses such as amortization of intangible assets recorded at acquisition.

Sales in the Other segment significantly increased 18% to 1,198 billion yen from 1,012 billion yen a year ago, due mainly to strong sales in factory automation equipment.

With respect to this segment, segment profit also improved 168% to 53 billion yen from 20 billion due mainly to sales increase.



Sales Results by Region

Sales in the domestic market amounted to 4,514 billion yen, up 13% from 3,994 billion yen in fiscal 2010. A last minute rush before

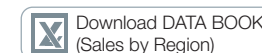
the revision of the 'eco-point' system, the Japanese government's economic stimulus program pushed sales up. As a result, sales in Japanese consumer products achieved record highs.

Overseas sales amounted to 4,179 billion yen, up 22% from 3,424 billion yen in the previous fiscal year. Strong sales in PEW's products, FA equipment and air conditioners in Asia and China, contributed to the overall sales increases.

By region, sales in the Americas amounted to 1,071 billion yen, up 17% from 918 billion yen in fiscal 2010. This was due mainly to sales increases in automotive electronics, general electric components and batteries.

Sales in Europe amounted to 857 billion yen, up 11% from the previous year's 771 billion yen. This was due mainly to sales increases of home appliances such as air conditioners.

In the Asia and Others, sales increased 30% to 2,251 billion yen, from the previous year's 1,735 billion yen. In Asia, this was due mainly to strong sales in PEW's products, FA equipment and air conditioners.



Financial Position and Liquidity

The Company's consolidated total assets as of the end of fiscal 2011 decreased to 7,823 billion yen, as compared with 8,358 billion yen as of the end of the last fiscal year. This was due mainly to appreciation of the yen and a decrease in investments and advances affected by decreases in the market value of investments, in addition to falls in cash and cash equivalents and account receivables.

The Company's consolidated total liabilities as of March 31, 2011 increased to 4,877 billion yen, as compared with 4,678 billion yen as of the end of the last fiscal year.

Panasonic Corporation shareholders' equity as of March 31, 2011 decreased to 2,559 billion yen, as compared with the previous year's 2,792 billion yen. This was mainly due to deterioration in accumulated other comprehensive income (loss) influenced by appreciation of the yen and a decrease in capital surplus owing to acquisition of noncontrolling interests of the Company's subsidiaries.

Noncontrolling interests decreased by 500 billion yen, to 387 billion yen due mainly to the tender offer, for shares of PEW and

shares of SANYO, which were completed in October 2010.

Capital investment (excluding intangibles) during fiscal 2011 totaled 404 billion yen, up 4.7% from the previous fiscal year's total of 385 billion yen. Panasonic primarily implemented capital investment to increase production capacity in strategic business areas such as flat-panel TVs and batteries. Principal capital investments consisted of the panel production facilities of Panasonic Liquid Crystal Display Co., Ltd, in Himeji City, Hyogo Prefecture; and the solar cell and rechargeable battery production facilities of SANYO.

Depreciation (excluding intangibles) during fiscal 2011 amounted to 284 billion yen, up 13% compared with 252 billion yen in the previous fiscal year, due mainly to the inclusion of SANYO.

Net cash provided by operating activities in fiscal 2011 amounted to 469 billion yen, compared with 522 billion yen in the previous fiscal year. This result was due mainly to a decrease in trade payables, accrued expenses and other current liabilities as well as an increase in inventories, despite an increase in net income and a decrease in trade receivables. Net cash used in investing

activities amounted to 203 billion yen, compared with 323 billion yen in fiscal 2010.

This result was due primarily to an outflow to purchase of SANYO shares in previous year despite a decrease in capital expenditures for tangible fixed assets. Net cash used in financing activities was 355 billion yen, compared with 57 billion yen in fiscal 2010. This result was due mainly to expenditures on purchasing of noncontrolling interests through the tender offers for PEW and SANYO and repayments of long-term debt. This was despite the issuance of unsecured straight bonds of 500 billion yen.

Free cash flow in fiscal 2011 amounted to 266 billion yen, compared with 199 billion yen in fiscal 2010, due primarily to an outflow to purchase SANYO shares in the previous year, and despite a decrease in net cash provided by operating activities mainly through an increase in inventories.

Consolidated Financial Statements

Consolidated Balance Sheets

Panasonic Corporation and Subsidiaries
March 31, 2010 and 2011

(Millions of yen)

	2010	2011
Assets		
Current assets:		
Cash and cash equivalents	1,109,912	974,826
Time deposits	92,032	69,897
Trade receivables:		
Related companies	37,940	17,202
Notes	74,028	78,821
Accounts	1,097,230	984,938
Allowance for doubtful receivables	(24,158)	(21,860)
Net trade receivables	<u>1,185,040</u>	<u>1,059,101</u>
Inventories	913,646	896,424
Other current assets	505,418	489,601
Total current assets	<u>3,806,048</u>	<u>3,489,849</u>
Investments and advances:		
Associated companies	177,128	156,845
Other investments and advances	459,634	412,806
Total investments and advances	<u>636,762</u>	<u>569,651</u>
Property, plant and equipment:		
Land	391,394	381,840
Buildings	1,767,674	1,771,178
Machinery and equipment	2,303,633	2,290,760
Construction in progress	128,826	96,489
.....	<u>4,591,527</u>	<u>4,540,267</u>
Less accumulated depreciation	2,635,506	2,656,958
Net property, plant and equipment	<u>1,956,021</u>	<u>1,883,309</u>
Other assets:		
Goodwill	923,001	924,752
Intangible assets	604,865	542,787
Other assets	431,360	412,522
Total other assets	<u>1,959,226</u>	<u>1,880,061</u>
	<u>8,358,057</u>	<u>7,822,870</u>

 Download DATA BOOK
(Balance Sheets)

(Millions of yen)

	2010	2011
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt	299,064	432,982
Trade payables:		
Related companies	66,596	55,102
Notes	59,516	59,889
Accounts	945,334	886,261
Total trade payables	<u>1,071,446</u>	<u>1,001,252</u>
Accrued income taxes	39,154	42,415
Accrued payroll	149,218	192,279
Other accrued expenses	826,051	747,205
Deposits and advances from customers	64,046	66,473
Employees' deposits	10,009	9,101
Other current liabilities	356,875	355,343
Total current liabilities	<u>2,815,863</u>	<u>2,847,050</u>
Noncurrent liabilities:		
Long-term debt	1,028,928	1,162,287
Retirement and severance benefits	435,799	492,960
Other liabilities	397,694	374,238
Total noncurrent liabilities	<u>1,862,421</u>	<u>2,029,485</u>
Panasonic Corporation shareholders' equity:		
Common stock:		
Authorized - 4,950,000,000 shares		
Issued - 2,453,053,497 shares	258,740	258,740
Capital surplus	1,209,516	1,100,181
Legal reserve	93,307	94,198
Retained earnings	2,349,487	2,401,909
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments	(352,649)	(453,158)
Unrealized holding gains of available-for-sale securities	40,700	16,835
Unrealized gains of derivative instruments	1,272	2,277
Pension liability adjustments	(137,555)	(191,254)
Total accumulated other comprehensive loss	<u>(448,232)</u>	<u>(625,300)</u>
Treasury stock, at cost:		
382,760,101 shares (382,448,008 shares in 2010)	(670,330)	(670,736)
Total Panasonic Corporation shareholders' equity	<u>2,792,488</u>	<u>2,558,992</u>
Noncontrolling interests	887,285	387,343
Total equity	<u>3,679,773</u>	<u>2,946,335</u>
Commitments and contingent liabilities	<u>8,358,057</u>	<u>7,822,870</u>

Consolidated Statements of Operations

 Download DATA BOOK (Statements of Operations)

Panasonic Corporation and Subsidiaries
Years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Revenues, costs and expenses:			
Net sales:			
Related companies	223,231	209,938	211,589
Other	7,542,276	7,208,042	8,481,083
Total net sales	7,765,507	7,417,980	8,692,672
Cost of sales	(5,667,287)	(5,341,059)	(6,389,180)
Selling, general and administrative expenses	(2,025,347)	(1,886,468)	(1,998,238)
Interest income	23,477	12,348	11,593
Dividends received	11,486	6,746	6,323
Other income	52,709	47,896	59,050
Interest expense	(19,386)	(25,718)	(27,524)
Other deductions	(523,793)	(261,040)	(175,889)
Income (loss) before income taxes	(382,634)	(29,315)	178,807
Provision for income taxes:			
Current	61,840	58,147	88,910
Deferred	(24,482)	83,686	14,100
	37,358	141,833	103,010
Equity in earnings of associated companies	16,149	481	9,800
Net income (loss)	(403,843)	(170,667)	85,597
Less net income (loss) attributable to noncontrolling interests:			
Net income (loss) attributable to Panasonic Corporation	(24,882)	(67,202)	11,580
	(378,961)	(103,465)	74,017

(Yen)

	2009	2010	2011
Net income (loss) per share attributable to Panasonic Corporation common shareholders:			
Basic	(182.25)	(49.97)	35.75
Diluted	(182.25)	—	—

Consolidated Statements of Equity

Panasonic Corporation and Subsidiaries
Years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Common stock:			
Balance at beginning of year.....	258,740	258,740	258,740
Balance at end of year.....	<u>258,740</u>	<u>258,740</u>	<u>258,740</u>
Capital surplus:			
Balance at beginning of year.....	1,217,865	1,217,764	1,209,516
Sale of treasury stock.....	(101)	(8)	(9)
Equity transactions with noncontrolling interests and others....	—	(8,240)	(109,326)
Balance at end of year.....	<u>1,217,764</u>	<u>1,209,516</u>	<u>1,100,181</u>
Legal reserve:			
Balance at beginning of year.....	90,129	92,726	93,307
Transfer from retained earnings.....	2,597	581	891
Balance at end of year.....	<u>92,726</u>	<u>93,307</u>	<u>94,198</u>
Retained earnings:			
Balance at beginning of year prior to adjustment.....	2,948,065	2,479,416	2,349,487
Effects of changing the pension plan measurement date, net of tax.....	(3,727)	—	—
Balance at beginning of year as adjusted.....	2,944,338	2,479,416	2,349,487
Net income (loss) attributable to Panasonic Corporation.....	(378,961)	(103,465)	74,017
Cash dividends to Panasonic Corporation shareholders.....	(83,364)	(25,883)	(20,704)
Transfer to legal reserve.....	(2,597)	(581)	(891)
Balance at end of year.....	<u>2,479,416</u>	<u>2,349,487</u>	<u>2,401,909</u>
Accumulated other comprehensive income (loss):			
Balance at beginning of year prior to adjustment.....	(173,897)	(594,377)	(448,232)
Effects of changing the pension plan measurement date, net of tax.....	(73,571)	—	—
Balance at beginning of year as adjusted.....	(247,468)	(594,377)	(448,232)
Equity transactions with noncontrolling interests and others....	—	—	(5,885)
Other comprehensive income (loss), net of tax.....	(346,909)	146,145	(171,183)
Balance at end of year.....	<u>(594,377)</u>	<u>(448,232)</u>	<u>(625,300)</u>

 Download DATA BOOK
(Statements of Equity)

(Millions of yen)

	2009	2010	2011
Treasury stock:			
Balance at beginning of year.....	(598,573)	(670,289)	(670,330)
Repurchase of common stock.....	(72,416)	(72)	(432)
Sale of treasury stock.....	700	31	26
Balance at end of year.....	<u>(670,289)</u>	<u>(670,330)</u>	<u>(670,736)</u>
Noncontrolling interests:			
Balance at beginning of year prior to adjustment.....	514,620	428,601	887,285
Effects of changing the pension plan measurement date, net of tax.....	(3)	—	—
Balance at beginning of year as adjusted.....	514,617	428,601	887,285
Cash dividends paid to noncontrolling interests.....	(20,803)	(14,619)	(12,583)
Acquisition transaction.....	—	532,360	—
Equity transactions with noncontrolling interests and others....	(1,422)	(2,402)	(474,758)
Net income (loss) attributable to noncontrolling interests.....	(24,882)	(67,202)	11,580
Other comprehensive income (loss), net of tax:			
Translation adjustments.....	(18,043)	1,238	(21,764)
Unrealized holding gains (losses) of available-for-sale securities.....	(1,619)	2,378	(1,633)
Unrealized gains (losses) of derivative instruments.....	(12)	68	(26)
Pension liability adjustments.....	(19,235)	6,863	(758)
Balance at end of year.....	<u>428,601</u>	<u>887,285</u>	<u>387,343</u>
Disclosure of comprehensive income (loss):			
Net income (loss).....	(403,843)	(170,667)	85,597
Other comprehensive income (loss), net of tax:			
Translation adjustments.....	(130,843)	(9,819)	(107,779)
Unrealized holding gains (losses) of available-for-sale securities.....	(57,624)	53,641	(24,422)
Unrealized gains (losses) of derivative instruments.....	(9,227)	6,229	962
Pension liability adjustments.....	(188,124)	106,641	(64,125)
Comprehensive loss.....	(789,661)	(13,975)	(109,767)
Comprehensive loss attributable to noncontrolling interests....	(63,791)	(56,655)	(12,601)
Comprehensive income (loss) attributable to Panasonic Corporation.....	<u>(725,870)</u>	<u>42,680</u>	<u>(97,166)</u>

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Consolidated Statements of Cash Flows

Panasonic Corporation and Subsidiaries
Years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Cash flows from operating activities:			
Net income (loss)	(403,843)	(170,667)	85,597
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	364,806	298,270	367,263
Net gain on sale of investments	(13,512)	(5,137)	(11,318)
Provision for doubtful receivables	10,538	10,862	4,392
Deferred income taxes	(24,482)	83,686	14,100
Write-down of investment securities	92,016	6,944	27,539
Impairment losses on long-lived assets	313,466	83,004	34,692
Cash effects of changes in, excluding acquisition:			
Trade receivables	249,123	(119,966)	83,333
Inventories	21,011	100,576	(54,659)
Other current assets	30,279	24,151	(181)
Trade payables	(199,176)	83,719	(12,826)
Accrued income taxes	(33,358)	6,706	13,038
Accrued expenses and other current liabilities	(157,660)	102,743	(24,374)
Retirement and severance benefits	(107,196)	(8,655)	(38,400)
Deposits and advances from customers	(21,191)	(7,368)	607
Other, net	(4,174)	33,465	(19,608)
Net cash provided by operating activities	116,647	522,333	469,195
Cash flows from investing activities:			
Proceeds from sale of short-term investments	—	6,442	—
Purchase of short-term investments	—	(6,369)	—
Proceeds from disposition of investments and advances	221,127	61,302	87,229
Increase in investments and advances	(34,749)	(8,855)	(8,873)
Capital expenditures	(521,580)	(375,648)	(420,921)
Proceeds from disposals of property, plant and equipment	40,476	117,857	152,663
(Increase) decrease in time deposits, net	(136,248)	99,274	19,005
Purchase of shares of newly consolidated subsidiaries, net of acquired companies' cash and cash equivalents	—	(174,808)	—
Other, net	(38,503)	(42,854)	(32,048)
Net cash used in investing activities	(469,477)	(323,659)	(202,945)

 Download DATA BOOK
(Statements of Cash Flows)

(Millions of yen)

	2009	2010	2011
Cash flows from financing activities:			
Decrease in short-term debt, net	(34,476)	(3,360)	(34,034)
Proceeds from long-term debt	442,515	53,172	505,123
Repayments of long-term debt	(83,257)	(54,780)	(201,906)
Dividends paid to Panasonic Corporation shareholders	(83,364)	(25,883)	(20,704)
Dividends paid to noncontrolling interests	(20,803)	(14,619)	(12,583)
Repurchase of common stock	(72,416)	(72)	(432)
Sale of treasury stock	599	23	17
Purchase of noncontrolling interests	—	(11,095)	(589,910)
Other, net	(86)	(359)	(198)
Net cash provided by (used in) financing activities	148,712	(56,973)	(354,627)
Effect of exchange rate changes on cash and cash equivalents	(36,831)	(5,656)	(46,709)
Net increase (decrease) in cash and cash equivalents	(240,949)	136,045	(135,086)
Cash and cash equivalents at beginning of year	1,214,816	973,867	1,109,912
Cash and cash equivalents at end of year	973,867	1,109,912	974,826

Stock Information (As of March 31, 2011)

Share Data

Number of Shares Issued

2,453,053,497 shares
(Including 382,760,101 shares held by Panasonic)

Number of Shareholders

364,618 persons

Japanese Stock Exchange Listings

Tokyo, Osaka and Nagoya Stock Exchanges

Overseas Stock Exchange Listing

New York Stock Exchange

Transfer Agent for Common Stock

The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi,
Osaka 540-8639, Japan
Phone: +81-6-6220-2121

Depository and Transfer Agent for American Depositary Receipts (ADRs)

JPMorgan Service Center
P.O. Box 64504
St. Paul, MN 55164-0504, U.S.A.
Phone: U.S.: +1-800-990-1135
International: +1-651-453-2128

Breakdown of Share Holdings (Years ended March 31)

	2007	2008	2009	2010	2011
Number of shares issued at year-end	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Treasury stock at year-end	306,769	351,936	382,411	382,448	382,760
Average common shares outstanding	2,182,791	2,120,986	2,079,296	2,070,623	2,070,341

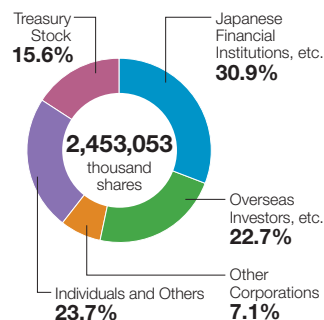
Note: Amounts less than one thousand have been discarded.

Breakdown of Issued Shares by Type of Shareholders

	2007	2008	2009	2010	2011
Japanese Financial Institutions, etc.	32.9	31.6	34.1	30.8	30.9
Overseas Investors, etc.	28.5	28.7	22.5	25.3	22.7
Other Corporations	6.3	6.7	7.1	7.1	7.1
Individuals and Others	19.8	18.6	20.7	21.2	23.7
Treasury Stock	12.5	14.4	15.6	15.6	15.6
Total	100.0	100.0	100.0	100.0	100.0

Breakdown of Issued Shares by Type of Shareholders

(As of March 31, 2011)

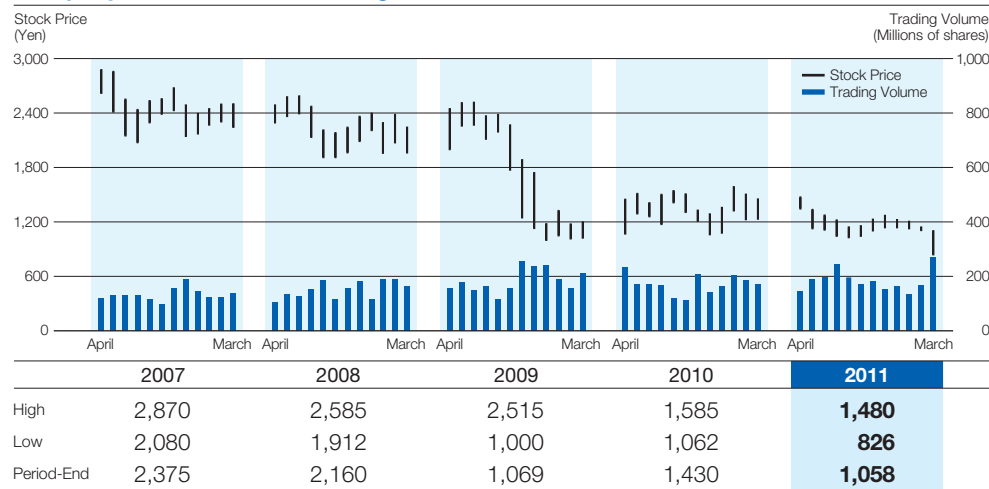


Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan Ltd. (trust account)	116,892	4.76
Japan Trustee Services Bank, Ltd. (trust account)	108,189	4.41
Moxley & Co.	78,609	3.20
Nippon Life Insurance Company	67,000	2.73
Sumitomo Mitsui Banking Corporation	57,024	2.32
Panasonic Corporation Employee Shareholding Association	43,446	1.77
SSBT OD05 Omnibus Account-Treaty Clients	39,700	1.61
Sumitomo Life Insurance Co.	37,408	1.52
State Street Bank and Trust Co.	33,117	1.35
Mitsui Sumitomo Insurance Co., Ltd.	30,105	1.22

Notes: 1. Amounts less than one thousand have been discarded.
2. The number of treasury stock is 382,760 thousand shares.

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



Company Information (As of March 31, 2011)

Company Outline

Company Name

Panasonic Corporation
(NYSE: PC/TSE Securities Code: 6752)

Founded

March 1918 (incorporated in December 1935)

Common Stock

258.7 billion yen

Consolidated Companies

634 companies

Associated Companies under the Equity Method

114 companies

Corporate HP

Panasonic Corporate Site
<http://panasonic.net/>

IR Site

<http://panasonic.net/ir/>

Number of employees (March 31 of each year)

(persons)

	2007	2008	2009	2010	2011
Domestic	145,418	135,563	132,144	152,853	145,512
Overseas	183,227	170,265	160,106	231,733	221,425
Total	328,645	305,828	292,250	384,586	366,937

Corporate Bonds Information

Unsecured Straight Bonds in Japan*

Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Fifth	10	1.640%	100 billion yen	December 20, 2011
Sixth	3	1.140%	100 billion yen	March 20, 2012
Seventh	5	1.404%	200 billion yen	March 20, 2014
Eighth	10	2.050%	100 billion yen	March 20, 2019
Ninth	2	0.380%	150 billion yen	March 19, 2013
Tenth	5	0.752%	200 billion yen	March 18, 2016
Eleventh	7	1.081%	150 billion yen	March 20, 2018

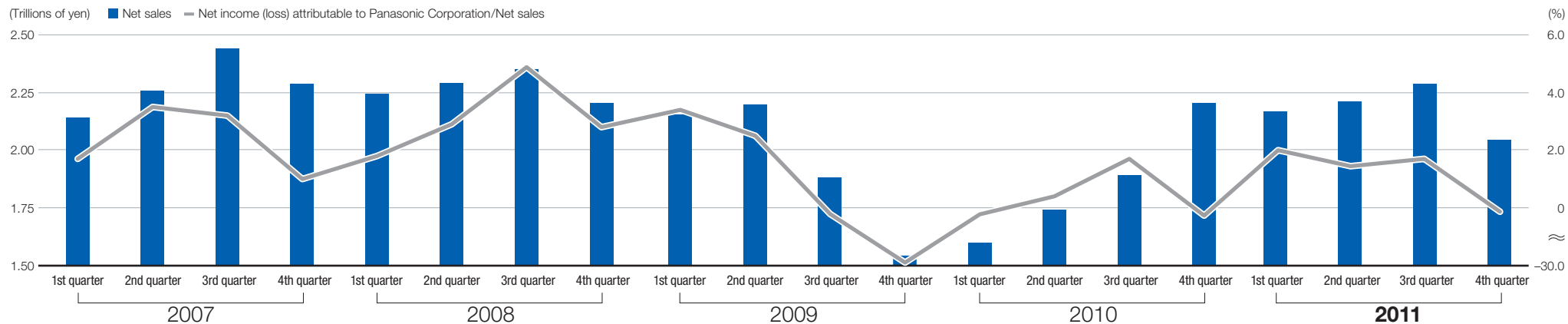
* Unsecured straight bonds issued by Panasonic Corporation in Japan

Basic History of the Company

- 1918** Konosuke Matsushita founded Matsushita Electric Housewares Manufacturing Works. Sales of the Company's first product, an improved attachment plug, began.
- 1927** The "National" brand name was registered.
- 1933** A divisional system was instituted.
- 1935** The Company was reorganized and renamed Matsushita Electric Industrial Co., Ltd.
- 1949** The Company's shares were listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.
- 1959** Matsushita Electric Corporation of America was established. Following this move, the Company established bases in other parts of the world.
- 1971** The Company's shares were listed on the New York Stock Exchange.
- 2002** The Company made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries.
- 2003** The Company adopted a business domain-based organizational style through restructuring. The Company made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries.
- 2004** The Company made Matsushita Electric Works, Ltd. (now Panasonic Electric Works Co., Ltd.), PanaHome Corporation and their subsidiaries into consolidated subsidiaries.
- 2008** The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. The Company planned to unify its corporate brands under the "Panasonic" name across the world.
- 2009** The Company made SANYO Electric Co., Ltd. and its subsidiaries into consolidated subsidiaries.
- 2011** The Company made Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd. into wholly-owned subsidiaries.

Quarterly Financial Results and Investor Relations Offices

Quarterly Financial Results (Years ended March 31)



	2007	2008	2009	2010	2011
Net sales					
1st quarter	2,136,934	2,239,505	2,151,997	1,595,458	2,161,126
2nd quarter	2,252,560	2,285,800	2,191,714	1,737,838	2,206,822
3rd quarter	2,436,828	2,344,565	1,879,940	1,886,588	2,285,413
4th quarter	2,281,848	2,199,058	1,541,856	2,198,096	2,039,311
Total	9,108,170	9,068,928	7,765,507	7,417,980	8,692,672
Net income (loss) attributable to Panasonic Corporation					
1st quarter	35,830	39,314	73,031	(52,977)	43,678
2nd quarter	79,293	65,808	55,461	6,109	31,040
3rd quarter	78,673	115,183	(63,116)	32,259	39,983
4th quarter	23,389	61,572	(444,337)	(88,856)	(40,684)
Total	217,185	281,877	(378,961)	(103,465)	74,017

Note: Quarterly financial data is unaudited and has not been reviewed under Statements on Auditing Standards No.100 "Interim Financial Information," by Panasonic's independent registered public accounting firm.

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